

An Analysis of Challenges in the Implantation of International Financial Reporting Standards (IFRS) in Tertiary Institutions in Bayelsa State

Festus Chukwunwendu Akpotohwo

Department of Vocational and Technology Education

Niger Delta University, Wilberforce Island, Bayelsa state, Nigeria

Abstract

The study aimed at investigating the implementation challenges of IFRS in Nigeria universities. A survey design was adopted in the study, because it seeks to elicit information from the respondents. The population of the study comprised 450 accounting lecturers and students in two tertiary institutions in Bayelsa state, namely; Niger Delta University, Wilberforce Island and Federal University, Otuoke. Simple random sampling technique was used to sample 250 accounting students and 20 accounting lecturers from the two universities. The study showed the following findings: cost militates against the implementation of IFRS in Nigerian Universities, training and educating of personnel militate against the implementation of IFRS in Nigerian Universities, differences between local standards (Statement of Accounting Standards; SAS) and IFRS militate against the implementation of IFRS in Nigerian Universities, software problems militate against the implementation of IFRS in Nigerian Universities. Based on the findings in this study, the following recommendations was made among others: the curricula of our tertiary institutions should be reviewed to incorporate IFRS so that our accountants and auditors will be conversant with IFRS guidelines and standards, there should be a linkage programme between the NASB, in conjunction with the NUC and professional accounting bodies as to design a programme for fast tracking the teaching and learning of IFRS in Nigeria tertiary institutions, so as to equip graduates of accounting with the required skills and knowledge to meet the expected surge in the demand for IFRS professionals

Keywords: *Implantation, International Financial Reporting Standards (IFRS), Tertiary institutions, Bayelsa state*

Corresponding Author: Festus Chukwunwendu Akpotohwo

Background to the Study

Over the years, there have been new introduction and additions to the contents of financial reporting, these new introduction and additions are as a result of the changes in the Socio-political and economic environment, across the globe. According to (Abel 2011) financial accounting information are statutorily required to be prepared in line with universally accepted assumptions, principles and conventions of accounting which aid intra-firm, inter-firm and industry comparisons overtime. This comparison can cut across borders from one country to another when the international financial reporting standard is adopted. Aghator & Adeyemi (2009) opined that International Financial Reporting Standards (IFRS) refers to a series of accounting pronouncements published by the International Accounting Standards Board to help preparers of financial statements, throughout the world, produce and present high quality, transparent and comparable financial information. Currently, most financial statements prepared for reporting in Nigeria especially for Public Listed Entities and Significant Public Interest Entities in Nigeria and Other public Interest Entities are drawn up in accordance with requirements of IFRS, with this Nigeria reporting entities are using the same frame work as their peers worldwide, which would enhance the relevance of their reports in the international arena.

In recent times, we have seen many countries in Africa as well as in European Union countries adopting IFRS as the financial reporting framework, though this adoption is subjected to some modifications in alliance to countries GAAP to aid credible and reliable information. Obazee, (2007) opined that the principal factors affecting the implementation of IFRS in Europe, America and the rest of the world are cultural issues, mental models, legal impediments, educational needs and political influences in those countries rather than the most widely perceived technical issues. In fact embracing globalization and adopting IFRS has challenges as it makes necessary reforms to a country's regulatory, legal and economic structures and adaption of its culture to the West. Ball went further to explain that there will be need for training and education for investors, accountants, auditors, preparers and users of financial reports etc, development of IFRS curricula at the university and other level, adjustment of the accounting training and education to incorporate IFRS, the legal system must be conversant with the new IFRS standards as it applies to tax issues and other applications of laws all these recommendations involves cost which is also a challenge.

Rong-Ruey (2006) in his research explained that the implementation challenges of IFRS include: timely interpretation of standards, continuous amendment to IFRS, accounting knowledge and expertise possessed by financial statement users, preparers, auditors and regulators, while the research by Ball, Robin & Wu (2003) included managerial incentive. These cultural issues, mental models, legal impediments, educational needs and political influences make harmonization and moving from one tradition to another difficulty. This is in agreement with the views of Armstrong et al.,(2007) and Soderstrom & Sun (2007) both of whom concluded that cultural, political and business differences may continue to impose significant obstacles in the progress towards a single global financial communication system because a single set of accounting standards cannot reflect the differences in national business practices arising from differences in institutions and

cultures. Although IFRS has a lot potentials as exclaim by Ball (2006) to include cross-border comparability, increase reporting transparency, less information costs, increase the liquidity, increase competitive advantage etc. all this benefits cannot be realized if individual and countries cannot overcome their perception about IFRS, this is because negative perception at most times brings about negative outcome. To buttress this fact Winney, Marshall, Bender & Swiger, (2011) found that small businesses in the US were not prepared for IFRS because they do not see benefits in switching from GAAP to IFRS.

Statement of the Problem

The statement of the problems of this research work among others was as follows:

1. High cost of the first time implementation of IFRS
2. Low level of public awareness for preparers and users of financial statements, regulators, educators, auditors and other stakeholders.
3. Difficulty in understanding the impacts of IFRS on various sectors of the economy and their economic operations respectively.

The management of institutions seeks to establish rules and laws to guide how they relate to each other to at least reduce conflicts. This is the essence of regulations and management. Management is not effective if it is not supported by good and globally financial reporting standards. It is against these problems that this paper is to look at the challenges of implementation of International Financial Reporting Standards in Nigerian Universities.

Objectives of the Study

The main purpose of the study is to investigate the challenges facing the implementation of IFRS in Nigerian Universities. Specifically the study sought to;

1. Determine the extent cost militates against the implementation of IFRS in Nigerian Universities.
2. Determine the extent training and educating of personnel militate against the implementation of IFRS in Nigerian Universities.
3. Determine the extent differences between local standards (Statement of Accounting Standards; SAS) and IFRS militate against the implementation of IFRS in Nigerian Universities.
4. Determine the extent software problems militate against the implementation of IFRS in Nigerian Universities.

Research Questions

The following research questions were formulated to guide the study;

1. to what extent does cost militates against the implementation of IFRS in Nigerian Universities.
2. to what extent does training and educating of personnel militate against the implementation of IFRS in Nigerian Universities.
3. to what extent does differences between local standards (Statement of Accounting Standards; SAS) and IFRS militates against the implementation of IFRS in Nigerian Universities.

4. To what extent does software problems militates against the implementation of IFRS in Nigerian Universities.

Methodology

Research Design

A survey design was adopted in the study, because it seeks to elicit information from the respondents

Population of the Study

The population of the study comprised 450 accounting lecturers and students in two tertiary institutions in Bayelsa state, namely; Niger Delta University, Wilberforce Island and Federal University, Otuoke.

Sample and Sampling Techniques

Simple random sampling technique was used to sample 250 accounting students and 20 accounting lecturers from the two universities.

Instrument for Data Collection

The instrument for data collection was a questionnaire constructed by the researchers. A modified Likert type of scale ranging from 4 to 1 was adopted.

Validity and Reliability of the Instrument

The instrument was validated by some experts, it yield reliability co-efficient of 0.68 depicting that the instrument was highly reliable.

Method of Data Collection

Questionnaires were distributed with the help of research assistants, which were retrieved after 2 weeks for computation and analysis

Method of Data Analysis

The researchers analyzed the research questions using mean scores

Presentation of Results, Data Analysis and Discussion of Findings

Research Question 1: To what extent does cost militates against the implementation of IFRS in Nigerian Universities.

Table 1: Table showing the extent cost militates against the implementation of IFRS in Nigerian Universities

S/N	ITEMS	X	S.D	Remarks
1.	IFRS implementation is very expensive	3.55	0.45	Accepted
2.	Most institutions lack fund to implement IFRS	3.38	0.62	Accepted
3.	Government don't give institutions fund for this purpose	3.35	0.65	Accepted
4.	There are no recent materials on IFRS	3.20	0.8	Accepted

Source: Field Survey, 2017

Key: X = Mean, S.D = Standard Deviation

From the results in table 4.1 it was revealed that the items had means ranging from 3.20 to 3.55. This result reveals majority of respondents agreed that cost militates against the implementation of IFRS in Nigerian Universities

Research Question 2: To what extent does training and educating of personnel militate against the implementation of IFRS in Nigerian Universities?

Table 2: Table showing the extent training and educating of personnel militate against the implementation of IFRS in Nigerian Universities

S/N	ITEMS	X	S.D	Remarks
1.	Most Lecturers were taught using GAAP standards	3.50	0.50	Accepted
2.	The cost of Training Lecturers is very expensive	3.55	0.45	Accepted
3.	Training and educating of personnel militate against the implementation of IFRS	3.30	0.70	Accepted

Source: Field Survey, 2017

Key: X = Mean, S.D = Standard Deviation

From the results in table 4.2 it was revealed that the items had means ranging from 3.30 to 3.55. This result reveals majority of respondents agreed that training and educating of personnel militate against the implementation of IFRS in Nigerian Universities.

Research Question 3: To what extent does differences between local standards (Statement of Accounting Standards; SAS) and IFRS militates against the implementation of IFRS in Nigerian Universities?

Table 3: Table showing the extent differences between local standards (Statement of Accounting Standards; SAS) and IFRS militates against the implementation of IFRS in Nigerian Universities

S/N	ITEMS	X	S.D	Remarks
1.	There is a big difference between SAS and IFRS	3.85	0.45	Accepted
2.	Students understand better when taught with GAAP than IFRS	3.38	0.62	Accepted
3.	Most of the Lecturers where taught using GAAP so it becomes very difficult coping with IFRS	3.35	0.65	Accepted
4.	differences between local standards (Statement of Accounting Standards; SAS) and IFRS militates against the implementation of IFRS in Nigerian Universities	3.20	0.80	Accepted

Source: Field Survey, 2017

Key: X = Mean, S.D = Standard Deviation

From the results in table 4.3 it was revealed that the items had means ranging from 3.20 to 3.55. This result reveals majority of respondents agreed differences between local standards (Statement of Accounting Standards; SAS) and IFRS militates against the implementation of IFRS in Nigerian Universities

Research Question 4: To what extent does software problems militates against the implementation of IFRS in Nigerian Universities?

Table 4: Table showing the extent software problems militates against the implementation of IFRS in Nigerian Universities

S/N	ITEMS	X	S.D	Remarks
1.	software problems militates against the implementation of IFRS in Nigerian Universities	3.55	0.45	Accepted
2.	Most institutions have old softwares that uses GAAP	3.38	0.62	Accepted
3.	Accounting softwares are very expensive	3.35	0.65	Accepted
4.	IFRS softwares are not available in your institution	3.20	0.80	Accepted

Source: Field Survey, 2017

Key: X = Mean, S.D = Standard Deviation

From the results in table 4.1 it was revealed that the items had means ranging from 3.20 to 3.55. This result reveals majority of respondents agreed that software problems militates against the implementation of IFRS in Nigerian Universities.

Findings

This study showed the following findings:

1. Cost militates against the implementation of IFRS in Nigerian Universities.
2. Training and educating of personnel militate against the implementation of IFRS in Nigerian Universities.
3. Differences between local standards (Statement of Accounting Standards; SAS) and IFRS militate against the implementation of IFRS in Nigerian Universities.
4. Software problems militate against the implementation of IFRS in Nigerian Universities.

Summary

The study aimed at investigating the implementation challenges of IFRS in Nigeria universities. A survey design was adopted in the study, because it seeks to elicit information from the respondents. The population of the study comprised 450 accounting lecturers and students in two tertiary institutions in Bayelsa state, namely; Niger Delta University, Wilberforce Island and Federal University, Otuoke. Simple random sampling technique was used to sample 250 accounting students and 20 accounting lecturers from the two universities. The instrument for data collection was a questionnaire constructed by the researchers. A modified Likert type of scale ranging from 4 to 1 was adopted. The instrument was validated by some experts, it yield reliability co-efficient of 0.68 depicting that the instrument was highly reliable. Questionnaires were distributed with the help of research assistants, which were retrieved after 2 weeks for computation and analysis. The researchers analyzed the research questions using mean scores. The study showed the following findings:

1. Cost militates against the implementation of IFRS in Nigerian Universities.
2. Training and educating of personnel militate against the implementation of IFRS in Nigerian Universities.

3. Differences between local standards (Statement of Accounting Standards; SAS) and IFRS militate against the implementation of IFRS in Nigerian Universities.
4. Software problems militate against the implementation of IFRS in Nigerian Universities.

Conclusions

Based on the findings of the study the following conclusions were drawn:

1. Cost militates against the implementation of IFRS in Nigerian Universities.
2. Training and educating of personnel militate against the implementation of IFRS in Nigerian Universities.
3. Differences between local standards (Statement of Accounting Standards; SAS) and IFRS militate against the implementation of IFRS in Nigerian Universities.
4. Software problems militate against the implementation of IFRS in Nigerian Universities.

Recommendations

Based on the findings in this study, the following recommendations are made:

1. The curricula of our tertiary institutions should be reviewed to incorporate IFRS so that our accountants and auditors will be conversant with IFRS guidelines and standards.
2. There should be a linkage programme between the NASB, in conjunction with the NUC and professional accounting bodies as to design a programme for fast tracking the teaching and learning of IFRS in Nigeria tertiary institutions, so as to equip graduates of accounting with the required skills and knowledge to meet the expected surge in the demand for IFRS professionals.
3. In order to achieve effective training and capacity building needed for effective implementation of IFRS, and IFRS centre of excellence should be established.
1. That is training should entirely dedicated to the teaching and learning of IFRS, so that classroom sessions are blended with real life situations.
4. Website on IFRS and related matters on a repository of information as it relates to financial reporting or solutions to issues relating to SAS should be encouraged by the government.

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