



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF INTERNATIONAL FINANCIAL REPORTING
STANDARD IMPLEMENTATION EFFECTIVENESS: THE CASE OF
ETHIO-TELECOM**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIE ST.
MARY'S UNIVERSITY IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS OF ART IN
ACCOUNTING AND FINANCE**

PREPARED BY: KIYA ALEMU

ADVISOR:-MOHAMED SEID (Assistant Professor)

**FEBRUARY 2022
ADDIS ABABA, ETHIOPIA**

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This is to certify that the thesis prepared by Kiya Alemu entitled: Assessment of international financial reporting standard implementation effectiveness: the case of Ethio-telecom is submitted in Partial fulfilment for the Degree of Masters of Business Administration in Accounting and Finance complies with the regulations of the University and meets the expected standard with respect to originality and quality.

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_____ Dean Graduate Studies	_____ Signature	_____ Date
_____ Abebebew Kassie (PhD)	_____ Signature	_____ Date
_____ Internal Examine	_____ Signature	_____ Date
_____ Meseret Minlargeh(PhD)	_____ Signature	_____ Date
_____ External Examiner	_____ 	_____ Date
_____ MOHAMED SEID (Assistant Professor) Advisor	_____ Signature	_____ Date

Statement of Declaration

I Kiya Alemu Debele declare that this research, entitled Assessment of international financial reporting standard implementation effectiveness: the case of Ethio-telecom in partial fulfillment of the requirement of the MBA in Accounting and Finance is done with my own effort and with the guidance and support of my research advisor Mohamed Sied (Ass. Professor). I certify that the substance of this paper has not been previously or currently submitted for any other degree or qualification in any other university or other tertiary institution

Name: Kiya Alemu

Signature _____

Date _____

Acknowledgment

I have no words to transfer my deep gratitude and respect for my research advisor, Mohamed Seid (Assistant Professor). For taking the pain of going through my work, He has been supportive since the days I submit the research topic. Under his guidance, I successfully overcame many difficulties and learned a lot. His courage will always inspire me, and I hope to continue to work with his honorable views. I can only say a great thanks to him. It is to him that I dedicate this work. I have to appreciate my loving family for their spiritual and praying and moral support and encouragement to remain firm in the right track. I say big thank to my father Alemu Debele to appreciate the untiring support and his effort in helping me in all respect and continuous encouragement and motivation without exhausting and prostrate. I grantee my gratitude for St. Mary's University school of graduate studies department of Accounting and Finance in providing conducive atmosphere for leaning and research throughout the period of my study, Most of the results described in this thesis would not have been achieved without the support of Ethio-telecom Finance staff collaboration by filling the distributed questionnaire with the existing tight schedule in their operational work.

Endorsement

Here with I state that Kiya Alemu has carried out this research work on the topic entitled “Assessment of international financial reporting standard implementation effectiveness: the case of Ethio-telecom”. This work is original in nature and has not presented for a degree in any university and it is sufficient for submission for the partial fulfillment for the award of Master of Business Administration in Accounting and Finance

Advisor Name: Mohamed Sied (Ass. Professor).



Signature _____ Date February 2022

ACRONYMS

AABE:	Accounting and Audit Board of Ethiopia
AISG:	Accountants International Study Group
EC:	European Commission
ECX	:Ethiopian Commodity Exchange
ERCA:	Ethiopian Revenues and Customs Authority
EU	European Union
FASB	Financial Accounting Principle Board
GAAP	Generally accepted Accounting Principle
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standard Committee
IPSAS	International Public Sector Accounting Standards
MoFED	Ministry of Finance and Economic Development
SPSS	Statistical Package for Social Science
UK	United Kingdom
US	United States
SA	Strongly Agree
A	Agree
N	Neutral
D	Disagree
SD	Strongly Disagree

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Abstract

Globally, the use of IFRSs as universal financial reporting language is gaining momentum across the globe as more countries are converging their local standards with it. Since Ethiopian

financial market and economy is on development it needs advanced accounting system to complement the globalization trend of the world economy. This study aims to identify IFRS implementation effectiveness by Ethio-telecom. The study employed a descriptive research type and Purposive sampling was used for the sampling technique, the questionnaire data were analyzed using descriptive statistics and data from interview were interpreted quantitatively. Out of the total questionnaires distributed to 34 respondent 30 questioners returned to which 88.2% response rate. The study investigates the benefits gained and challenges faced in implementing IFRS by Ethio-telecom. The research findings indicated that IFRS implementation in Ethio-telecom results in a number of important benefits to a wide range of stakeholders. The benefits are that avail quality information for decision making, for better planning purposes, for improving the transparency level, and for growing quality of financial reporting. While Lack of availability of competent professions and professional institutions,. Insufficiency professional evaluators, estimation problem to use of fair value, and complexity of the standards and lack of implementation guidance are Major challenges to Ethio-telecom. In addition, the finding also recommended that stakeholders involvement support Ethio-telecom availability of real-time financial statements, regulatory oversight and enforcement, enhance access to capital, realize of risk and return, facilitates mergers and acquisitions, and raise competitiveness.

Key words: Implementation, International Financial Reporting Standards, Ethio-telecom, Stakeholders, benefits and challenges

CHAPTER ONE

1. INTRODUCTION

This chapter of the study explains the background of the study, statement of the problem, objective of the study, the significance of the study, the scope of the study, and organization of the paper.

1.1. Background of the Study

Many countries and regions around the world were using different financial reporting and accounting practices. But, the Developments in Socio-economic fabric in the world have changed financial environment of businesses from traditional bank based system to market oriented, which paved way for globalization and consequently expansion of financial markets worldwide necessitating companies to raise funds abroad and address investors outside the home country,

Now a day's national economy is integrating in international market with other countries by spreading their trade and business outside their own country, thus, for the integrity of different county's business together in the world market it was necessary for the business to adopt a common set of accounting standard, since accounting is the language of a business. Furthermore, in today's world with globalization, boundaries between countries and financial markets have been removed and mutual interdependence has increased, thus, Business enterprises all over the world needs a common languages and a single set of worldwide accounting standards, to exchange financial numbers from their international business activities, by allowing the use of a common reporting language across the globe.

Therefore, the first move towards accounting standards convergence was the proposal to create the Accountants International Study Group (AISG) by the professional accountancy bodies in Canada, the United Kingdom and the United States in 1966. This was formed in order to develop comparative studies of accounting and auditing practices in the three nations. The AISG was eventually created in 1967. It published 20 studies until it was disbanded in 1977. Sir Henry Benson put forward the proposal for the setting up of the International Accounting Standard Committee (IASC) at the 40th World Congress of Accountants in Sydney in 1972. After

discussions and signature of approval by the three AISG countries and representatives of the professional accountancy bodies in Australia, France, Germany, Japan, Mexico and the Netherlands, the IASC was established in 1973. Sir Henry Benson was the first elected Chairman while Paul Rosen field was the first secretary of the IASC. By the beginning of the 21st century in only one of the nine original IASC countries (Germany) did even a relatively small number of listed companies use IASs to report to domestic Investors.

(Source: Robert J Kirsch, published in February 2007 by WoltersKluwer/CCH, <https://www.iasplus.com/en/resources/ifrsf/history/resource25>)

The main objective of IASC formation was to develop a single set of high quality International Accounting Standards (IASs) to replace national standards, before the establishment of IASB. IASC was responsible for developing the accounting rules between 1973 and 2000. In 2001 IASC was reorganized into the International Accounting Standards Board (IASB). During its first meeting the Board adopted existing IAS and SICs. The IASB has continued to develop standards calling the new standards IFRS (Kumar, 2014). Between 1973 and 2001, therefore, it has emerged as the dominant reference for financial reporting in most countries around the world, and encouraging accounting bodies around the world to adopt the standards.

The European commission mandated every listed companies in France, Germany, the Netherlands and the UK and other 21 countries to adopt IASs or the International Financial Reporting Standards (IFRS) as of 2005. Similarly in the same year (2005) The Australian government and standard setter had set up an adoption policy of IAS. The US roadmap for adoption is 2014-2016. Canada and Japan are also considering convergence with IFRS.

In 2002 A Memorandum of Understanding (MOU) was agreed between the United States Financial Accounting Standard Board (FASB) and the International Accounting Standard Board (IASB), towards the convergence of US GAAP and the IFRS. In the Norwalk Agreement, both the FASB and IASB pledged their joint commitment towards the development of high quality, compatible accounting standards for both domestic and cross border financial reporting. It is argued that changes made in the US GAAP can be expected to influence the international environment (Tarca, 2004). Gannon & Ashwal (2004) argue that the convergence efforts of the

FASB and the IASB already have changed U.S. GAAP and more effects are expected as the efforts to narrow the differences between the IFRS and US GAAP continue.

According to IFRS Foundation (2013, p5) Every new adopter of IFRS should follow the three steps before starting the adoption of IFRS, Firstly Making policy decisions by building consensus among concerned stakeholders, Secondly preparing a plan by building targets, and deadlines and making them public and helps to identify difficulties that must be overcome, And thirdly Identifying the resources that we have on-hand and what we need to implement the new standard (such as availability of local professionals at the national level and company must finance for capacity building, and source of finance, materials, and technical supports.

To capitalize the benefits from IFRS based financial reports, the Government of Ethiopia has publicly expressed its interest and decided to converge to International Financial Reporting Standards (IFRS) from GAAP. Then, the Government has announced that, Ethiopians companies would be required to adopt International Financial Reporting Standards (IFRS) by 5th December 2014, and passed the Financial Reporting Proclamation No.847/2014 (M0FED, Financial Reporting Proclamation No.847/2014 20thYear N0.81, 2014) for financial reporting and regulation No.332/2014 (M0FED, Regulation No. 332/2014 21th year No 22, 2015) for the establishment and determination of the procedure of the Accounting and Auditing Board of Ethiopia which is in charge of coordinating the implementation of IFRS and regulating the financial reporting practice of the country.

Furthermore, As shown in Article five The objective of the board is: To Promote the highest professional standards among accountants and auditors or to provide professional qualification training, and support education and continuous professional development programs, To Promote high-quality reporting of financial and related information by reporting entities, To Ensure the accounting profession is used in the public interest, and to ensure the professional independence of accountants and auditors

In addition, according to Article 4(2) of the proclamation No.847/2014, the Accounting and Auditing Board of Ethiopia have the authority and responsibility: to enforce the financial reporting law and takes disciplinary measures on those who do not comply with the provisions of the law and the regulation set by the Government and directives. ,Issue standards and directives

relating to financial reporting and auditing and ensure compliance therewith, Set accounting and auditing standards and code of conduct to regulate the behavior of professionals including registration and certification and potential for the services. and for regulating the profession as well as for issuing a national professional accountancy qualification that is recognized internationally

The Accounting and Audit Board of Ethiopia (AABE) officially launched the adoption of the IFRS and plans a three phase transition over a period of three years for reporting entities in Ethiopia. Accordingly Phase 1 includes significant Public Entities, Financial Institutions, and Public enterprises owned by Federal or Regional Government like Ethio-telecom. Phase 2 includes Other Public Interest Entities (Ethiopian Commodity Exchange member companies and reporting entities that meet PIE quantitative thresholds) and IPSAs for charities and societies required to issue IFRS and IPSAS based financial statements respectively for the year ending July7, 2018. and Small and Medium-sized Entities- Statutorily required to issue IFRS based financial statements for the year ending July 7, 2019 Phase three. The transition plan is prepared on the basis of Article 54 (1) of the Proclamation and anchored on the understanding that the Board and all stakeholders will follow the milestones and time schedules as described in strategic plan.

Since IFRS is new for Ethiopia, sufficient or ample research is not yet done on actual challenge of IFRS adoption in the Ethiopian context. Therefore, the researcher believes that, examining the adoption of the IFRS in Ethiopian Telecommunication company as one of the largest and influential sectors of the Ethiopian economy may provide relevant information in terms of the nature and extent of the impact on the quality of financial reporting, which could also be used as a relevant benchmark to predict on other Ethiopian companies 'quality of financial reporting. It is also believed that this research study results will provide relevant information as reference to others company that adopt IFRS in the next phase. That is, research findings will provide some useful hints as to what the Ethiopian firms and markets will expect from the adoption of the IFRS. Therefore, the main objective of the thesis is to examine the assessment of IFRS implementation effectiveness in Ethio-telecom

1.2. Statement of the problem

The International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) with the objective of providing a common accounting language. However, the responsibility of convergence with IFRS vests with local government and accounting and regulatory bodies, such as AABE in Ethiopia. Thus AABE need to invest in infrastructure to ensure compliance with IFRS. Ethiopia has several constraints and practical challenges to adoption and compliance with IFRS. So there is a need to change some laws and regulations governing financial accounting and reporting in Ethiopia. Due to this, the implementation of IFRS may face several challenges and problems.

Evidence shows that, most prior extant studies have been conducted focusing on the data from Europe and other developed countries on the adoption of IFRS as the bases for financial reporting. This has been stated by (Odia.et.al, 2013). Who outlined that, The European Union (EU) is at the leading in mandating all companies in the European Union (EU) to start the adoption of IFRS in their financial reporting since 2005. And (Beke,2015) as cited in (Onalo.et.al, 2014) outlined that, IFRS is mandatory for firms on capital market of Europe, but only few emerging countries adopted IFRS as their reporting standards.

(Kumar, 2014) and (Rawat.et.al, 2015) conducted a study on International Financial Reporting Standard (IFRS) and finds complexity of IFRS is the significant problem and among others enhance refined performance measures is the benefit of IFRS adoption.(Thappa, 2012)studies on challenges of IFRS adoption in Indian Banking Industry. The result shows that lack of awareness is the major challenges of IFRS adoption.

As Ethiopia is a developing country its accounting standards is in different environment than the developed countries that can easily get skilled professionals, Expertise and where required articles and references can easily obtained. Therefore, the study can support in providing some relevant information for the implementation of IFRS and its challenge for the first time adoption of IFRS And also Since less attention has been given to the developing countries like Ethiopia it is difficult to obtain pertinent articles and books on the adoption of IFRS by public sectors in Ethiopia (Zeghal and Mhedhbi, 2006).

In Ethiopia little number of studies carried out on the topic. Among them (Tesfu, 2012) studies the Benefits and Challenges of adopting IFRS in Ethiopia and outline the major challenge of IFRS adoption that include the requirement for training, complexity of IFRS and lack of implementation guidance.

(Alemi, 2016, & Teshome, 2017) performed a research on IFRS Adoption Progress and Challenges and Prospects of (IFRS) implementation in Ethiopia, the researchers outline the major challenges that include qualified professionals, lack of preparedness, need of training, lack of adequate implementation guidance and lack of enforcement capacity facing the transition to IFRS. Other researchers (Fareed & Zinabu, 2015) conducted a study on the assessment of the implementation of IFRS in the Ethiopian Banking sector; and IFRS adoption progress in Ethiopia (Alemi & Pasricha, 2016), IFRS Adoption in Ethiopia, issues processes (Yitayew, 2016). No researchers, however, have measured the possible impact of the organizational changes brought about by IFRS adoption and didn't examine the consequences of the IFRS implementation effectiveness on quality of financial report and cost of implementation.

(Fikru F. 2012, & Worku S. 2018) examines the Adoption of International Financial Reporting Standards (IFRS) in Ethiopia and the researchers outlined the benefits, challenges, and Factors that could explain the adoption of these standards in Ethiopia. Owen benefits and challenges for all users and prepares of financial statement, so its implications for preparers, users, educators, and other stakeholder has to be effectively coordinated and communicated and the broader scope of accounting and they endorse appropriate future research to be conducted on the issue of disclosure and compliance with recommends the transition to IFRS.

The researcher finds that, sufficient study was not conducted on the assessment of IFRS implementation effectiveness in Ethiopia. Mainly on Ethio-telecom, that is a service giving company and one of the largest and influential sectors of the Ethiopian economy. Therefore, the ever-increasing globalization and integration of international financial markets, and the need and decision of the Government of Ethiopia to converge to International Financial Reporting Standards (IFRS) has forced Ethio-telecom to switching over from GAAP to IFRS.

Furthermore, the contribution for the advancement of IFRS adoption in Ethiopia seems for the attraction of external investment that led to economic development. As evident by some studies

Ethiopia lacks particular accounting standards, and so far neither of the international standards is officially adopted. The researcher believes that, switching from traditional standard GAAP to IFRS is not easy and smooth. So, this research assesses IFRS implementation effectiveness in Ethiopia by Ethiopian Telecommunication and set recommendation as input to advance and satisfy the adoption of IFRS in Ethiopia. And attempt to examine IFRS implementation Standards' effectiveness is addressed by providing a high-quality, internationally recognized set of accounting standards that bring transparency, accountability, and efficiency to financial markets around the world.

IFRS standard-based financial statements bring transparency by enhancing the international comparability and quality of financial information to the company, and facilitate investors and other market contributors to make timely and adequate economic decisions. IFRS Standards contribute to economic efficiency by supporting investors to identify opportunities and traits across the world improving capital allocation, and for the company like Ethio-telecom lowers its financial statements preparation cost compared to GAAP.

IFRS makes stronger accountability by reducing the information gap between the earners of capital and the people to whom they have delivered money; furthermore IFRS delivers information that is required to Ethio-telecom management to account as a source of globally comparable information that is importance to regulators around the world.

Thus, the objective of this paper is to measure the effectiveness of implementation consequence of International Financial Reporting Standards in Ethio-telecom based on, transparency, efficiency, and accountability

1.3. Research questions

To achieve the objective of the Assessment of IFRS implementation effectiveness by Ethio-telecom, the following basic research questions are specifically addressed

- What are the main benefits of IFRS implementation in Ethio-telecom?
- What are the practical challenges faced in implementation of IFRS at Ethio Telecom?

- How the stakeholders involvement in implementation of the International Financial Reporting Standard (IFRS) in Ethio-telecom?

1.4. Objectives of the Study

1.4.1 General Objective

The general objective of the study is to assess the implementation of International Financial Reporting Standard (IFRS) effectiveness in Ethio-telecom.

1.4.2. Specific Objectives

- To assess the practical challenges that faces IFRS implementation at Ethio telecom(Users adequate knowledge, complexity of conversion, and timely interpretation of IFRS)
- To. Identify main benefits of IFRS implementation in Ethio-telecom
- To assess the stakeholders' involvements in the implementation of International Financial Reporting Standard (IFRS) in Ethio-telecom

1.5. Significance of the Study

The outcome of the study would have many advantages for all practitioners and academicians by providing relevant information about International Financial Reporting Standards and issues related to its adoption. It would also be useful for Ethio-telecom top management in general for organization's management by providing information about the theoretical and actual benefits and challenges of adopting IFRS and also report under IFRS provide better quality financial statement with full disclosure this study provide evidence for the stakeholders, the government and external auditors and increase confidence for them.

The findings and recommendations of this study would benefit organizations by giving information on the vital challenges and how to overcome it, and enhance understanding of the factors that affect the first time adoption of international financial reporting standards. The study could also be used as future reference for users those who are engage in future and for those who are interested to maintain a research on the implementation of IFRS in Ethiopia

Furthermore, the study can support and enables the staffs and managements of enterprise to advance the awareness of their understanding on the benefits and real challenges faced during the conversion to IFRS and provide insight on how to approach the adoption process of the international financial reporting standards (IFRS) more effectively and efficiently. And in addition show the effect resulted during the transition from GAAP to IFRS on financial statements

The research paper attempts to give lesson for others who could adopt IFRS and to provide useful and timely information to the regulatory body (AABE) on the activities to be done for the realization of the IFRS adoption by the second and third phase adopters. The findings of this study may also help the second and third phase adopters to prepare and get ready for implementing IFRS through taking proactive actions on potential challenges that may happen in their adoption

1.6. Scope and limitation of the study

The study has been delimited to the assessment of IFRS implementation effectiveness in Ethiopia by Ethio-telecom. It may be more significant and vital performing the study in both financial and service giving institution that are adopting IFRS in the first phase. However, due to time and finance constraints seeking, the availability and flexibility of the data collection the researcher believes that, working in the Telecommunication sector that is engaged in the first phase can provide useful information and hopefully shows the relevant practices of IFRS.. The fact for the selection of Ethiopian Telecommunication is that, it is government regulated enterprises and operates under the government regulatory environment and the IFRS adoption is handled at the same time with the formation of similar adoption strategies. The thesis focuses on Institutional readiness, availability of the required skilled man power/Technical capacity issues related to the adoption/Implementation of IFRS in Ethiopia by Ethio-telecom. The research documents were acquired from Ethio-telecom Finance Division, IFRS project team and selected finance staffs because those respondents involve at the time of conversion and preparation of financial statements, The researcher also approached AABE's financial reporting and accounting review staffs, By this, the researcher attempt to examine the consequence of IFRS implementation effectiveness on financial statements compare to GAAP.

The study focused on the result effectiveness of IFRS implementation. In light of the limited researches and/or articles that exists on IFRS implementation within the context of Ethiopia, the thesis is built on the current body of knowledge and studies performed in other countries context. In order to address the Assessment of IFRS implementation effectiveness in Ethiopia by Ethio-telecom the researcher based on reviewed literature from Ethiopia and the experience of other countries'

1.7. Organization of the research paper

This research paper is organized in five chapters. The first chapter deals with the introduction part which consists of background of the study, statement of the problem, Objective of the study, significance of the study, Scopes of the study, limitation of the study, and organization of the study. The second chapter deals with review of the related literatures on both theoretical and empirical studies. The research design and methodology is presented in chapter three. Chapter four is the discussion of the results and findings of the study. The final chapter deals with conclusions and recommendations.

CHAPTER TWO

2. Literature review

2.1. Introduction:

This chapter presents a review of related literature to International Financial Reporting Standards and Assessment of IFRS Implementation effectiveness. It covers a general overview of IFRS implementation, the effect of IFRS implementation, the benefit and challenge of IFRS obtained through IFRS implementation, the application benefits of IFRS adoption effectiveness to companies. In short, this literature review combined the existing empirical research in the area of international financial accounting standards adoption and implementation and the topic ends by summarizing the literature review and identifying the gap in the present literature.

2.2. International Financial Reporting Standard (IFRS)

International Financial Reporting Standard constitutes standards, Interpretations and the framework for the Preparation and Presentation of Financial Statements set and adopted by the International Accounting Standards Board (IASB). It has issued a set of standards to be used when preparing financial statements, namely forty-one International Accounting Standards and thirteen International Financial Reporting Standards. And as far as future international accounting standards are concerned, IFRS that is standards and interpretation adopted by IASB in 2002 the bodies undertook to develop this high quality compatible accounting standards that could be used for both domestic and cross border financial reporting. IFRS are considered 'principles based' set of standards in that they establish broad rules as well as dictating specific treatments. (Kumar, 2014). Currently the expression IFRS is commonly used alone to in waiting this set of rules (IAS and IFRS)

The need for a global set of high-quality financial reporting standards has long been apparent. The process of international convergence towards a global set of standards started in 1973 when 16 professional accountancy bodies from Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom and the United States agreed to form the International Accounting Standards Committee (IASC), which in 2001 was reorganized into the International Accounting Standards Board (IASB). The IASB develops global standards and related

interpretations that are collectively known as International Financial Reporting Standards (IFRS)(Thappa,2012).

The number of countries for the need of IFRS adoption to prepare financial statements has increased because this financial reporting implies a number of advantages, namely: it increases the level of investments at international level and the ability of foreign investors to make economic decisions, significantly reduces managerial discretion. In 2005 has become a particularly important breakthrough concerning mandatory IFRS adoption, since this was the year that it took place in the Australia and EU. In fact the year 2005 to 2009 was regarded by the IASB to provide a stable platform for EU companies that started implementation in 2005

All listed companies in France, Germany, the Netherlands and the UK and other 21 countries were mandated by the European commission to adopt IASs or the International Financial Reporting Standards (IFRS) from 2005.The Australian government and standard setter had put upon adoption policy of IAS by 2005.The US roadmap for adoption is 2014-2016. Canada and Japan are also considering convergence with IFRS (Ojiedu et.al, 2013).

Contrary to the fact of IFRS standard acceptance in Europe since issued and even though with some deletions by this organization, it has been seen that in Australia change in the IFRS names, some omission of options and some literal changes, has occurred and this has led to documents clearly unlike from the original as issued by the IASB. IFRS adoption in the EU is taken as a particularly significant occurrence. One of its effects will be the considerable increase in the trustworthiness of the International Accounting Standard board project worldwide

2.3. Effect of IFRS Implementation

As the world is moving towards globalization, capital markets are becoming more and more homogeneous. The globalization creates an increased need for communication in the terms of language, awareness of culture differences and domestic customs. Therefore, IFRS implementation has become one of the issues at the global level that can be discussed and analyzed in the field of accounting, producing interest among scholars, professionals, investors, and other users of financial information. the majority of early studies paint IFRS as bringing significant benefits to adopting firms and countries in terms of (i) improved financial reporting transparency, (ii) lower costs of capital, (iii) increased cross-border investing, (iv) better

comparability of financial reports, and (v) increased following by foreign analysts. However, these benefits appear to vary significantly across firms and countries. This ensures that, various studies have conducted on the significance and values of IFRS implementation, early studies on effects of IFRS adoption find that stock liquidity increases and cost of equity capital decreases following mandatory IFRS adoption. However, recent studies point out that these benefits occur only in countries that change enforcement concurrently with IFRS adoption. Some literature evaluation on the subject was published by journals in the accounting field. Although some important articles provide literature analyzes offer a systematic review. Some of the study is shown below

Nadia et al., (2011) in their paper about IAS/IFRS implementation in Romania; they tried to see the implementation of IFRS in Romania. The purpose of the study was to investigate in-depth, and explain the issues related to, the implementation of IAS/IFRS in an emergent country that recently adhered to the European Union, i.e. Romania

Pope and McLeay (2011) have studied on mandatory IFRS adoption in the EU on those accompanied within the project the European IFRS on Compliance, Consequences, and Policy lessons they emphasize that the effects of mandatory IFRS adoption are not similar in the EU because of differences in first adopter incentives and local enforcement mechanisms. They have also stated that, one of the effects of IFRS will be the considerable increase in the credibility of the IASB project worldwide

Liu et al. (2011) examined the influence of IFRS on accounting quality in China. Using earnings management and value relevance as proxies for accounting quality, the study run estimations by pooling observations ‘before and after’ the adoption of IFRS, to determine the possible effects of IFRS adoption on accounting quality of firms in China. Their empirical results show that, the adoption of IFRS reduced earnings management, which usefully reflected on accounting quality.

Christensen et al. (2015) studied the determinants of accounting quality changes to identify whether incentives or the standards influenced accounting changes. Their study centered on both earnings management (income smoothing and managing towards small positive profits) and timely loss recognition metrics, with findings indicating that, there was no evidence of accounting quality improvements for firms that are forced to adopt IFRS. Again, they found out

that, voluntary adoption of IFRS is associated with decreased earnings management and more timely loss recognition

Brüggemann et al. (2013) examine studies on IFRS adoption in the EU consider three categories of the consequences: - in financial reporting in the capital market with a macroeconomic nature. They introduce the distinction between intended and unintended economic consequences whether they are related to the regulator's stated objectives. They stress that IFRS had a limited outcome on financial reporting, due to a perseverance of national/local accounting standards of choice, significant non-compliance, and absence of improvement on transparency of outcomes and comparability measurements. Additionally, they identified strong evidence that mandatory IFRS adoption brought macroeconomic benefits and on the capital market

Ahmed, K. et al. (2013) has a study going beyond IFRS adoption in the EU has conducted an analysis of studies in the effect of IFRS adoption on an information quality, measured as value relevance, optional accruals, and on a forecast quality. The existence of significantly increased a value in the results, when assessed by pricing models and improved a prediction of outcomes by financial analysts. The study has deference when compared to the papers stated. It addresses studies on the consequences of IFRS adoption not only in the EU but also Asia, Australia and New Zealand enabling a different analysis considering the countries that adopted IFR

(Odia & Ogiedu, 2013), Wang and Welker (2010) asserted that the switch to IFRS from local standards precipitates some changes in the way financial information is presented in the company's financial position and performance; which may cause investors to revalue the equity of the firm

2.4. Benefit and challenge of IFRS implementation to Companies

The benefit of IFRS implementation can be seen from its various advantages As a source of globally comparable information, IFRS Standards are vital importance to regulators around the world, and it contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs. Furthermore, it has a benefit for , a good understanding of risk and return, quality information for

control and decision-making purposes, improved confidence in the information presented, better planning, enhancing standards of financial disclosure, On the other hand it has a challenge in the area of ethical environment, compliance and enforcement, training and funding costs, complexity of conversion and the like.

2.4.1. Benefit of IFRS Implementation to Companies

Cost of capital to companies and higher share prices (due to greater confidence of investors and transparent information), reduced national standard-setting costs, ease of regulation of securities markets, easier comparability of financial data across borders and assessor investment opportunities, increased credibility of domestic markets to foreign capital providers and potentials foreign merger partners, and to potential lenders of financial statements from companies in less-developed countries. Furthermore, The adoption of IFRS has various benefits as evidenced by several scholars for investment decisions, foreign investors requires accurate, timely, reliable, and comparable information and lower cost of capital. Some of which include the following:

Ball (2006) who suggests that IFRS reduce investors' cost of processing financial statement information by not only eliminating cross-border differences in accounting standards and standardizing reporting formats, but also providing comparable, accurate, comprehensive, and timely information. And also Jermakowicz and Gornik-Tomaszewski (2006) suggest that, by reducing differences in cross-border accounting, IFRS adoption reduces impediments in cross-border trading

Ramanna & Sletten (2014) outlined that, the adoption of IFRS benefits all stakeholders within the institutional network of the International Accounting Standards Board and the stakeholders include users of accounting and financial information such as policymakers, regulators, national agencies, business organizations, investors, customers, and others. As countries adopt IFRS, it becomes necessary to take stock of the perceived benefits and challenges that come with the adoption of IFRS to effectively manage the national accounting system of a nation. This will support to determine the worth of institutional compliance or conformity to institutional rules of acceptable behavior to practice as the adoption of the IFRS. As the scholars conclude to nations the legitimate benefits of IFRS adoption include the credibility to compete for foreign direct

investment in world capital markets, easily mobility of capital at a lower cost, improved quality of financial reporting, more efficient allocation of resources, and avoidance to develop national accounting standards.

The adoption of IFRS will also facilitate easier international mobility of professional staffs across national boundaries. For the multinational companies, it will help them to fulfill the disclosure requirement for stock exchanges around the world (Armstrong, Barth, Jagolizer & Riedl 2007, Covrig, Defond & Hung 2007, Daske et al 2008).

Gordon (2008) listed the benefits from adaptation of IFRS over the world to include: better financial information for shareholders and regulators, enhanced comparability, improved transparency of results, increased ability to secure cross-border listing, better management of global operations and decreased cost of capital

Owolabi & Iyoha, (2012) suggested that adoption of IFRS for policymakers could result in a strengthened and more effective capital market, better access to the global capital markets, and promotion of cross-border investment, better information for control and decision-making purposes, more realistic planning experiences, among others. And to industry regulators, the adoption of IFRS could result in improved regulatory oversight and enforcement, a higher standard of financial disclosure, better information for market participants, stronger ability to attract and monitor listings by foreign companies, among others.

Van Tendeloo and Vanstraelen (2005) point out four advantages resulting from IFRS adoption. First, such adoption will trigger greater investors' ability to make informed financial decisions, eliminating confusion that arises from the existence of different ways to measure status and financial performance in different countries, leading to reduced risk for investors and lower cost of capital for companies. Second, it will lead to reduced costs related to preparation of financial information according to several sets of standards. Third, it will lead to greater incentives for international investment. Fourth, it will allow a more effective allocation of financial resources worldwide. IFRS enhances the quality of financial reporting, improves the credit worthiness of financial statements and provides creditors with more information about the company's ability to repay the debt in time and thus leading to better borrowing terms

According to the Mission of the IFRS Foundation and the IASB, the development of IFRS brings transparency, accountability and efficiency to financial markets around the world. Furthermore,

IFRS Standards bring transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions. And also IFRS Standards strengthen accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money, and provide information that is needed to hold management to account.

2.4.2. Challenge of IFRS implementation to Companies

In spite of the benefits of IFRS adoption as listed by Accounting professionals the adoption of IFRS is a difficult task and many challenges have been identified as issues facing the adoption of IFRS by nations and Companies. Among the previous study some of them are; (Obazee, 2007).showed that,

The principal impeding factors in the adoption process of IFRS in Europe, America and the rest of the world are not necessarily technical but cultural issues, mental models, legal impediments, educational needs and political influences Iyoha and Faboyede (2011) identified ethical environment and the ability to protect qualified and competent employees from being poached by other companies as main challenges facing Nigerian companies.

According to Rong- Ruey Duh (2006), the implementation challenges include: timely interpretation of standards, continuous amendment to IFRS, accounting knowledge and expertise possessed by financial statement users, preparers, auditors and regulators, and managerial incentive.

As evidenced by the global experience, convergence with IFRS would have significant challenges common to all countries and companies. Additionally, there are also certain specific challenges that are unique to particular countries (Robyn and Graeme, 2009).Also, there is the challenge of changes in the legal system from the use of national accounting laws to the use of IFRS and enforcement and compliance mechanism (Kapoor & Ruhela, 2013) in addition with of conversion, the complexity of conversion, retention of key employees, ethical business environment, timely interpretation of standards (Owolabi & Iyoha, 2012).

The report of Korea Accounting Standards Board and Financial Supervisory Service (2012) entitled IFRS country report on IFRS Adoption, implementation has given the lesson and attempt to indicate the challenges faced by Koreans at the earlier stages of adoption process this include-

troubles relating to unexpected additional costs, lack of accounting professionals, and unwelcoming public sentiment, and the like. As the users, preparers and auditors of the financial statements encountered numerous challenges and difficulties in adapting to the new accounting standards (IFRS) as they were required to leave behind the accounting practice they were so familiar with and adapt to a new accounting paradigm that emphasizes: principles rather than specific rules; economic substance rather than legal form; consolidated financial statements rather than individual financial statements; and fair value measurement rather than historical cost measurement. However, to solve the third difficulty, the Korean Accounting Standards Board and Financial Supervisory Service employed multidimensional channels to improve the general perception of IFRS in Korea; for example, they carried out on- and off-line education sessions and held numerous seminars and conferences to improve the understanding of IFRS.

2.5. The application benefits of IFRS implementation effectiveness to companies

International Financial Reporting Standards (IFRS) are the common accounting rules which define how a transaction should be reported. It also includes rules about the information to include or disclose on financial statements. It is a unitary set of standards that has helped to solve many problems in the accounting world for organizations. It would reduce the time, effort, and expense of preparing multiple reports. The globalization of IFRS would permit organizations to cut down on the amount of time they spend on preparing their financial statements. Contrary to the move to a new reporting system IFRS can also create problematic outcomes and brings many challenges for different stakeholders involved in the process such as regulators, preparers, auditors and users.

Several countries like U.S. and China have not yet adopted and implemented IFR each have their own systems, this shows that, until IFRS is globally accepted around the world it becomes more of a challenge. The firms that are not yet implement IFRS are obliged to create financial statement using one system and then make another report using the GAAP principle. The benefits and challenges of IFRS used to eliminate the reconciliation of the books that must happen under the current system, so there is an integrated picture available before making future decisions, by reducing barriers to a global expansion that is why switching to the new standards needs a vital consideration.

2.6. Empirical Evidence

2.6.1. IFRS implementation in Developed countries

In the era of globalization International Financial Reporting Standards (IFRS) has emerged as the dominant reference for financial reporting in most countries around the world, and it becomes the vital issues repeatedly analyzed and discussed in the field of Accounting, influencing involvement among investors, scholars, and other users of financial information. Various studies have examined the significances of IFRS adoption and ensure its role in enhancing transparency and limiting the options available to managers to manipulate the financial reporting and then advance the quality of financial reporting. . After several years of empirical analysis, some literature reviews on the subject were issued by journals in the accounting field, while some articles by scholars furnish useful literature analyses, among them (Nulla, 2014). Who stated that, the dominant of IFRS is perhaps due to the influence of investors' demand, cost minimization in financial reporting, security listing requirements, foreign investments, free trade, and global competition, Brown (2011, 2013) and Hail et al. (2010a, 2010b), few of them offer a systematic review on the theme, Pope and McLeay (2011), Palea (2013), K., Chalmers, and Ahmed, and Khlif (2013), and Sell horn (2013), in English; and Calixto (2010), in Portuguese.

Pope and McLeay (2011) have analyzed studies on mandatory IFRS adoption in the EU and funded by EU about Compliance, Consequences and Policy lessons funded. They also emphasize that the effects of mandatory IFRS adoption are not uniform in the EU, as a result of differences in incentives and local law enforcement mechanisms.

Olano.et.al,(2014) investigated the relationship between International Financial Reporting Standards and the quality of banks financial statement information by using data from banks audited financial statements and capital market performance report and employing Views for analyses. The study concludes that not only IFRS adoption is associated with high accounting quality evidenced there are factors beyond the fundamentals - capital market fraud- which determine stock market valuation. Finally the study recommends the global adoption of IFRS, Particularly for emerging economies and Nigeria banking sector should embrace best corporate governance practices.

Demaki, (2013) attempted to study Prospects and Challenges of International Financial Reporting Standards to Economic Development in Nigeria. IFRS will position Nigerian companies in the global market place as well as ensure transparency, accountability and integrity in financial reporting in Nigeria which is a prerequisite for the attraction of investment that will promote economic development. It will provide international investors the ability to make well-informed, useful and meaningful comparison of investment portfolio in Nigeria and other countries. Multinational companies with the aid of IFRS financial statement provide for easy consolidation of financial statements. It promotes better management control systems. IFRS statements are easier to comply with the financial requirements of overseas stock. It also facilitates ease of cross border transactions and trading within the region through common accounting practice especially in underdeveloped regions of the world like the Economic Community of West African States (ECOWAS). It will help to facilitate compilation of meaningful data on the performance of enterprises within the ECOWAS and other regions of the world. It will assist Nigeria in attracting international investors as the adoption of IFRS financials promotes easy monitoring of overseas investments. Transparency and better accountability in government Ministries, Departments and Agencies (MDA) will be promoted through the IFRS adoption in the public sector accounting and management of resources. It will also lead to increase in government revenue as a result of transparency and integrity in reporting. Easier access to capital is also facilitated through IFRS. Despite the aforementioned envisaged benefits there are still challenges. There is the urgent need to improve the level of public awareness especially among investors and regulatory authorities in Nigeria. There is also chronic shortage of professionals that are competent to implement the IFRS within the given time frame as contained in the schedule of the Nigerian roadmap for its adoption (i.e. January 2012 -January 2014).

(Michael, 2013), has conducted a research on the Application and Challenges of International Financial Reporting Standards in Nigeria. The study used the content analysis method by reviewing available literature sourced from textbooks, Journals, Newspaper and other official document on International Financial Reporting standards that are relevant to Nigeria to highlight challenges. The result of study reveals that the transition to IFRS will bring a significant change to tax accounting methods, taxable profits and tax liabilities, lack of IFRS awareness and knowledge, absence of conversion management and outline of conversion plan. Finally the study

suggests that the syllabi in respect of accounting courses in higher educational institutions should incorporate the provisions of the standards, the understanding of IFRS should also be introduced to the students of the tertiary institutions. Emphasis on training of practitioners on the field should be extended to students as some of them may not be able to meet the training fees. Therefore it is necessary that lecturers are well equipped to train the students. Laws that are inconsistent with the IFRS have to be amended.

Amidu et al. (2016) analyzed the implications of IFRS adoption to accounting information quality and found that the adoption of IFRS has brought about an improvement in the quality of financial reporting among financial institutions. In addition, by using pre and post analysis,

Papadatos and Bellas, (2011) compared the value relevance of accounting information under International Financial Reporting Accounting standards (IFRS) and Greek Accounting Standards (GAS) and they investigated whether the results are influenced from firm specific characteristics and showed that both firm size and fixed assets become significant factors, implying that the consequences of the mandatory transition to IFRS may not be the same for all firms

Morais and Curto, (2008) investigated whether adopting IASB standards is associated with higher earnings quality and higher value relevance by comparing the earnings quality and value relevance of accounting data of 34 Portuguese listed firms before (1995-2004) and after (2004-2005) the adoption of IASB standards. Their results suggested that an improvement in earnings quality while the value relevance of accounting information decreased with the adoption of IASB standards. Papadatos and Bellas, (2011) compared the value relevance of accounting information under International Financial Reporting Accounting standards (IFRS) and Greek Accounting Standards (GAS) and they investigated whether the results are influenced from firm specific characteristics and showed that both firm size and fixed assets become significant factors, implying that the consequences of the mandatory transition to IFRS may not be the same for all firms Iatridis, (2010) focused on the adoption of the International Financial Reporting Standards (IFRSs) in the UK by examining company accounting measures reported under the UK GAAP and IFRSs, the study investigated the earnings management potential under IFRS which indicated that the implementation of IFRSs generally reinforces accounting quality.

Thappa, (2012) has examined Challenges, the impact of IFRSs in Indian banking Industry and the various phases of implementation of IFRSs in the banking sector in India. The paper also highlights on the challenges ahead in the implementation of IFRS in Indian banking sector and the possible ways to address the challenges. The study is basically based on the secondary data gathered from related literature published in the journals, newspaper, books, statements, reports. The nature of study is qualitative, descriptive and analytical. Finally the paper concludes that IFRSs in Indian Banking Industry would bring many benefits to the industry along with some challenges like changes to the existing law, skilled manpower, increasing cost

Yasas T.G1 and Perera H.A.P.L 2019) Study and examines the impact of IFRS adoption on quality of accounting information in terms of value relevance on accounting information by employing 29 listed manufacturing companies with both pre-IFRS (2009-2011) and post-IFRS (2013-2015) with evidence from Sri Lankan .Value relevance is defined as "The ability of financial statement information to capture and summarize the value of the firm" (Suadiye, 2012). Apart from all other aspects for measuring the quality of accounting information, Value relevance can be considered as the most prominent basis of measurement since it delivers direct convenience of accounting information to the users in the capital market (Edward Lee, 2013; Kaaya, 2015). Therefore the researcher selected value relevance to measure the quality of accounting information. In addition to that, the study attempts to investigate the relationship of IFRS adoption in Sri Lanka with the market price, earnings, equity and operating cash flow of the listed manufacturing companies. In this study an attempt was made to find the Pre- and Post-impact of IFRS adoption on the value relevance of financial information.. Data were analyzed using multiple regression method. Results showed that value relevance of accounting information has not significantly improved in the post-IFRS period than the pre-IFRS period.

There is plenty of literature on accessing accounting quality after IFRS on convergence in the global context, when it comes to Sri Lankan context there are only contribute to the existing literature by solely focusing on the most important dimension of accounting quality that is value relevance. According to Alfaraih, (2009) value relevance can be considered as the most important attribute of measuring accounting quality. Various studies are conducted by different Scholar in countries and in different regions to examine whether accounting quality is influenced with IFRS adoption. In United States, As hbaugh and Pincus, (2001) studied whether the

variances among local and international accounting standards can influence the financial analysts' forecasts of earnings and their study shows a positive as well as significant relationship between local GAAP-IFRS changes with analysts' forecasts of earnings in Nigeria.

Augustine Ayuba, Benjamin Kumai Gugong (2014) conducted the study that, if government policy and company size influence stakeholders' perception on the adoption of International Financial Reporting Standards (IFRS) in Nigeria. The study examines some factors influencing the adoption of International Financial Reporting Standards (IFRS) among the various stakeholders in Nigeria. The study primarily examined the perception of stakeholders on the that may influence the factors adoption of IFRS. The objective of this study is to examine how factors such as government policy and company size can influence the adoption of IFRS. The study also focused on the objective to emphasis on the perception of stakeholders, that is, the Nigerian listed companies, government and other relevant parties/bodies. Utilizing multiple-regression analysis the study provides a significant relationship between government policy and the adoption of IFRS in the country. Finally the study aims to find out that government policy has a positive role to play in the adoption of IFRS for the purpose of developing accounting and auditing standards. However, while the study failed to indicate any significant relationship between company size and the adoption of IFRS. The result of the study recommends that, company size should be properly taken into consideration either in terms of small, medium, and large size to ensure a smooth transition from Nigerian GAAP to full adoption of IFRS in the country.

Zeghal and Mhedhbi (2006), Analyze the existence of the capital market in a country will enhancement those countries to apply IFRS based financial statements as an effort to ensure that the quality of information is useful for investors and IFRS apply the accounting systems that assurance the high quality of financial information to investors.

Therefore, considering that developed capital markets is facilitated by IFRS, smaller investors from less developed capital markets would encounter hard times understanding the reported figures and interpreting newly ratified standards. Because implementing IFRS that creates comparability's in presence but obscures real differences in commercial activity and reduce the precision of economical transaction recording by introducing too many alternatives, which sometimes are not needed and not relevant to the local setting.

Although, the composition of international and national stakeholders in the individual country varies greatly, so does the need of adopting IFRS. Particularly, the potential benefits of adopting international standards might not be materialized because of weak interpretation and implementation. In developing countries, the problems of governance are notorious, rules are often misinterpreted. Another issue is that countries might adopt IFRS, not because of potential economic benefits associated with the adoption, but just because countries want to be perceived as socially acceptable and legitimate jurisdictions for doing international business.

2.6.2. IFRS implementation in Ethiopia

The increasing growth in international trade and investment has brought to the fore the craze for adoption of IFRS by both the developed and developing countries. On the other hand the growth of multinational company activities, economic and political integrations between developed countries increases the efforts of developing countries to be part of the global market which in turn requires quality and transparent financial information. So, a number of African Countries including Ethiopia have declared intentions to adopt the standard. This in turn influences the researcher in Ethiopia to study on the topic. Among the various researcher(Yitayew, 2016),conducted a study on the adoption of IFRS in Ethiopia issues, processes, and (Alemi & Pasricha, 2016) on IFRS adoption progress in Ethiopia, (Fareed & Zinabu, 2015) on the assessment of the implementation of IFRS in the Ethiopian Banking sector;

The study of the researcher is almost similar in assessing the benefit and challenge of IFRS. They did not show and examine IFRS implementation effectiveness on the significant change in the financial reporting environment and quality of financial reporting under IFRS

The migration from the local standard to IFRS is not an easy task and the financial institution is not capable to adopt IFRS with quality because there is a requirement of a sound reporting infrastructure that consists of training and qualified staffs and regulatory framework.

In Ethiopia the introduction of IFRS is to satisfy a desire to promote cross-national capital flows and greater transparency and comparability of financial statements and for external-attracting investment for economic development.

According to World Bank on the report on the observance of Standards and Codes, there is no specific set of accounting regulations in Ethiopia before 2016, and therefore accounting practices vary across institutions (ROSC, 2007). As a result, National bank of Ethiopia, Ministry of finance and economic development and ethio-telecom and other government institutions are working towards the adoption of this international standard in Ethiopia

Hailemichael, (2016) Conducted a research on the Adoption, Challenges and Perception of IFRS on quality of financial reports of Financial Institutions in Addis Ababa: Ethiopia. The study focus on identifying the impact of adopting IFRS on the quality of financial reporting, examining the challenges and recognizing the benefits of adopting IFRS in financial institution. The paper uses both qualitative and quantitative approach by taking a sample of 32 out of 35 private banks and insurances companies registered under National Bank of Ethiopia. The study uses both primary and secondary data source collected through questionnaire and document review. The study reveals that high implementation costs, the complexity of financial reporting, lack of IFRS implementation agent, lack of IFRS implementation guidance, lack of availability of competent specialists, high level training requirement, less familiarity with the IT challenges in handling the implementation of IFRS, lack of proper instructions from regulatory bodies, and problem with IFRS implementation proper plan and absence of commitment & proper plan of financial institutions to implement IFRS and requirements of the existing Tax law amendment are the challenges. Quality of financial reporting has significant correlation with the transparency, accountability and economic efficiency. The study highlights implementation of IFRS leads to improved comparability & reliability of financial statements reduce cost of capital of firms through lower cost of information, greater marketability of shares, and reduced information asymmetry and others. The study recommends among others that the National Bank of Ethiopia has to give clear direction through its directives about the implementation of IFRS; the curriculum of accounting should be amended in light of IFRS the board should conduct a study to identify the gaps in systems and processes, develop IFRS accounting manual modifying charts of accounts and provide detailed instructions by taking IFRS requirements into accounts.

Fikru Fantahun,(2012) On his study on the adoption of IFRS outlined the challenge and benefits including the factors that state the adoption of IFRS in Ethiopia. He attempts to suggest on future research to be performed on the issue of disclosure and compliance with IFRS in Ethiopia.it

includes detailed application of the adopted and implemented standards and how significance for companies in Ethiopia to apply the standards. And further more stated that, only little is known about how mandatory IFRS adoption affects financial statements and shows that, there is still an open question whether financial statements are more informative following mandatory IFRS adoption to be conducted in the financial reporting domain

Firdawok Teshome, (2017) Conducted his study on the challenges and prospects of International Financial Reporting Standards (IFRS) implementation in Ethiopia, he suggests that the International Financial Reporting Standards (IFRS) is a broader scope of accounting that cannot be dealt with in its entirety in one study alone. He focused on the prospects, challenges, and Factors that could verify the successful transition to the standards in Ethiopia. And suggest future researches to be conducted on the issue of disclosure and compliance with IFRS in Ethiopia, this include the detailed application of the adopted and implemented standards and recommend companies in Ethiopia to apply the standards. In addition, he stated that, there is no enough studies conducted on how mandatory IFRS adoption and implementation affects financial statements. And furthermore stated that, small and medium scale enterprises that adopt and comply with IFRS tailored for them are also be considered as another area for future research. The study attempted to focus on the factors affecting the implementation of IFRS in Ethiopia.

Alexander Hache, (2019) Studies about the Challenges and Opportunities in Adopting IFRS by Private Commercial Banks suggested considering the accessibility of the IFRS implementation team, data, and researcher participation in the adoption process in the private Banks. In doing this study and in the work process of adoption he recommends that future researches focus on the impact of the newly introduced IFRS 9 which was changes from IAS 39 which focuses on the financial instrument where all banks are major will be impacted by the adoption of this standard. Moreover, another area where future researchers can focus is on the financial impact of the adoption of IFRS compared to the GAAP financial statement since all financial institutions issued their financial statement based on the IFRS standard effective June 30, 2018.

Tesfu, (2012) in a study regarding IFRS adoption in Ethiopia tried to see the adoption of IFRS in Ethiopia. The study focused on the factors, Prospects and challenges of IFRS adoption in Ethiopia. To answer the research question and achieve the objectives, both primary and secondary data were collected through questionnaire, interview and the review of related

authorized document. The respondents which were selected from those companies adopted IFRS includes finance officers and accountants. The result shows that Cost of adoption, need for training, complexity of IFRS, Lack of adequate implementation guidance. Increase volatility of earnings, tax driven nature of previous standards, Problem with Fair value use of IFRS was the main challenges of IFRS adoption. Moreover the findings revealed that due to the benefits outweighs the problems IFRS should have been adopted earlier in Ethiopia. The benefits of effective and efficient financial reporting for companies, IFRS lead to improved comparability and reliability of financial statements, enhanced transparency through disclosure of information, enhanced investor confidence, improved regulatory oversight and greater credibility for the accounting profession.

Worku Shiferaw,(2018) Conduct a study on the challenges and benefits of IFRS adoption in Ethiopia. He attempt to show that, for IFRS is new to Ethiopia due to its complex nature may may experience difficulties, and requirement for training To ensure a smooth transition from the existing inconsistent accounting Standards to IFRS, Continuous training to staff and addressing all the difficulties that would be experienced while carrying out the implementation is also required, on the other hand, to fine-tune with the main challenges of IFRS implementation, the process should be supported by all stakeholders. In other words, a tough IFRS capacity-building program should be boarded upon by all regulatory bodies, companies, and training institutions to provide the needed manpower for IFRS implementation. IFRS is principally meant to promote the concern of corporate entities and in particular to enhance their access to low-cost funds from international capital markets through the presentation of credible, reliable, and comparable financial statements hinged in full disclosures. The corporate entities need to own the transition process as well as work closely with professional bodies so that they can positively impact the standard-setting process. The transition to IFRS has its benefits and challenges for all users and prepares of financial statement, so its implications for preparers, users, educators, and other stakeholder has to be effectively coordinated and communicated. Professional bodies should embark on massive sensitization of their members and users of accounting to apprise them of the fundamental change that will occur in the financial reporting of the country through advocating its advantage.

Halefom Seyoum Desta,(2018) On his study about the assessment adoption of international financial reporting standards (IFRS) in selected commercial banks in Ethiopia suggested that the International Financial Reporting Standards (IFRS) is a wider scope of accounting which cannot be dealt with in its entirety in one study alone. The study focused on the prospects, challenges, and Factors that could affect the adoption of IFRS standards by commercial banks in Ethiopia based on five Likert scales; it better to conduct further research on the performance of implementation using more than five Likert scales, other factors affecting the adoption with the more qualitative concept. Besides, future research to recommend to be conducted on the issue of implementation and evaluation with IFRS adoption in Ethiopia. Even though the researcher some important factors affecting the adoption of IFRS, the researcher advocates more studies to be conducted on other factors affecting the financial reporting field for other companies in the country

Therefore, the research is initiated by the absence of pertinent studies that asses the implementation of IFRS effectiveness and its contribution to the change in the quality of financial reporting and in the area of its compliance to IFRS. and improvement in the financial reporting environment Among The main reasons for the researcher to conduct this study is that. It analyze the implementation of IFRS in the telecom industry So, nature of Ethio-telecom sector, nature of IFRS implementation procedures, nature of Ethio-telecom financial staff's performance and competence and the need of work to be done to improve reporting quality under IFRS makes this study difference from those researcher who study on the same topic.

Furthermore, the environment of Ethiopia is different from the developed countries environment where the accounting profession is more developed and there is a specific set of accounting regulation and an independent standard-setting body. Therefore, it is better to see the problem in a national and international context to enrich, and understanding of IFRS adoption and implementation effectiveness related to in Ethio-telecom context. The previous studies did not focus on Telecom industry they only focused on financial sectors like Banking regarding the challenge and IFRS adoption process. And there is a difficult of getting documents and references on the sector of Telecom industries. Therefore, this study is initiated to fill the gap and attempts to study on the Assessment of IFRS implementation effectiveness and to show the

implementation of IFRS provide a significant enhancement in the quality of financial information.

Alemi, (2016) Conducted a research entitled IFRS Adoption Progress in Ethiopia. The aim of the paper is to assess the IFRS adoption progress in Ethiopia and investigate factors that motivate Ethiopia to adopt IFRS, advantages and challenges ahead of IFRS adoption in Ethiopia. Both primary which is collected through open-ended interview and secondary data collected using document analysis techniques from the annual reports of companies reporting under IFRS, and proclamations and regulations that deal with financial reporting issues in Ethiopia. The result of the study revealed some companies in Ethiopia have started using IFRS voluntarily since 2002/03 without making necessary preparedness, but nationally IFRS is adopted officially in December, 2014 through enactment of Proclamation. Adoption of IFRS in Ethiopia may provide opportunities such as high commitment from the government in terms of issuing proclamation and regulation, willingness to incorporate IFRS in Accounting Curricula of Universities, establish regulatory body, making logistic and financial support to the Accounting and Audit Board of Ethiopia, enhanced dependability on financial statements, enhanced comparability and Foreign Direct Investment and easy access to finance. The result of the study also highlights challenges of adopting IFRS, these include knowledge gap in IFRS among preparers, professionals, users, and academics, shortage of qualified professionals ,resistance from organizations who are benefited from the existing accounting and auditing system, knowledge gap in the management of corporate organization, cost of IFRS materials since they are available in foreign currencies and regularly updated , training cost due to trainers are from abroad which also require payment in foreign currency and absence of Professional institutions .

2.7. Summary and Gap in the Existing Literature

The literature stated investigation and perspectives on the IFRS adoption exposure based on the experiences of different countries. It examines vital issues relating to the benefits, challenges, and impact of IFRS on accounting information, accounting quality, and impact of IFRS adoption with varying legal, socio-economic contexts (Liz Rainsbury, Unitec, Ooi Chee Keong, Lee Siew Pengb, Lim Wan Lengc). In most countries, IFRS adoption is associated with a significant paradigm shift. The literature highlights the precondition for principle-based IFRS adoption to be fulfilled that include skilled man power, professionals.

Firdawok Teshome, (2017) conducted his study on the challenges and prospects of International Financial Reporting Standards (IFRS) implementation in Ethiopia, Tesfu,2012) in his research focused only on the benefits, challenges, and Factors that could verify in the adoption of IFRS, (Alexander Hache, 2019) studies about the Challenges and Opportunities in Adopting IFRS by Private Commercial Banks

Despite various survey studies have been carried out indifferent countries of the world to measure the adoption and implementation of IFRS most of the studies have been conducted on IFRS analyzing the data from EU member countries. this have been outlined by Alicja et al., and Jermakowicz et al., 2007; Susana et al., 2007, Alessandro et al.,and Robyn and Graeme, 2009, William et al, and Apostolos et al., 2010;.

Although the various studies conducted in many countries have highlighted the benefits of having single set of financial reporting standards across the globe and seems to be equally important for all countries, there is a dearth of empirical study that examines the data from developing countries and in particular Ethiopia. No sufficient studies have been conducted in Ethiopia on Telecom industry of Ethio-telecom including consequence of the effectiveness of IFRS implementation.

Since, Globalization, increased border-listing, attraction of foreign investment and aids, and other institutional factors have been the motivating factors for IFRS adoption. Ethiopia has publicly expressed its interest or in transition towards adopting the IFRS from the GAAP and Ethiopians companies have mandatory adopt IFRS starting 2016. And for IFRS is new to Ethiopia the adoption and implementation are not matured. And most study is conducted in our country before the implementation actually run away on the selected organization and the author of this finding believes most of those studies are theory based because it takes place on the time of the processes of convergence. And also, in spite of previous studies have been conducted on the challenges and benefit of IFRS adoption in Ethiopia, the finds that, prior studies does not address International financial reporting standard implementation effectiveness. This requires an academic investigation to evaluate the implementation effectiveness of IFRS in Ethiopia as well as the benefits and challenges of adopting and implementing IFRS. Therefore, Firstly this study makes an attempt to bridge this theory based literature with practical challenges and benefits that face in the first phase adopter and elaborated the practical benefits due to IFRS implementation

and to identify challenges that could face while the implementation of IFRS in Ethiopia Second and Third phase implementation process. Secondly, to show that, , at the time of implementation of IFRS how to Ethio-telecom Top management, Audit corporation, Ethiopian Revenues and Customs Authority (ERCA), Ministry of Finance and Economic Development (MOFED) and Accounting and Auditing Board of Ethiopia (AABE) being the key players in standards, need to work together and it should also carry out the awareness campaign to ensure that Ethio-telecom fully implement IFRS, Thirdly, As lessons from Ethio-telecom, to show that, for effective IFRS adoption, there must enabling Institutional framework, accounting education and training, efficient capacity building program to prepare the various stakeholders for the imminent transition and challenges, And finally to investigate the quality of financial reporting based on uniformity in accounting language, the attraction of foreign investment and financial support credible financial information, and close the Communication gap within Stakeholders of Ethio-telecom after implementation of IFRS

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY:

This section is based on problem identification, and explains the research questions, and collects facts, and conducts analysis and resolves the relevance of the method used. Detail discussion on the methodology was also performed, and fact finding techniques for data collection and analysis are clearly elaborated. The chapter consists of Research Design, Sampling and sample Design method, Data type, source of data; instruments for data collection, Data Analysis, and the final section illustrate the validity of the study

3.1. Research Approach

The goal of the research paper is to assess and investigate the international financial reporting standard implementation effectiveness in Ethio-telecom. To fulfill the requirement this study adopt the descriptively type of research, and achieve the specific and general objectives and to analyze the collected data the mixed method that is a combination of a quantitative and qualitative method is used with two important characteristics. First, the variables of interest are measured using self-reports. In essence, survey researchers ask their participants to report directly on their own thoughts, feelings, and behaviors. Second, considerable attention is paid to the issue of sampling as outlined by (Sakaran, 2003). The major focus of the researcher is obtaining adequate and relevant information about the research problem. Therefore, Descriptive research gets a vital type of research, because, it collects data that are used to answer a wide range of what, when, and how questions pertaining to a particular population or group. And also it is very useful when conducting research whose aim is to identify characteristics, frequencies, trends, correlations, and categories Furthermore depending on the data collection method used, descriptive studies can generate rich datasets on large and diverse samples. Creswell (2009) held that research design incorporates plans and steps taken to finding answers to research questions. It involves strategies, data collection methods, analysis, and interpretation.

Due to time constrain and other recourses the research study is academic. Therefore the study collect the big amount of data using a questionnaire distributing to the team organized and engaged for the adoption of IFRS including finance officers, finance manager, Controllers or

Accounting Directors, and to others accounting staff's..For the reason that, Telephone interview do not allow respondent enough time to think out their responses, and the cost of making calls make it impractical to use this medium to collect data for the study. The researcher ameliorate the drawback of telephone interview by conducting a face-to-face interview with selected sample population

3.2. Sampling and sample Design method

3.2.1. Target Population

The target population of the study is 300 financial department staff's from five Divisions. The main reason for the researcher to focus only on accounting practitioners for the target population is from the fact of their expertise, their capacity and knowledge of IFRS in providing pertinent information, and their involvement in the adoption and implementation of IFRS project, and their ability in supporting Accounting staff's that are engaged in producing financial statements in ethio-telecom.

3.2.2. Sample Size

For the study 10 IFRS project team members and 20 finance staffs (a total of 30 employees were considered from the population) these staff's are the respected personnel that participate on the adoption and implementation of IFRS in Ethio-telecom

3.2.3. Sampling Design

The sampling design for the population use the Purposive sampling and a form of non-probability sampling having the goal to focus on IFRS project team and financial staffs of the Department, that participate in the convergence and implementation process The researcher believes that, the purposive sampling technique is the best fit to satisfy the focus of the study which is based on personnel that are involved for the adoption and implementation of IFRS, that are very knowledgeable on IFRS and a population that are of interest and will best enable to answer the research questions. Therefore, the purposive sampling is used to distribute the questionnaire and semi-Structured interviews for all IFRS project teams and financial staff's involved in the IFRS adoption and implementation. The choice of the approach is appropriate

and vital as all respondent that are of interest has a unique characteristics and cannot be replaced by any other person. And also it would be appropriate for further empirical investigation.

3.3. Data type, Data source, and Data collection instruments

For the purpose of analysis is the instrument to collect qualitative and quantitative data that enables to gather in-depth insights on IFRS implementation and depending on the type of data the instruments chooses to collect the data. .

3.3.1. Data type

The study adopts a combination of both quantitative and qualitative research approaches for two reasons, First the investigation on the challenge of IFRS adoption in Ethio-telecom consider and examines the pre-adoption phase, and secondly it also consider the adoption phase by inquiring into the effects of IFRS adoption interns of the quality of accounting while the first objective follows a qualitative inquiry, the second is a quantitative investigation of the quality of accounting.

The researcher used a semi-structured interview from the qualitative research approach to support in identifying the policy of the government, availability of technical skills and expertise, leadership and commitment, and from quantitative research methods, the data is gathered using questionnaires to examine and identifying the benefits and challenges, and involvement of stakeholders during the phase of implementation of IFRS in ethio-telecom

3.3.2. Data source

The study used both primary and secondary sources of data to collect/find relevant data. The primary source of data support the researcher in providing the first hand information and accurate data and also help the researcher to collect data directly from the main source without going through any existing sources, and the data is not subjected to personal bias and as such the authenticity can be trusted and this could lead the researcher to make a valid analysis. The Primary data was gathered through an adapted questionnaire from previous related studies and modified with the consultation of experts by establishing face validity to use it as a research instrument. For Some of the questionnaire requires the respondents to elaborate on their thoughts, in this case it is an open-ended question and some part of the questionnaire wants a

specific response, and to generate statistical analysis from respondents closed ended questions were used, therefore, the fact finding technique used both close-ended and open-ended questionnaires. The questions were formatted using the five points Likert scale form. The organization of the questionnaire was based by giving significance to the factors that include the implementation of IFRS challenges and benefits, and stockholders' involvements. A secondary source of data that is available on different platforms that can be accessed by the researcher, includes feedback from the staff attain during IFRS training, government records, Audit corporation audit reports, previous researches, company financial statements, published works such as journal articles or textbooks, and reference books , that support in making the finding complete

3.3.3 Data Collection Instruments

The researcher focus is the financial Department where relevant information and data are available to satisfy the objective of the study on the effectiveness of IFRS implementation. To obtain the required and valuable information the study used primary and secondary source of data

3.3.3.1 Primary Data

It is often reliable, authentic, and objective in as much as it was collected with the purpose of addressing a particular research problem. For the fact finding technique for primary data collection the researcher used questionnaires and interview

3.3.3.1.1. Questionnaires

The researcher use questionnaires for the collection of quantitative data from the respondent. The questionnaires were distributed to IFRS project team, finance officers, finance manager Tax Analysis Specialist, Cash management manager, Controllers or Accounting Directors, Auditors, Accountants who are at the position to provide knowledgeable and relevant information on IFRS implementation and can provide information on the effect of IFRS implementation related to the Positive and negative consequence linked to the research objective. In order to obtain unbiased responses from the respondents, the researcher refused to express his own views on the subject. The fact remains that, the respondents were believed to have sufficient and relevant knowledge

of this Standard to be able to complete the questionnaire, this, therefore helps the researcher and provides it with reliable and relevant data for the analysis. Furthermore, as (McNabb, 2005) outlined that, mixed questionnaires have many merits; the most important of this advantage is its considerable flexibility, the research evidence was gathered by using both close-ended and open-ended questionnaires.

The questionnaires were structured based on those used by Iyoha and Faboyede (2011), and Sharif (2010). For the reason that, questionnaires used by the mentioned authors are more closed with this finding and already test by different validity. For the measurement of close-ended questions, the study uses the 5-point Likert scale to measure the perception of respondents about the impact of IFRS on the quality of financial reports, the cost and benefits of implementing IFRS on companies' operations, and managerial efficiency consequent upon implementing IFRS. On which responses are rated from 1 to 5, indicating dispositions toward the new reporting standards. Therefore, the respondent's sets their level of agreement on a five point Likert-style rating scale (1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree) used to design the questionnaire. With respect to the open-ended questionnaires the respondents were asked to provide open ended responses to the questions that require opinion and if they have opinions they feel the researcher would find useful. The questionnaire has three parts; the first one is demographic information, and then the second part about the implementation of IFRS, and finally open-ended question regarding the topic

3.3.3.1.2. Interview

The researcher use Interview for the collection of qualitative data, although personal interview aligns more with qualitative traditions, it allows the researcher to probe deeper in case the responses from the questionnaire are not clear enough. And from the fact of its flexibility interviews are mainly popular as a data collection tool. According to (Cresswell, 2012) interview is typically a face-to-face conversation between a researcher and a participant involving a transfer of information to the interviewer. This is to mean that, it is an active interaction between the researcher and a participant leading to a contextual based result. Furthermore, interview brings the interviewer and the respondent together in a face-to-face interaction and creates a bonding of friendliness between them. And Frankfort-Nachmias and Nachmias (2008) posited that personal interview is more flexible than questionnaire as it

provides the opportunity for the interviewer to clarify doubts by probing deeper into the area of interest.

The interactions are a structured and semi-structured form to generate insights and concepts and to collect in-depth information on people's opinions, thoughts, experiences, and feelings about the implementation of IFRS in Ethio-telecom. From the interview the researcher attempt to exploit additional information and facts that fortify the questionnaires

3.3.3.2 Secondary Data

The secondary data is obtained by reviewing the existing documents. It is collected from Ethio-telecom project guideline for the adoption and implementation of IFRS, financial report, financial structure, annual report, AABE guideline, Enterprise resource planning reports, and the like. This supports the researcher to understand and analyzes the implementation process and effects to IFRS conversion on financial statements.

3.4 Data Analysis

To explain the general characteristics of sample respondents this study employed descriptive statistics in organizing and analyzing the data. According to Frankfort-Nachmias and Nachmias (2008) descriptive statistics is used to summarize and organize data so it helped the researcher to organize data in a meaningful way. To explore demographic profiles of each sample type and to elaborate the factors affecting challenges and prospects of the implementation of the IFRS in the financial reporting, frequency a measure of central tendency like mean and standard deviation and percentage, and tabulation are used

Tabulation of collected data by percentage, standard deviation, and mean are used to determine the benefits and challenges as well as the stakeholder's involvement as the time of the implementation of IFRS and also to determine the proportion of the respondent. Thus, Data collected using questionnaire was analyzed through descriptive statistics, frequency distribution, Statistical Package for the Social Scientists (SPSS-23).

3.5. Reliability and Validity test of the Study

For the study the Reliability test was conducted to help refers to how consistently or dependably a test measures a characteristic that produces similar scores for a person who repeats the test to measure reliably. On, the other hand for concerns to the degree to which a study accurately reflects the specific concept that the researcher is attempting to measure or describe. In order to keep the validity of the study, the researcher includes internal and external validity. As stated by Grix, (2004). Internal validity refers to the extent to which the researcher can demonstrate that he has reliable and adequate evidence for the statement and (Yin, 1994) stated that external validity stands for the extent to which the conclusion is generalized to the population; he also suggested that using multiple sources of evidence as the way to ensure construct validity. This study used various source of data collection technique that include document review, interview and questionnaire that helps to cross validate the data. In addition, the study also used the data instruments developed by Iyoha and Faboyede (2011), and Sharif (2010). Since questions are tested up on their clarity, understandability significant conclusions are drawn using those questions, it also facilitate internal validity and external validity of the study.

To ensure validity the researcher consider two approaches that include, choosing appropriate methods of measurement to ensure method and measurement technique are high quality and targeted to measure exactly what the researcher wants to know, for this case the researcher develop questionnaire that is based on finding and investigating the challenge of IFRS implementation on financial system. And using appropriate sampling methods to select the required subjects, for this case to produce valid results, the researcher clearly defines the population that intended for researching validity and chose representative respondents which are familiar with the issue and are experts in the field, which enhance the external validity of the result. Measurement for the internal consistency of the research was conducted using Cronbach's Alpha based on the estimation of the sample. And to test for the reliability of the instruments used, the researcher calculated the Cronbach's alpha. According to Field (2009), Cronbach's alpha value of .7 to .8 is an acceptable indicator of the reliability of the measuring instrument, and also George and Mallery (2003) suggest 0.7 as the accepted level, a value more than 0.6 is regarded as a satisfactory level (Pallant, 2007). From the general rule of thumb a Cronbach's alpha of .70 and above is good, .80 and above is better, and .90 and above is best. The reliability

test using Cronbach's Alpha was performed on a total of 9 items following the coding of all reply from the completed questionnaires. The SPSS is used to calculate the Cronbach's alpha due to the enormous task of constructing the covariance matrix manually.

Reliability Test

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.131	.931	9

CHAPTER FOUR

4. DATA PRESENTATION AND ANALYSIS

4.1 Introduction:

This chapter sought to explain the demographic information of the respondents and discuss the finding results discovered on the analysis performed on the data collected from Ethio-telecom. The results of the study are discussed by summarizing issues related to the study area result from the questionnaire. The major focus of the discussion is attempted to fulfill the objective of the study and answer to the research questions. For the research a total of 34 questionnaires which dealt with the implementation of International Financial Reporting Standards were issued to 14 IFRS project team members and 20 finance staffs. Out of which only 30 questionnaires were collected from the population, this comes to the response rate of 88.2% Compared to other IFRS adoption studies and considering the difficulty of collecting data in developing countries such as Ethiopia, 88.2 % response rate was very good. The survey respondents are all located in Addis Ababa. The results found from the questionnaire are analyzed through descriptive statistics

4.2. Demographic characteristics of respondents

Table 4.1 Demographic characteristics of respondents

Respondent Gender	Frequency	Percentage (%)	Valid Percent (%)	Cumulative Percent (%)
Male	20	67	67	67
Female	10	33	33	100
Total	30	100	100	
Educational Qualification				
Diploma			0	
Bachelor Degree	20	67	67	67
Master Degree	7	23	23	90
Bachelor degree +Certification	3	10	10	100
Total		100	100	
Service year of participant				
≤5				
6 to 10 years	3	7	7	7
11 to 15 years	10	33	33	40
Above 15 years	17	60	60	100
Total	30	100	100	
Participant work position				
Supervisors	7	23	23	23
Specialists	8	27	27	50
Finance Managers	12	40	40	90
Finance Directors	3	10	10	100
Total	30	100	100	

Source: Own Survey Result (2021).

From the Table 4.1 above the demographic data in gender participants showed that out of thirty respondents 10 are females while 20 are men this shows that, the male respondents are the majority of the target population with 67% while female respondents were represented only by 33% So, from the sample the majority of them are male employees and this implies that, the gender balance is tending towards male staffs.

As indicated in the table 4.1 above the education background of the respondents shows that 90% have rewarded a Bachelor and master degree in Accounting while 10% of them are certified Accountant in addition to the reward of the bachelor degree in Accounting, and no respondents hold a diploma. Since all the participants had adequate educational knowledge to appreciate financial reporting issues it can be seen that, all the respondent have a proficiency in

understanding and replying the questions and provide relevant information. Therefore, the respondent view is significant to solve the research questions.

For this study to achieve the objective of international financial reporting standard implementation effectiveness in Ethio-telecom, the experience of the respondents plays a vital role. Furthermore, the experience and exposure of the respondents facilitates them to easily identify the major challenges and benefits of the effectiveness of IFRS consequences in Ethio-telecom and other stakeholders.

As shown in the table above only 7% of the respondent has work experience of six to 10 years while 33% have a work experience of eleven to fifteen years followed by respondent with above Fifteen years (60%). This evident that 93% of the respondent participating in this survey have worked above eleven years in Ethio-telecom. So, it shows that from their experience in the financial sector they can give a valid response and provide an important perspective for the raised questions. And they are able to speak from informed knowledge about their institutional framework. In addition due to nature of Accountancy profession the more experience Employees have the more they refine their proficiency .this could yield them the ability to easily assimilate themselves with the new standard as they could build on what they profess the new requirement.

From Table 4.1 above fourteen respondent or 50% of the respondents are member of finance management team while eight or 27% of the respondents are finance specialists and the remaining seven or 23% are finance supervisors. This implies that, the information gathered for this study was 100% collected from the concerned bodies in the financial sector having specific level of work position and titles. This indicates that, the questionnaire has been distributed and collected from various group level of status of financial professionals that is satisfactorily diversified to help

Collect different opinion on the effectiveness of IFRS implementation

4.2.1. Respondent training in international Financial Reporting Standard (IFRS)

Table 4.2 IFRS related trainings attendance

IFRS	Frequency	Percentage	Valid Percent	Cumulative Percent
Yes	30	100	100	100
No				100
Total	30	100	100	

Source: Own Survey Result (2021).

As shown in Table 4.2 above all respondent have attained a training conducted on IFRS, thus, they are capable to understand the questions and provide pertinent answer this implies to a good and required result.

4.3. Benefits,

4.4. Challenges

4.5. Stakeholder's involvement in adopting & implementing of IFRS

This section contains three categories that include Benefit, Challenge and stakeholder's involvement in implementing IFRS in Ethio-telecom and focus on discussion of the finding through the study. The goal of the study is to assess the implementation of IFRS effectiveness in Ethio-telecom. The study was conducted in Ethio-telecom Financial Department including fourteen IFRS project team members and sixteen financial staff's. Discussion of the finding and presentation in the form of percentage is elaborated here below.

4.3.1. Benefits of implementing IFRS

This part of the study attempt to identify the benefits of IFRS implementation for three categories that include Ethio-telecom, Investors, and MoFED. A list of questions are set for the objective of the study and distributed to each stakeholders based to its relevance To assess the opinion of the respondents or to measure the closed ended question the respondents sets their level of agreement on five point Likert scale with the rating Strongly Agree=5, Agree=4, Neutral=3, Disagree=2, and Strongly Disagree=1 The response of the respondents regarding to

the benefits of implementing IFRS to Ethio-telecom, Investors, and MoFED is discussed separately

4.3.2. Benefits of implementing IFRS for Ethio-telecom

This section contains a total of eight questions regarding the benefits of implementing IFRS for Ethio-telecom. The questions are listed as shown in table below, so, the respondent's opinion is briefly discussed.

Table 4.3 Benefits of implementing IFRS for Ethio-telecom

No	Questions	SA	.A	N	D	SD	Total	Mean	Std
1	Better Ability To Attract Foreign Companies	25	4	1			30	4.8	0.143
		83.3%	13.3%	3%			100%		
2	Better information for control and decision making	26	4				30	4.87	0.145
		86.7%	13.3%				100%		
3	Enhance better planning purpose	20	9	1				4.63	0.138
		67%	30%	3%			100%		
4	Reduce cost of capita	19	10	1			30	4.6	0.137
		63.3%	33.3%	3%			100%		
5	Obtain a better and higher level of flexibility	17	10	2	1		30	4.43	0.132
		57%	33%	7%	3%		100%		
6	Facilitate better business risk management	16	9	3	2		30	4.3	0.129
		53%	30%	10%	7%		100%		
7	Improves the transparency level	20	8	2			30	4.6	0.137
		67%	26%	7%			100%		
8	Better performance of financial reporting and increases level of quality	25	5				30	4.83	0.1444
		83%	17%				100%		
Aggregate mean and Aggregate standard deviation								4.63	0.138

Source: Own Survey Result (2021).

According to the survey questions the respondents explain their view on the benefits of IFRS implementation in Ethio-telecom and analyzed as follows. The descriptive statistic result for the first question regarding benefit of IFRS is for Better Ability To Attract Foreign Companies, no respondent are disagree and strongly disagree only 3% is neutral, 13.3% Agree and the largest part 83.3% responds strongly agree. This view of the respondents on IFRS implementation result effectiveness indicates that, the analysis of information on better ability to attract foreign companies represent 96.6% agreement from the total respondents. Furthermore, the interview reveals that, IFRS increases the growth of international business, and Opportunity, beside this it encourages Professional development and International best practices and experience sharing. The result of the interview supports the finding of the study.

For the second question of the benefits of implementing IFRS on Ethio-telecom the respondent gives their opinion, on the variable it gives Better information for control and decision making as follows, the result shows that no respondent are strongly disagree, disagree and neutral, 13.3% Agree and 86.7% Strongly agree, this indicates that all respondents 100% agree on the proposition of the benefits identified in the question in implementing IFRS. Based IFRS financial statement information's Ethio-telecom managements are decide not to depend on historical information but based on quality of information that defines Ethio-telecom financial statements accountability, transparency, and efficiency. Furthermore, the expected benefits are based on the premise that the use of IAS/IFRS enhances transparency and limit the options available to managers to manipulate the financial reporting and then improve the quality of financial reporting. In addition the high quality of information that is pertinent for management in decision-making process support to fulfill the goals of an organization by looking at costs and revenues reporting is a term defined by a global accounting standard, so the management of the organization likes it for better decision, this is also revealed by interview and accordingly it support the finding of the study. Worldwide, researchers in the academic arena suggest that the implementation of IAS/IFRS enhances the increase of quality financial reporting (Bruggermann et al,(2013), Christensen et al (2013) pointed out that since IAS/IFRS limit the options available to managers, the adoption of IAS/ IFRS could positively impact the quality of financial reporting ‘and The (Daske et al. 2009; Li 2010, Byard et al, 2011)’s findings also states IAS/IFRS eliminate accounting alternatives that were opportunistically used by managers, elimination of

these alternatives would improve the quality of financial reporting, the statement of the Scholars Support the result of the finding.

For the third question of the benefits of implementing IFRS on Ethio-telecom the respondent gives their opinion, on the variable that it Enhance better planning purpose as follows, the result shows that, 67% are strongly agree, 30% are Agree while 3% are neutral. As shown on the result 97% are agree that, the benefit of implementing IFRS provides an opportunity for better planning for Ethio-telecom management,

As the benefit of implementing IFRs have the benefit of creating a single set of accounting standards around the world that would enable agencies from different segments of the globe to apply the same standards in every transaction, Ethio-telecom comes to a better vision for future planning and the Standards contribute to economic efficiency thus improving capital allocation. The advantage to find here is an increase in transparency, which would then allow for more accessible cross-border investments. And It would reduce the time, effort, and expense of preparing multiple reports. This means, the presence of International Financial Reporting Standards around the world would allow organizations to cut down on the amount of time they spend on preparing their financial statements

The interview finding shows that in applying IFRS a common language is used to prepare financial statement so Ethio-telecom comes to a better vision to future planning, beside this the use of a single and trusted accounting language lowers the cost of capital and reduces international reporting costs, this supports the result of the finding

The fourth question for the benefit of implementing IFRS is that, it reduces cost of capital According to the response obtained from respondents no respondent are strongly disagree and disagree, and only 3% are neutral while 63% are strongly agree and 34% are agree. The result shows that 97% of the total respondents respond agree on the proposition that the implementing of IFRS has reduce the cost of capital. From the result we can conclude that, almost all the respondents confirm that the implementation of IFRS can significantly reduce the cost of capital for ethio telecom, this is from the fact that, due to the decrease of information asymmetry IFRS reduce the cost of capital. Thus for businesses, the use of a single accounting language lower the cost of capital and reduces international reporting cost. . (Mir & Rahaman, 2005) indicates that

the vital benefit of IFRS adoption decrease time consumption and cost, and also increase creditability of financial statements

The survey of the fifth question for the benefit of implementation of IFRS effectively in Ethio-telecom is that it Obtain a better and higher level of flexibility. The result from table 4.6 above shows that,57% are strongly agree, 33% are Agree, 7% are neutral and the remaining 3% are disagree From the result a total of 90% Agree on the proposition that the implementing of IFRS has a better and higher level of flexibility. From the result the study can conclude that, it would offer more flexibility in the accounting practices than generally accepted accounting principles that it use a principles-based system that means the goal of each standard in IFRS is to reach a reasonable valuation, and there can be several ways to reach that outcome. This fact gives an organization the freedom it needs to adapt to the global system to fit their specific situations that leads to the generation of significant financial statements that get easier to read. This is also shown through the interview that in turn supports the result of the finding

The sixth question of this survey regarding the benefits of implementing IFRS is that it Facilitate better business risk management. The result of the respondents shows that,53% are Strongly agree,30% are Agree, 10% neutral, and 7% Disagree. From the result a total of 83% Agree on the proposition that the implementation of IFRS can facilitate better business risk management, and we can conclude that most of the respondents agree on the proposition. This indicates that in the view of respondents, adoption of IFRS provides management of a company with better risk management, improve the financial reporting environment to support the management for accurate and relevant decision making to promotes cross border investment. And furthermore, it leads to lower levels of uncertainty and more efficient allocations of capital that supports economic growth. This response is further supported in Diana (2017) finding that IFRS adoption will provide better information for the decision making, and it facilitates efficient risk management. For IFRS compliant financial statements have risk disclosures, other detailed financial information's and transparency respondents agrees that business have better risk management In addition the transition to IFRS for the company provides a more accurate and balanced view of financial statements, more effective decisions can be made by limiting creative accounting, giving better comparability and transparency And the management can smoothly address risk and a value firm that is influenced by identical accounting measures. The result of

the interview revealed that risk measurement plays a vital role in capital allocation decisions for Ethio-telecom to allocate capital investment opportunities that provide the highest expected return for a given level of risk. Access to the information is thus critical for Ethio-telecom to assess the expected risk and return of investment opportunities and make investment decisions. This strongly support the result of the finding

The seventh question of the survey for the benefits of implementing IFRS is the variable Improves the transparency level. The result from the table above shows that, 67% for strongly agree, 26% for Agree, and the remaining 7% for neutral. The result of shows that, the majority of the respondent rating 93% of the total Agree that implementation of IFRS improves the transparency level of Ethio-telecom, and no respondent response strongly disagree and disagree. From this the study can conclude that the implementation of IFRS raise the transparency of Ethio-telecom by providing better reporting facilities and building confidence in the information presented for IFRS results in the improvement of the quality of financial report. This finding is supported by (Daske et al. 2009; Li 2010, Byard et al, 2011), who stated that IAS/IFRS eliminate accounting alternatives that were opportunistically used by managers, elimination of these alternatives would improve the quality of financial reporting

In relation to transparency of financial statement the interview result reveals that through implementation of IFRS the increased transparency causes management to act more in the interest of the shareholders. It could also cause a similar increase in the efficiency of contracting between Ethio-telecom and lenders, this can also support the finding of the study.

Therefore, the implementation of IFRS provide transparency by enhancing the international comparability and quality of financial information, letting Ethio-telecom and investors to make informed economic decisions.

The final question for the benefit of IFRS is it increases the level of quality in terms of financial reporting. The result from the table above shows that, 67% are strongly agree,26% are agree, while 7% are Neutral. The result shows that from the total respondents 93% agree from this the study can conclude that the majority of the respondents agree on the proposition that implementing IFRS can enhance the level of quality of financial reporting. The interview result reveals that IFRS Standards bring transparency by enhancing the international comparability and

quality of financial information, enabling investors and Ethio-telecom to make informed economic decisions. This supports the result of the finding.

Regarding, Mean and Standard deviation as shown in table above there are eight questions under analyses of benefits of implementing of IFRS to Ethio-telecom. All questions had a mean score of more than 4.3 ranging minimum mean score 4.3 for question six to maximum 4.87 mean score for question two From this we can understand that for numerical value for Agree sentiment level is four the result shows that the respondent are generally feel agree that Ethio-telecom is highly benefited from the implementation of IFRS. The standard deviation value range from 0.129 for question six to 0.145 for question two this sows a low standard deviation. The average score of the standard deviation is 0.138 that is low values and this indicate how close all the numbers are to the mean. In other word, where most of the numbers are quite close to the mean (average) the standard deviation will be relatively low In general the average meant of all the quotations is 4.63 this shows respondent to this questionnaire have a positive attitude for the average is more than the sentiment value of Agree. From this the study concludes that the majority of the respondent agrees with the proposal that the implementation of IFRS have many benefits to Ethio-telecom including to the vital benefit of IFRS that encourage international investors to invest.

4.3.3. Benefits of implementing IFRS for Investors

In this section, there are eight questions related to the Benefits of implementing IFRS for Investors.

All questionnaires are listed in table below and the questioner results are briefly discussed.

Table 4.4 Benefits of implementing IFRS for Investors

No	Questions	SA	.A	N	D	SD	Total	Mean	Std
1	Ease for communication	20	10				30	4.66667	0.1388
		67%	33%						
2	Better information for decision-making	25	4	1			30	4.8	0.1432
		84%	13%	3%					
3	Generates flexibility by using a framework based on principle	22	5	3			30	4.633333	0.1385
		73%	17%	10%					
4	More confidence in the information presented for IFRS is reliable and comparable	25	5				30	4.83333	0.1440
		83%	17%						
5	Benefits from using the fair value concept	20	6	4			30	4.5333	0.1355
		67%	20%	13%					
6	Better understanding of risk and return	20	5	5			30	4.5	0.1347
		67%	17%	17%					
7	It create a higher return on equity	15	8	4	3		30	4.166667	0.1256
		50%	27%	13%	10%				
8	Implementation of IFRS enhance greater transparency and understandable	25	5				30	4.83333	0.1440
		83%	17%						
Aggregate mean and Aggregate standard deviation								4.62	0.1381

Source: Own Survey Result (2021).

This part of the study attempt to elaborate the benefits of implementing IFRS for Investors So, the questioner related to the benefits of IFRS implementation to investors are analyzed. . Respondents were asked their opinion about the implementation of IFRS can provide Ease communication for investors. In table 4.7 above for question one it can be shown that 67% strongly Agree and 33% Agree This shows that all the respondents agreed and believes that the implementation of IFRS can provide ease communication for investor. This implies that, the majority elaborate the IFRS implementation has ease to have effective communication with internal and external users of information followed by better information acquired for decision making

For the second question concerning respondents perception on implementation of IFRS Can provide Better information for decision-making, the table shows that 84% strongly Agree, 13% Agree while only 3% neutral so, we can understand that, the majority of respondent 97% Agree on the implementation of IFRS provide Better information for decision-making. From the above description we can conclude that the quality of information supports the Investor in decision-making process and more confident in the information presented. We can also conclude that, it will make it easier for investors to evaluate the financial performance of organization with which they might invest more, enhance transparency of companies through better reporting and they will have more confidence in the information presented. This benefit benefits were also identified in the studies performed on the Mexican regulations adapted to the IFRSs (Palacios-Manzano and Martinez-Conesa (2014) and also in the case of Turkey (Balsari and Varan, 2014). The third question of this survey regarding the benefits of IFRS implementation can Generates flexibility by using a framework based on principle The table above shows that, 73% strongly Agree, 17% Agree while the rest 10% neutral From the result we can understand that 90% the majority of the respondents agree on the proposition that implementing IFRS can Generates flexibility by using a framework based on principle. For it uses a principles-based system than following specific rules. That means IFRS is comprehensive principles based accounting with emphasis on real economic transaction. So the objective of each standard in IFRS is to get to a reasonable valuation, where there can be various means to reach that outcome. And this structure provides investors the freedom to adapt the global system to fit their specific situations that eventually leads to the production of useful statements that are much easier to read.

Concerning respondents perception for the fourth question on the benefit of implementation of IFRS can provide more confidence in the information presented for IFRS is reliable and comparable the table shows that 83% Strongly Agree, and 17% Agree. From the result we can conclude that, no respondent response Neutral, disagree, and strongly disagree thus, all of the respondent 100% agree on the proposition that More confidence in the information presented for IFRS is reliable and comparable by implementing IFRS So reliability and comparability of preparing the financial statements gives the advantage to become competitive for it provides a clear picture of what is going on with the financial health of Ethio-telecom. So, this structure benefited to investors by reducing risk for the understanding of each data from the common accounting system and framework. In addition, financial statements prepared using a common

set of accounting standards help investors better understand investment opportunities as opposed to financial statements prepared using a different set of national accounting standards (Ball, 2014), stated that, the ability of investors to make informed decisions, eliminating any confusion regarding the measurement of the entities performance, reducing the costs regarding the preparation /processing of accounting information, more efficient allocation of financial resources, increases the comparability of the financial statements. Furthermore, since similar economic transactions are accounted for similarly by eliminating different methods of accounting for the same transactions, adoption of IFRS leads to improved comparability and reliability of financial statements.

Regarding, the respondent's perception for the fifth question regarding Benefits from using the fair value concept, the table above shows that, 67% strongly Agree, 20% Agree while the remaining 13% are neutral. From the result we can conclude that, most of the respondents rating a total of 87% agree on proposition that investors benefited from the fair value concept, It is true that, fair value accounting is a way to measure a higher degree of transparency in Financial statements, that lead to a higher value pertinence of accounting data and a better capability of financial markets to reflect the actual value of a firm. However, critics argue that fair value accounting based on models is not reliable, therefore raising some doubts regarding its usefulness to investors (penman,2007, Benston,2008 koleve,2009, Gohetal,2009 and palea and maino)

The respondents perception about the benefits of IFRS can create a higher return on equity shows that, 50% Strongly Agree, 27% Agree, 13% Neutral, and the remaining 10% disagree From the result we can understand that, 77% that comes above half of the total respondents agree on the proposition IFRS implementation create a higher return on equity, reconciliation amounts may vary by industry and country but the overall benefits can better support economic growth to increases in stock value, dividend payments, and a strong regulatory environment. Holger Daske, Luzi Hail, Christian Leuz and Rodrigo Verdi examined over 3000 firms in 26 countries and outlined that, company's adoption of IFRS creates strong economic benefits in countries with rigid regulation over financial reporting. The benefits include an increase in the stock's market value, increase in market liquidity, and a lower cost of capital.

The final question for the benefit of IFRS implementation is enhance greater transparency and understandable. The respondent perception on the table above shows 83% Strongly Agree while the remaining 17% Agree, From the result we can conclude that, 100% of the respondents Agree on the proposition that IFRS implementation is enhance greater transparency and understandable Among the major reason for the respondents stated for their opinion include, IFRS increases transparency and reliability of financial reporting and makes financial statements more understandable to users which builds confidence of the present investors and to allow them to make investment decisions which in turn make company financially strong and profitable in the long run, and it improve consistency and transparency of financial reporting

As shown in table above regarding Mean and Standard deviation respondents express their opinion based on eight liker items (each individual questions) related to the benefit of implementing IFRS to investors, the result shows the mean score range From 4.16 for question seven to 4.833 for question 4 and 8 and the average of the total question shows 4.61 Mean score. From this we can understand respondents to this questionnaire have a positive attitude that the implementation of IFRS has a various benefits to Investors because the average is in the sentiment level of Agree. The value of the Standard deviation lies between 0.125 for question 7 to 0.144 for question 4 and 8 and the average Standard deviation is 0.138 it is a low value indicating how closes all the numbers are to the mean. The respondents express their feelings that the investors have significant benefits according to the benefits listed in the table from implementing IFRS by ethio-telecom. Since IFRS is a common accounting system and framework leads investors to compare among different telecom company financial statements across the globe.

4.3.4. Benefits of Implementing IFRS to MoFED

In this section the questioner results related to the benefits implementing IFRS for MoFED are analyzed.

Table 4.5. Benefits Implementing IFRS to MoFED

No.	Questions	SA	A	N	D	SD	Total	Mean	Std
1	creates financial sources to country and provide investment opportunity for foreign investors	25	5				30	4.833	0.144
		83%	17%				100%		
2	To increase compatibility and comparability among different financial statements of industries	20	9	1			30	4.63	0.137
		67%	30%	3%			100%		
	Aggregate mean and standard deviation							4.73	0.140

Source: Own Survey Result (2021).

The first question of the survey regarding the benefit of Implementing IFRS for MoFED is that, it creates financial sources to country and provide investment opportunity for foreign investors. The table above shows 83% strongly agree while 17% are Agree. On the basis of the result all respondents 100% agree on the proposition. From this we can conclude that, the presence of IFRS globally would facilitate company to invest in one another when there is a market opportunity. According to the new policy of Ethiopia, Ethio-telecom invited foreign and local investors to hold share, in this context the presence of IFRS create trust and confidence for foreign investor and gain investment opportunities, and it encourage international investors to invest. And Ethio-telecom gets high investment in flow that leads to high foreign flow to the company and benefited to the country.

Regarding the second question for the benefit of implementing IFRS is that it increase compatibility and comparability among different financial statements of industries, the result from the table shows 67% Strongly Agree, 30% Agree, while the remaining 3% are neutral. From this the study conclude that,97% of the respondents Agree that the implementation of IFRS through Ethio-telecom benefited to MoFED. Because the implementation of IFRS that is a common accounting system and framework, is perceived as transparent, and fair to local and global investors leads to increased compatibility and comparability among different financial statements of Telecom industries, these benefits are likely to attract investors and thus expand their economic activities. Furthermore, IFRS implementation improves investor protection, to

make capital market more accessible to foreign investors, and to improve comparativeness and comprehensiveness of their financial information. (Ball, 2014), stated that, the ability of investors to make informed decisions, eliminating any confusion regarding the measurement of the entities performance, this support the result of the finding

As shown in table above in quantifying the targeted respondents feeling towards the benefits of IFRS implementation to MoFED the mean rating from 4, 63 to 4.83 and the aggregate mean score shows 4.73 this indicates that the respondents generally feel Agree that the implementation of IFRS benefited MoFED from the listed benefits shown in the table. The Standard deviation lays between 0.137 to 0.144 and the average Standard deviation shows 0.40 this indicates that most numbers are quite close to the Mean.

4.4. Challenges of IFRS implementation to Ethio-telecom

The implementation of IFRS is faced with many challenges. The most prominent ones are explored in this thesis. Under challenge of IFRS this thesis presents ten challenges in table below, and the section attempt to elaborate the challenge of implementing IFRS for Ethio-telecom So, the questioner related to the challenge of IFRS implementation to Ethio-telecom are analyzed

Table 4.6 Challenges of IFRS implementation to Ethio-telecom

SerN	Questions	SA	A	N	DA	SD	Total	Mean	Std
1	Lack of availability of competent professional	12	15	3			30	4.3	0.12736
		40%	50%	10%			100%		
2	Problem in attaining a fair value accounting	7	15	5	3		30	3.666667	0.113855
		23%	50%	17%	10%		100%		
3	Lack of high level training and professional institutes	10	15	5			30	4.166667	0.123228
		33%	50%	17%			100%		
4	Lack of implementation guide line and sound ethics and standards	12	14	4			30	4.266667	0.126491
		40%	47%	13%			100%		
5	High cost of IFRS implementation	11	16	3			30	4.266667	0.126198
		37%	53%	10%			100%		
6	Increase Complexity of financial reporting	5	13	10	2		30	3.566667	0.108184
		17%	43%	33%	7%		100%		
7	Fair value measurement being highly subjected obstruct in execution of IFRS	6	14	8	2		30	3.666667	0.111555
		20%	47%	26%	7%		100%		
8	Problem with IT system in handling the transition to IFRS	10	17	3			30	4.233333	0.125019
		33%	57%	10%					
9	Complexity of IFRS conversation and timely interpretation of standards	14	16				30	4.466667	0.132218
		40%	53%	7%			100%		
	Aggregate mean and Aggregate standard deviation							4.066	0.120

Source: Own Survey Result (2021).

From table 4.6 above we can understand that the respondents opinion regarding Lack of availability of competent professional on the implementation of IFRS shows 40% Strongly Agree, 50% Agree, while 10% neutral. From the result we can conclude that, the majority of the respondent 90% agree that lack of pertinent skills and competencies are vital challenge for the implementation of IFRS and the potential fall in Knowledge is very problematic on the part of individual to ensure their Compliance with the existing standards. So, effectively to implement IFRS it required competent professions available at Ethio-telecom. The interview result revealed that lack of specialists who could assist by providing reliable answers to accounting practices with which Ethio-telecom accountants were not acquainted is one of the major challenges in implementing IFR. The interview also revealed that there is acute shortage of well acquainted

Staff with IFRS, and since the country lacks professionals Ethio-telecom faces problem to obtain trained professional to help implement the standard, Thus, this lack of experience and familiarity with IFRS is one of the major challenges in implementing IFRS Due to this, .Ethio-telecom hire IFRS experts on contract basis consultants for the transition process this is supported by the result of the finding

For the second question regarding fair value accounting it can be seen from table 4.6 that 23% strongly agree, 50 % agree, 17% neutral while 10% disagree on the problem with IFRS use of fair value accounting most of the respondents, believe that the adoption of IFRS which uses fair value financial reporting approach introduce significant volatility in the balance sheet, more importantly in earnings. In addition, a lot of Stability, hard work, Valuation Expertise and Consistency is required to attain a Fair Value Measurement to express Financial Statements This is also supported by the result of survey accrued out by Jermakowicz, (2004),, according to which IFRS adoption brings increase volatility of earnings. From respondent's opinion, we can realize that since fair value accounting incorporates more information into the financial statement than historical cost it is a major challenge for developing countries like Ethiopia

The survey result on the table 4.6 above regarding Lack of high level training and professional institutes is the challenge of implementing IFRS Shows 33% Strongly Agree, 50% Agree, and the remaining 17% Neutral this shows almost the majority of the respondent agree at the proposition that, the requirement of high level training and professional institutes. This implies that training on issues related to IFRS is one of the major challenges facing the implementation of IFRS. In addition the current accounting curriculum of the country must adjust the courses offered at universities because International Financial Reporting Standards are not trained regularly in Ethiopia and it would shift the educational perspective in accounting in the survey of Robyn and Graeme (2009), identified lack of training facilities and academic courses will also pose challenges in India their findings were also support the result of this study. According to interview result, there is dearth of Training Facilities and Academic initiatives to train the practitioners at University Level. So, the courses offered at universities must be adjusted because IFRS is not trained regularly in Ethiopia and it would shift the educational perspective in accounting. This finding is supported by result of this study.

The fourth question regarding the challenge of IFRS implementation is lack of IFRS implementation Guidance, majority of the respondents 40 % strongly agree and 47%% agree while 13% neutral that, lack of adequate guidance creates risks for interpretations of IFRS and increases the risk for manipulation in interpretation of financial statements. The lack of detailed knowledge about international standards and the lack of implementation guidelines often lead to misunderstandings in implementing national standards (ROSC, 2004). This finding is supported by result of this study. According to the interview results this lack of guidance creates risks for different local or national interpretations of IFRS and increases the risk for manipulation in interpretation of financial statements

From the above table 4.6 for the respondent opinion related to high cost of IFRS implementation the result shows 37% strongly agree, 53% agree, while 10% neutral from this result we understand that the majority of the respondents agree on the proposition. According to the respondents, the benefits of IFRS are longer lasting than costs that occur during the initial phase of its adoption. In addition high implementation cost especially in related to consultant fee, cost of updating accounting system, cost of adjustment of information systems and training costs are the main challenge to IFRS implementation, this support the result of this study

In survey of Jermakowicz et al (2007), examine the challenges of adoption of IFRS companies in Europe the findings show that most companies agree adopting IFRS should improve the comparability of financial statements while high cost of adopting are listed among the main challenges of conversion to IFRS. Their findings also supported the result of this study.

Regarding the respondents perception that IFRS increase the complexity of financial reporting, 17% strongly agree, 43% agree, 33% neutral, and the remaining 7% disagree, this indicates the complexity of financial reporting is one of the challenges that face on the implementation of IFRS. According to Jermakowicz, (2004), one of the reasons is the complex nature of Some of IFRS including standards related to revenue from customers (IFRS 15) and fair value measurement accounting (IFRS 13).Particularly difficulties are regarding the technical aspect of the application of IFRS is the lack of comprehensive training and lack of adequate IFRS implementation guidance. Even though IFRS is being criticized for its wide and complex nature it seems decreasing at an increasing rate. They put two reasons to support the argument. The first is countries which adopt IFRS lately can learn lessons from early adopter's mistake. The other

reason is high learning institutions of the country and ACCA are producing professionals with IFRS orientation

Regarding the question related to the issue of problem with Information Technology (IT) in managing the implementation of IFRS, the result of the table shows 33% strongly agree, 57% agree, and 3% neutral. From this we understand that, the majority of the respondents 90% agree on a problem with the manipulation of IT system in handling implementation. This is supported by the result of Zinabu (2015), whose survey result shows that, the respondents identify various IFRS implementing challenges of Ethiopian financial institution are one that were less familiarity with IT challenges in handling the implementation of IFRS. The result of the interview revealed that The emerging of new technology and infrastructure changes arising from IFRS implementation requires high IT expertise so Ethio-telecom gets a problem in this regard for effective implementation of IFRS this is also supported by the result of the finding Regarding the final question on the Complexity of IFRS conversation and timely interpretation of standards, the result from the table above shows, 47% strongly agree and 57% agree, From this the study conclude that, all of the respondents 100% agree on the preposition that Complexity of IFRS conversation and timely interpretation of standards is one of the major problem in IFRS implementation

Finally, Respondents were also asked their level of agreement on the IFRS standards complexity of conversion and timely interpretation of standards, 40% strongly agree, 53% agree, while 7% neutral This shows that almost the large amount of the respondents agree on the proposition that Complexity of IFRS conversation and timely interpretation of standards is one of the major problem for effective implementation of IFRS. The result of the interview show that Lack of effective coordination and communication ,weak understanding of some trainers and the quality of professionals to understand and proper interpretation by own understanding not what the standard says and culture of resistance to change are challenges to interpretation and effective implementation of the standards. This is also supported by the result of finding.

Regarding the Mean and Standard deviation for this section a total of 9 questions for the respondents to express their opinion on the challenge of IFRS implementation in Ethio-telecom were listed in table 4.9 above The result shows that the Mean score range between 3.56 for question 7 to 4.3 for question 1 and the aggregate mean value 4.06 so, the average of the total

questions shows respondent to this questionnaire have a positive attitude for the average is in the sentiment level of agree. And the aggregate Standard deviation shows 0.120 that is relatively low value, from this we understand that for the low value of the standard deviation all the numbers are close to the Mean From this we conclude that most of the respondents agree that the listed questions are challenges of Ethio-telecom during the implementation of IFRS, therefore it required the Management and the team assigned for this purpose to thoroughly minimize the challenges.

4.5. Investors and MoFED involvement in implementing IFRS.

This section attempt to discuss the involvement of stakeholders during the implementation of IFRS. The involvement is categorized in to two groups based on the nature of their involvement this include Investors and MoFED. For the study a total of sixteen questions were given to the respondents to respond on the involvement of the two categories. Therefore, the result of the responses from the respondents is discussed in this part.

Regarding the Mean and Standard deviation for this section a total of 10 questions for the respondents to express their opinion on the challenge of IFRS implementation in ethio-telecom wre listed in table above The result shows that the Mean score range between 3.56 for question 7 to 4.3 for question 1 and the aggregate mean value 4.04 so, the average of the total questions shows respondent to this questionnaire have a positive attitude for the average is in the sentiment level of Agree. From this we conclude that most of the respondents Agree that the listed questions are challenges of Ethio-telecom during the implementation of IFRS, therefore it required the Management and the team assigned for this purpose to thoroughly minimize the challenges

4.5.1. Investors Involvement in Implementing of IFRS

This part discusses the involvement of investors in IFRS implementation in ethio-telecom. As shown in table below a total of eight questions were given to the respondents for their opinion and detail discussion is conducted.

Table 4.7. Investors involvement in implementing IFRS

SerN	Questions	SA	A	N	D	SD	Total	Mean	Std
1	Build confidence in information presented	33%	50%	13%	3%		100%	4.133	0.122
		10	15	4	1		30		
2	Better understanding of risk and return	40%	50%	10%			100%	4.3	0.127
		12	15	3			30		
3	Better information for decision making financial reports because of explanatory disclosures	47%	50%	3%			100%	4.43	0.131
		14	15	1			30		
4	Save time for analyzing	33%	60%	7%			100%	4.26	0.125
		10	18	2			30		
5	It furnish better reporting information on new and different prospect of the business	33%	50%	17%			100%	4,16	0.123
		10	15	5			30		
6	It Enhance competitiveness	40%	57%	3%			100%	4.36	0.129
		12	17	1			30		
7	IFRS enhances management information for decision making	33%	67%				100%	4.33	0.127
		10	20				30		
8	Improve The amount of contact with external peer groups and IFRS experts	40%	50%	10%			100%	4.3	0.127
		12	15	3			30		
	Aggregate Mean and Standard deviation							4.28	0.126

Source: Own Survey Result (2021).

This part attempt to discuss on the questions formulated in relation to the involvement of investor in the implementation of IFRS in Ethio-telecom. The quotations addressed to project team members and finance staff's based on table show above. From result of the table above, respondent opinion on the first question that involvement of investors in the implementation of IFRS Build confidence shows 33% strongly agree, 50% agree, 13% neutral, while 3% disagree. So, we can understand that, most of the respondents (83%) believe that the involvement of Investors can provide more confidence in the information presented. From the fact that financial

statements are important to investors, the involvement of Investors make the IFRS Financial statements presentation is full of information/disclosure. Since, financial statements can provide enormous information to investors, report prepared under IFRS gets acceptance and enhance confidence for the reliability of financial information and the report gets understandable and transparent that create confidence to investors.

The finding of the interview also states that IFRS implementation enhances the quality of firms' financial reports, which is envisaged to boost investor confidence and attract more capital

For the second question the result from the table shows that, 40% strongly agree, 50% agree, 10% neutral in the opinion the majority of the respondents (90%) agreed on the preposition that the involvement of the investors can results in a good understanding of risk and return. Thus, Investors can easily understand the risks that a company faces, and how to manage those risks and how effective the company's risk management strategy was. Furthermore, they can able to understand the difference between the economic outcome of the risk management strategies and the financial reporting outcome. This result was supported by Pat McConnell,(2014) under his study, New Hedge Accounting Model Will improve Investor Understanding of Risk Management.

Regarding to the third question that involvement of investors can provide important information for decision making, the result shows 47% strongly agree, 50% agree, while 3% neutral, According to the result the large majority of the respondents(97%) agree that financial statements with disclosures are very important to Investors to make decision. This is from the fact that Investors can have information of recent economic events by the explanatory disclosures, thereby enhancing transparency and, ultimately trust for investors. And enabling investors to make informed economic decisions

Regarding the question concerning Involvement of Investors saves time in analyzing IFRS Financial statements. The survey result shows that 33% strongly agree, 60% agree, and the remaining 7% neutral The result shows that no respondent opinion for disagree and strongly disagree, from this we can conclude that the large majority (93%) agree on the proposition of the involvement of investors during implementation can save time in analyze IFRS financial

statement and eliminate the fees of analysis. Since, the investor can easily test if these results hold in the presence of asymmetric information and financial dependence.

The fifth question concerning involvement of Investors during IFRS implementation furnish better reporting information on new and different prospect of the business. The respondent's result shows, 33% strongly agree, 50% agree, and the remaining 17% neutral, according to the result, the majority of the respondents (83%) believe that investors can gain better reporting information on new and different prospect of the business for their involvement during IFRS implementation. In addition Investors have various exposure and knowledge that he can share to ethio-telecom.

According to the respondent response for the six questions, the table above shows 40% strongly agree, 57% agree, and only 3% neutral. From the result we understand that, the large majority of the respondents agree that, IFRS heighten competitiveness. Thus, the involvement of Investors in IFRS implementation increases the significance of financial statement and in turn direct to competitiveness

Result of the seventh question shows that,33% strongly agree, and 67% agree. From the result we conclude that, all respondents (100%) express their view and agreed that, the involvement of Investors Enhance reliability of financial report providing relevant information in the context of control and decision making for management that improves decision of Ethio-telecom management. Hence, financial statement reporting presented under IFRS standards improves the quality and consistency of information that needs to make effective, efficient, and timely decisions for company managers.

For the final survey question according to the table above the result shows that, 40% strongly agree,50% agree, and the remaining 105 neutral. This shows that the majority of the respondents (90%) agree that involvement of Investors in IFRS implementation Improve the amount of contact with external peer groups and IFRS experts Since IFRS is single set of international accounting standards the business language of the company,(accounting, finance, IT, tax laws, etc) changes and open opportunity for multi-dimensional approach for the entire stakeholders. In addition, IFRS allows a company to benchmark itself against its peers throughout the world, and

allows a company to compare the company's performance with its competitors globally. This is also supported through the interview.

As shown in table above regarding the Mean and Standard deviation, the respondents opinion for the involvements of Investors on the implementation of IFRS in Ethio-telecom shows a Mean score ranging between 4.16 for question 5 to 4.36 for question 6 this result indicates that the majority of the respondents agree on the advantage of the involvement of Investors in the implementation of IFRS in Ethio-telecom. The average of the total question 4.28 shows respondents to this questionnaire have a positive attitude for the average is in the sentiment level of agree. The standard deviation is in the range between 0.123 for question 4 to 0.131 for question 3 and the aggregate Standard deviation shows 0.126 that is relatively low value, from this we understand that for the low value of the standard deviation all the numbers are close to the Mean. We can then conclude that almost all the respondents agree that the involvement of Investors in implementing IFRS in Ethio-telecom have gain many advantages according to the listed questions

4.5.2. Involvement of MoFED in implementing IFRS

In this section a total of eight questions regarding the involvement of MoFED in the implementation of IFRS in Ethio-telecom is presented. So, as shown in the table below the study attempt to discuss on the result obtained from the respondents

Table 4.8 MoFED involvement in implementing IFRS

Ser No	Questions	SA	A	N	D	SD	Total	Mean	Std
1	Investors can compare a peer Industry financial statement	10	15	5			30	4.167	0.123
		33%	50%	17%			100%		
2	More timely financial report	10	16	3	1		30	4.167	0.124
		33%	54%	10%	3%		100%		
3	Better ability to attract and monitor listings by foreign companies	12	17	1			30	4.367	0.129
		40%	57%	3%			100%		
4	Enhance transparency of companies through better and accurate reporting	10	20				30	4.333	0.127
		33%	67%				100%		
5	Improves regulation oversight and enforcement	12	16	2			30	4.333	0.128
		40%	54%	6%			100%		
6	IFRS provides greater credibility and improved economic prospects for the accounting profession	8	20	2			30	4.2	0.123
		27%	67%	6%			100%		
7	Better access to global capital market	7	20	3			30	4.133	0.121
		23%	67%	10%			100%		
8	Aggregate Mean and Standard deviation							4.243	0.125

Source: Own Survey Result (2021).

From the above table for the first question we can understand that the respondents' opinion regarding MoFED involvement supports investors to compare a peer industry financial statement. The results show 33% strongly agree, 50% agree, and 17% neutral. From this, we can realize that most of the respondents (83%) agree on the proposition. Therefore, the implementations of IFRS build and encourage the confidence of investors and investment analysts in the financial statements of ethio-telecom.

For the second question regarding the involvement of MoFED support to produce more timely financial report, the result of the opinion of the respondent shows that, 33% strongly agree, 54% agree, 10% neutral, and the remaining 3% disagree. This illustrate that 87% of the respondents agree on the proposition, thus, the involvement of MoFED during the implementation of IFRS is vital to produce Ethio-telecom real-time financial statements.

The questioner results related to the involvement of MoFED provide a better ability to attract and monitor listings by foreign companies, shows that, 40% strongly agree, 57% agree, while only 3% neutral. From this we can understand the large majority 97% of the respondents agreed and believes that the involvement of MoFED in implementing IFRS support in giving Better ability to attractant and monitor listings by foreign companies. So, we can conclude that Ethio-telecom gain a better ability to attract foreign investors and bringing opportunities through the involvement of MoFED. This is supported by Akintola Owolabi (2012) stated that the preparers and users are unanimous in their ranking that the adoption of IFRS will lead to a better ability of regulatory bodies to attract and monitor listings of foreign companies.

The result from the table above related to the involvement of MoFED Enhance transparency of companies through better and accurate reporting shows 33% strongly agree and 67% agree. From respondents perception we can understand all the respondents (100%) agree on the proposition that the involvement of MoFED enhance transparency of Ethio-telecom through better and accurate reporting, and believed that the financial statements would become more transparent.

The fifth questioner related to the involvement of MoFED Improves regulation oversight and enforcement shows 40% strongly agree, 54% agree, while 6% neutral. From the result we can see that the large majority of the respondent (94%) agrees that the involvement of MoFED Improves regulation oversight and enforcement. So, we can conclude that, Ethio-telecom benefited from this in the context of improving its financial statements by issuing new regulation. The result of the finding is supported by Akintola Owolabi (2012) stated that, the perception of preparers and users concerning the benefits of IFRS adoption to national regulatory bodies is important, because IFRS monitoring and compliance enforcement is a national issue

Regarding, IFRS provides greater credibility and improved economic prospects for the accounting profession for the involvement of MoFED in implementing IFRS, the above table shows that 27% strongly agree, 67% agree and the remaining 6% neutral. The result shows that the large majority of the respondents (94%) agree on the proposition

From the respondents perception we can understand that the involvement of MoFED during implementation in Ethio-telecom provides greater credibility and improved economic prospects for the accounting profession on financial staffs of Ethio-telecom.

For the last question we can see that 27% respondent strongly agree, 67% agree, and remaining 10% neutral on proposition involvement of MoFED deliver better access to global capital market. From the result the large majority of the respondents believes and agrees on the proposition. So, from the respondents perception we can understand that involvement of MoFED in Ethio-telecom in implementing IFRS support better access to global market and great mobility of capital.

As shown in table above for listed questions regarding the involvement MoFED in the implementation of IFRS in Ethio-telecom shows the Mean score rates between 4.133 for question 7 to 4.367 for question 3 this indicates that the majority of the respondents agree on the benefits of the involvement of MoFED in the implementation of IFRS in Ethio-telecom. And the average of the total question has a Mean value of 4.23 from this we understand that the respondents to this questionnaire have a positive opinion for the average is in the sentiment level of Agree. The value of the Standard deviation for the seven questions lies between 0.121 for question 7 to 0.129 for question 3 and the aggregate shows that most of the respondent's response is close to the Mean. From this we conclude that the involvement of MoFED benefited Ethio-telecom

CHAPTER FIVE

5. Summary of Major Finding, Conclusion and Recommendations

5.1. Summary of the Major finding

Since the implementation of IFRS is a critical issue Ethio- telecom dedicated to avail skilled and educated man power, recruit consultants in foreign currency, trained IFRS team including technology, and takes every possibility and effort to satisfy the requirement IFRS implementation effectiveness in Ethio-telecom this also include the challenge for producing qualified financial reports. The main focus of the study is identifying the vital challenges, opportunities, and stockholder's involvement in implementing IFRS result effectiveness. This part presents the result of the analysis in three parts that include summary of the major benefits, main challenges, and stockholders involvement in the implementation of IFRS effectiveness.

5.1.1. Benefit of implementing IFRS to Ethio-telecom, Investors, and MoFED

The benefits derived from the implementation of IFRS to Ethio-telecom include, imposition of a more comprehensive and highly detailed set of disclosure requirements than domestic accounting standards; constrain managerial discretion, improvement in accounting quality, which in turn contributes to a generally transparent firm information environment and better accounting practice. And also it leads to enhance the efficiency and effectiveness of financial reporting, comparability and reliability of financial statements, provides greater reporting transparency, reduce the cost of capital. For Investors the consistency and reliability of IFRS reporting standard is used to apply the fair value concept and it makes less costly to compare and evaluate firms inside and outside industries and countries. Furthermore, it enhances foreign investment to the country and better industry comparison to MoFED. In addition, it provides better information for decision making, more creditability in the information presented in financial statements using IFRS and provides better financial reporting for stakeholders.

5.1.2 Challenges of implementing IFRS for Ethio-telecom

The result of the analysis shows that Ethio-telecom faced various challenges in implementing IFRS effectively. So, lack of availability of competent professions knowledge gap and lack of professional institutions, , the complexity of financial reporting, problem with the IT system in handling the transition to IFRS are among the major ones. Furthermore since IFRS demands fair value accounting measurement that requires sufficient and complete accounting data Ethio-telecom faced a high implementation cost. Besides, the study revealed that inadequate training facilities, lack of adequate implementation guidance, tax driven nature of previous standards are identified as challenge of implementing IFRS effectively in Ethio-telecom. The study further presumed that the differences are rooted in GAAP and IFS financial statements in fundamental definitions and concepts.

5.1.3. Stakeholders involvement in implementing of IFRS

The result of the study shows that the involvement of MoFED in the implementation of IFRS gives advantage to compare a peer industry financial statement and a better ability to encourage and attract international investors to invest that lead to more capital flow to the company and monitor foreign companies. Furthermore, IFRS increase in information quality and increase in accounting comparability, and it provides outstanding economic prospects and heighten the transparency of companies through enhanced reporting and would benefit from improved regulation oversight and enforcement, On the other hand. Investors' involvement in implementing IFRS support the investor to get better information for decision making because of explanatory disclosures In addition enhance the ability of the investors to make informed decision eliminating any confusion regarding the measurement of the entities performance and the informed decision simplify access to financial reporting and build the investors' confidence . overall provide better reporting and information on new and different aspects of the business. And also, increase competitiveness and facilitates mergers and acquisitions.

5.2. Conclusion

IFRS has become the financial reporting standard for a significant amount of countries around the world. The Ethiopian government had expressed its initiative to integrate financial reporting system of the country with internationally recognized standards. The decision of IFRS adoption would be the right choice for Ethiopia to strengthening the country's quality of financial information that played a major role for attracting efficient capital inflows to the country and encourage domestic investments. Then after 2014 the adoption and implementation of IFRs become the big issue in every companies of Ethiopia. To satisfy the requirement of IFRS implementation global training providers and consultancy are invited to take part this including local companies that deliver training Ethio-telecom spends a big amount of local and foreign exchanges for adoption and implementation process.

Even though Ethio-telecom has committed a huge amount of resources to implement IFRS they faced challenges to implement IFRS effectively and this study mainly focused to identify the challenges, benefits and stockholders involvement in implementing IFRS by Ethio-telecom. Three research questions were developed and tested in this study. The first question is to identify the benefits of IFRS implementation, the second question is to show the Challenge faced in implementing IFRS, and the last question is how the stockholders involvement in the implementation of IFRS. , questionnaire data were analyzed using frequency distribution and descriptive statistics. This study assess challenges faced in implementing IFRS this include, lack of adequate implementation guidance, complexities in preparing financial statements, lack of availability of competent professions, and lack of manipulating the IT system, affects the implementation process, estimation problem to use of fair value accounting, the insufficient period of convergence causes difficult in Implementation, insufficiency of professional evaluators increases the overstatement or understatement of financial position.

Regarding the stakeholder's The result of the study also shows that implementation of IFRS result a number benefits for stockholder, provide better financial report, used to compare peer industries, real-time financial statement, improves regulation oversight and enforcement, better access to capital, understand of risk and return, more creditability in the information presented in financial statements, enhance competitiveness, and facilitates mergers and acquisitions, overall this provide the opportunity for stockholders to have better information for decision making.

5.3. Recommendations

Based on the conclusions drawn the following recommendations can be put forward for effective IFRS implementation in Ethio-telecom

- ❖ Ethio -telecom need to facilitate well organized and continuous program of IFRS relevant to the telecom industry and its conceptual framework to all concerned staffs not only for senior finance personnel but also to all lower level accountants and concerned staffs.
- ❖ Higher initiatives and commitment is a very essential issue in the part of the Government through the Accounting and Auditing Board of Ethiopia (AABE).For the implementation process to allocate pertinent logistics and to fill Professional and gap skills and to satisfy the limitation on guidance.
- ❖ To enhances the skills of accountants, auditors, and managers the Accounting and Auditing Board of Ethiopia (AABE). Should step up their training collaboration with higher education institutions and Professional association within and outside Ethiopia towards achieving the cognitive development in the new reporting standards And the Universities and professional training institutions should integrate practical sessions in their training curriculum
- ❖ Board and Management of Ethio-telecom have to provide attention to the implementation of IFRS. It has to be committed and to understand the usefulness of financial statements produced in IFRS that develop accountability, transparency, and efficiency
- ❖ Ethio telecom should upgrade its Information communication technology infrastructure as IFRS successful implementation and transition to IFRS has to be premised, inter alia, on the existence of a formidable information technology supporting structure.
- ❖ IFRS implementation in Ethio-telecom should be supported by all stakeholders. Thus, the IFRS capacity building program should be embarked upon by AABE and foreign and local training institutions
- ❖ For effective implementation of IFRS, the engagement and consultation of professional bodies play a great role. Consequently, these bodies need to be strong and conduct independent oversight. The accounting and auditing board of Ethiopia, the board of

directors, and senior management should closely monitor and assist the IFRS implementation procedures and take necessary action on the problems encountered

- ❖ Ethio telecom should be careful planning, identifying knowledge gap regarding IFRS standards and periodically update their staff in the education ,expertise and technical capacities in connection with IFRS.
- ❖ Ethio-telecom Management should place their training of accountants and auditors on the front burner. To achieve the desired competencies of the accounting staff, management should invest more and collaborate with training institutions to impact the needed skills in their staff
- ❖ Ethio telecom should work towards the increment of awareness for managing the dynamics of continuous amendment of IFRS, especially to the reporting and interpretation of existing financial report with in context of newly adopted IFRS amendment
- ❖ To strengthen the benefits of other stakeholders the regulatory bodies should be adequately made stronger through engagement of qualified professional to ensure proper compliance and monitoring of the implementation of IFRs for financial report

Finally the finding indicates that various factors influence the implementation of IFRS effectiveness in Ethio-telecom. As examined through the study MoFED and Investors must be committed to support the effectiveness of IFRS implementation. Furthermore, Implementation of certain requirements of IFRSs should be a gradual process because adopting IFRSs is not just an accounting exercise but transition that requires that everyone concerned has to learn a new language and new way of working. In fact, implementation of IFRS is not a one-time process, but rather an on-going effort that requires continued institutional support.

5.4. Recommendation for Future Research

The International Financial Reporting Standards (IFRS) is a broader scope of accounting which cannot be dealt with in its entirety in one study alone. This is conducted on the implementation of IFRS effectiveness limiting its scope only in the case of Ethio-telecom. However, it would be appropriate to extend similar research in the case of all government public entities that apply IFRS implementation. Furthermore little is known about how mandatory IFRS implementation affects financial statements and it is therefore still an open question whether

financial statements are more informative following mandatory IFRS adoption. How small and medium scale enterprises adopt and comply with IFRS tailored for them could also be considered as another area for future research.

Finally this study focuses on the assessment of IFRS implementation effectiveness, attempting to assess the challenge and benefits of IFRS implementation to Ethio-telecom, Stockholders. Even though the research found some important practical challenges in the implementation of IFRS, the researcher believes that in the future more studies to be conducted in the area.

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APPENDIX

Appendix I: Questionnaire

St. Mary University

School of Graduate Studies

Department of Accounting and Finance

Questionnaire on Assessment of international financial reporting standard implementation effectiveness in Ethio-telecom

Researcher: Kiya Alemu

Dear Respondents

The aim of this questionnaire is to explore information regarding the implementation of International Financial Reporting Standards (IFRS) effectiveness in Ethio- telecom for the partial fulfillment of the requirements for Master's Degree in Accounting and Finance at St Marry University.. The outcome of this study will be used for academic purpose only. The response you provide is significant and very important for the thesis, and I kindly request you to attempt all questions and give pertinent answer by ticking (√) in the boxes located near to each questions Therefore, your genuine response to the questions is vital for the quality and successful completion of the study. The accuracy of the information you provide highly determine the reliability of the study .Hopefully; you attempt all questions and gives a pertinent response.

I thank you for your cooperation

Contact Address:

Kiya Alemu

Tele - +251 911 243540

Gmail –kiyaedy@gmail.com

Thank you in advance for your unreserved cooperation

Part I: Demographical information - **Please kindly tick (√) your answer in the appropriate boxes**

1.1 Gender

Male

Female

1.2 Education Qualification

Diploma

Bachelor Degree

Master Degree

Bachelor Degree +Certificate

1.3 Service year of participant

≤5

6 to 10 years

11 to 15 years

above 15 years

1.4. Participant work position

Supervisors

Specialists

Finance Managers

Finance Directors

Part II:

Issues related with the study area

Please read each statement carefully and show the extent of your agreement on the statements by ticking '√' in the appropriate box lined to each scale the numbers in the column uses the following rating scale (Likert Scale).

Where: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

1. Benefit of IFRS implementation

SerNo	Statements	Scale				
		1	2	3	4	5
	Benefit of implementing IFRS for Ethio-telecom					
	Benefit of implementing IFRS for Ethio-telecom	1	2	3	4	5
1	Better ability to attract Foreign Companies					
2	Better information for control and decision making					
3	Enhance better planning purpose					
4	Reduce cost of Capital					
5	Obtain a better and higher level of flexibility					
6	Facilitate better business risk management					
7	Improves the transparency level					
8	Better performance of Financial reporting and increase level of quality					
	Benefit of Implementing IFRS for Investors					
9	Better ability to attract Foreign Companies					
10	Better information for control and decision making					
11	Enhance better planning purpose					
12	Reduce cost of Capital					
13	Obtain a better and higher level of flexibility					
14	Facilitate better business risk management					
15	Improves the transparency level					
16	Better performance of Financial reporting and increase level of quality					
	Benefit of implementing IFRS for MoFED					
17	Create financial sources to country and provide investment opportunity for foreign Investors					
18	To increase compatibility and comparability among different financial statements of industries					

2. Challenge of IFRS implementation

SerNo	Statements	Scale				
		1	2	3	4	5
	Challenge of IFRS implementation to Ethio-telecom					
1	Lack of availability of competent Professionals					
2	Problem in attaining a fair value accounting					
3	Lack of a high level training and professional institutes					
4	Lack of implementation guide line and sound ethics and standards					
5	High coast of IFRS implementation					
6	Increase complex off financial reporting					
7	Fair value measurement being higly subjected obstruct in execution					
8	Problem with IT system in handling the transition to IFRS					
9	Complexity of IFRS conversation and timely interpretation of standards					

3. Stakeholders involvement in implementing of IFRS

SerNo	Statements	Scale				
		1	2	3	4	5
	Investor's involvement in implementing IFRS					
1	Build confidence in information presented					
2	Better understanding of risk and return					
3	Better information for decision making financial report because of explanatory disclosure					
4	Save time for Analyzing					
5	It furnish better reporting information on new and different prospect of the business					
6	It enhance competitiveness					
7	IFRS enhances management information for decision making					
8	Improves the amount of contact with external peer group and IFRS experts					
MoFED involvement in implementing IFRS						
9	Investors can compare a peer industry financial statements					
10	More timely financial report					
11	Better ability to attract and monitor listing by foreign companies					
12	Enhance transparency of Companies through better and accurate reporting					
13	Improves regulation oversight and enforcement					
14	IFRS provides greater credibility and improved economic prospects for the accounting profession					
15	Better access to global Capital market					

Part 111 Open end Questionnaires

Dear respondents

I would like to thank you for your cooperation

The research paper mainly focuses and concerned to assess the implementation of IFRS implementation effectiveness in Ethio-telecom. Therefore, your immediate response to the Questionnaires is vital and very essential for the thesis. Hopefully, you can attempt to all questions and provide relevant feedback that can support and enrich the research paper.

1. If any benefits and opportunities that Ethio-telecom gain in implementing the new standard (IFRS) please mention it?

- 2 If any challenges and costs that Ethio-telecom faces for effective implementation of IFRS please mention it?

3. Please provide any additional observations or comments with respect to the IFRS implementation effectiveness in Ethio-telecom

Interview Guide

St, Marry University

Department of Accounting and Finance

MBA in Accounting and Finance

Dear sir/madam

The Objective of these interviews is for a need to collect/explore information regarding the effectiveness of IFRS implementation in Ethio-telecom and to obtain sufficient responses to enrich the questionnaires. The interview have been made with randomly selected project team, Finance Managers, concerned financial staff's of the Division to help collect elicit data about the objective of the research, The response to the interview is one of the vital inputs in support of the other data collection instruments for the research paper.

The information you provide in response to the items in the interview will be used as part of the data needed for the study of IFRS implementation effectiveness in Ethio-telecom.

I would promise that all information you provide would be strictly confidential. Thank you very much in advance for your cooperation and sacrificing your valuable time.

Interview:

- 1 What practical challenges Ethio-telecom faces for effective implementation of the new standard (IFRS)?
- 2 What benefits do you observe in the implementation of IFRS?
- 3 How is the involvement of the Stockholders?
- 4 How do you get the effect of IFRS implementation on financial reporting and Finance structure?