Cost and benefits of international financial reporting standards (IFRSs) from the preparers' perspective: Evidence from Kosovo's implementation experience

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Abstract This research investigates the costs and benefits associated with the adoption of International Financial Reporting Standards (IFRS) in Kosovo. The study utilizes a survey questionnaire methodology, collecting responses from 297 preparers' of IFRS financial statements. The data was subsequently analyzed using Analysis of Variance (ANOVA) to evaluate the perceived benefits and costs of IFRS implementation. The findings indicate significant benefits from the adoption of IFRS; with increased comparability of financial statements ranking as the highest benefit (mean value 4.13); Greater confidence in financial information (mean value 4.07) and long-term net benefits for both the company (mean value 3.94) and Kosovo (mean value 3.95) followed closely. The most significant cost was identified as the harmonization of tax laws and others with IFRS (mean value 3.52), followed by additional work to ensure comparability and opening balances of the financial statements align with IFRS (mean value 3.05). On a weighted average, benefits outweighed costs at 3.72 versus 2.54, respectively; The research concludes that from a preparer's perspective, the benefits of adopting IFRS in Kosovo surpass the costs. However, the study acknowledges that perceptions may vary among different stakeholders and over time, and the long-term impacts of IFRS adoption are yet to be fully explored.

Keywords: IFRS, IAS, financial reporting, compliance

1. Introduction

The current state of the research field should be carefully reviewed, and key publications, especially recent ones, should be cited. The introduction should be comprehensible and connect the points mentioned above with a dynamic flow of reading, making it accessible to scientists outside of the specific research field. Citations should be presented in parentheses, using only the last name of the first author followed by the year, without commas or periods. More than 110 countries require public businesses to follow a set of accounting guidelines known as the International Financial Reporting Standards (IFRSs). The IFRSs are designed to give businesses access to a single set of excellent, clear, and widely recognized accounting rules for their financial reporting.

The question of whether the advantages of adopting IFRS outweigh the expenses has generated a lot of discussion. The discussion is especially pertinent to poor and rising nations since they frequently have insufficient resources and capacity to put the standards into practice.

The International Accounting Standards (IAS) have been extensively accepted by developing countries as a requirement for membership in international organizations. The belief that the use of certain reporting frameworks could increase the risk of international investments and that the use of a single basis for financial reporting and auditing would have significant positive effects on the global market also played a significant role in the common path towards convergence with IFRS. Even if they have not embraced these standards, it is practically hard for companies or governments to remain untouched by the convergence process.

Most countries that are in transition or who lack the resources or the legal framework to create their own national or local standards have embraced international standards or are in the process of doing so as financial reporting systems.

International standards provide transparency on a global scale. They pinpoint vulnerable areas that, if avoided, can promote financial and economic growth. They boost market discipline and effectiveness. At the national level, the standards offer benchmarks to pinpoint pertinent flaws and direct policy changes. The scope and application of these standards are
evaluated in the context of the overall development of a country’s strategy and are tailored to the specific conditions of the country in question to effectively fulfill these two objectives.

Although the Kosovo Accounting Standards (KAS) were also used prior to 2011, according to the Law on Accounting, Financial Reporting, and Auditing in Kosovo, which was approved by the Parliament of the Republic of Kosovo in 2011 and updated in 2018, the International Financial Reporting Standards (IFRSs) are now the reporting framework in Kosovo. This is done to ensure that Kosovo meets the requirements established in the EU Acquis Communautaire and European Directives. Therefore, under this law, Kosovo, which seeks EU membership, mandates the implementation of IFRSs for large and medium-sized businesses. Numerous academics have studied the adoption and implementation of IFRSs, and it is still a crucial and essential subject for accounting and financial reporting.

Analysis of the standard-setting process from the viewpoints of the owners and debt suppliers is crucial because the information needs differ (Holthausen and Watts 2001). In this research, we have analyzed the implementation process from the preparer’s perspective. The cost-benefit analysis of applying IFRSs has been used to measure the adoption of these standards, and this research will focus on the impacts of something similar on the Kosovar economy.

Listed below are the main objectives of this research:

- Determine whether the use of IFRSs has enhanced the quality of financial reporting in Kosovo.
- Establish whether the increased comparability of financial accounts with those of other nations has benefited Kosovo’s IFRS adopters.
- Verify if the IFRS adopters in Kosovo have gained advantages from the greater comparability of financial statements with other countries.
- Demonstrate the changes in time and cost savings resulting from the consolidation of financial statements due to the adoption of IFRSs.
- Investigate whether the adoption of IFRSs has improved business relations with foreign companies, eliminated global barriers to capital flow, and overall increased confidence in financial data.

As part of the analysis, we also examined potential costs associated with the adoption of IFRSs, trying to determine:

- Does Kosovo’s business climate permit the adoption and reporting of IFRS?
- Should tax laws and other legislation be in line with IFRS to fully implement them as legal requirements?
- Do businesses need to do anything more to ensure that the opening figures of the financial statements are in line with IFRS and that the items in the financial statements are comparable?
- Are businesses in Kosovo investing time, money, and other resources in improving their accounting and financial reporting information systems, training and developing their staff, and allocating more time to ensuring that other users of the financial statements are aware of the changes in the financial statements as a result of the adoption of IFRS?

This research study will provide dual substantial contributions. Firstly, it will supplement the current body of literature on the execution of International Financial Reporting Standards (IFRSs) in emerging countries from the perspective of companies that prepare financial statements. Additionally, it will establish a groundwork for future research, particularly in transitional nations, as they face comparable prospects and challenges associated with the adoption of IFRSs. Secondly, unlike previous researches that have emphasized the economic implications of IFRS adoption and implementation, this study will evaluate the benefits and drawbacks of IFRS implementation from the viewpoint of businesses.

This paper will make a contribution that is not only scientific but also professional and useful. The regulatory bodies and supervisory bodies overseeing the application of IFRS in Kosovo will be able to use the research’s recommendations and findings because the perspective of businesses adopting IFRSs is crucial for decision-makers, as they stand to benefit the most from the improvement in the standards of financial reporting, transparency, and accountability, which will have an impact on the economic growth drivers in our country (Hoti and Krasniqi 2022). This is due to the fact that many companies in Kosovo are small and medium-sized, which on the one hand can meet the requirements set forth by legislation to implement IFRSs but cannot afford the cost of compiling and auditing the financial statements.

2. Literature review

IFRSs demand significant disclosure for transactions with related parties, data regarding segments and branches, and the statement of cash flows, but local/national accounting and financial reporting standards usually do not. IFRSs also has detailed rules for the measurement and recognition of assets and liabilities, employee benefits, and other financial items (Bae et al 2008; Warrell 2002). These all can contribute to additional costs and be a burden for small and medium-sized companies in Kosovo.

In contrast, financial statements prepared in accordance with IFRSs present income, expenditure, assets, liabilities, and capital that has been calculated using more accurate and relevant techniques, are more timely, reliable, valuable, and relevant, and thus reduce the demand for management to provide additional information to help investors better predict future earnings. Therefore, management’s lower estimates could also be impacted by the implementation and adoption of IFRS.
According to Walton, harmonization is the process of bringing down discrepancies across accounting systems, whereas standardization is the process of implementing a single set of accounting rules (Walton 2015). This will make it easier to compare financial outcomes across nations. The harmonization of accounting and financial reporting standards is driven by several factors, including the development of financial markets, the increase of FDI, and the creation of global businesses (Gray 1988).

The decision to adopt and implement IFRSs voluntarily was reached after a comprehensive analysis of all relevant costs and benefits, including the consequences on the cost of capital. This is in contrast to mandatory adopters in the EU, who adopted IFRSs because it was imposed by legislation. The degree to which the institutional environment (such as the caliber of legal enforcement) impacts the incentives and disincentives of report preparers will likely determine how effective this legislation is in attaining benefits such as a decrease in the cost of capital (Ball et al 2003). As a result, it is still uncertain how the implementation of IFRSs would affect the cost of capital, and this is still an empirical topic.

Some studies (Ball et al 2003) question the effects of implementing international financial reporting standards locally without institutional support. Other recent studies, however, suggest that the voluntary use of IFRS by a firm has the expected economic impacts and demonstrate that disclosures under IFRS are, on average, of greater quality than those under local accounting and financial reporting standards in the majority of the globe.

According to these studies, voluntarily adopting IFRS is linked to fewer accounting flexibility issues and smaller analyst forecasting errors, lower capital costs (Shi and Kim 2011) (Shi and Kim 2011), higher market liquidity and trading volume (Leuz and Verrecchia 2000), higher performance ratios (Bartov 2005), a better quality of accounting and financial reporting (Barth et al 2008), and a convergence of accounting standards (Shi and Kim 2011).

There is also evidence that IFRSs impose costs on preparers, particularly in terms of the time and resources required to implement and comply with the new standards (Barth et al 2008). IFRSs may also require businesses to change their accounting systems and processes, which can also be expensive (Ball et al 2003).

Also, recent literature has highlighted the complexities of IFRS adoption, particularly in countries lacking a strong institutional framework. For instance, Isidro et. al., have suggested that the benefits of IFRS are significantly diminished without the presence of robust regulatory bodies and legal enforcement mechanisms (Isidro et. al. 2013). They argue that a “one-size-fits-all” approach to financial reporting standards can overlook local economic and social factors, leading to a misrepresentation of a firm’s true financial position.

On the other hand, positive aspects of IFRS adoption cannot be overlooked. Increased comparability, transparency, and reliability in financial reporting are often cited benefits (Brown 2011). Furthermore, companies that adopt IFRS may enjoy greater access to foreign capital markets and potentially lower cost of capital (Hope et al 2006). However, it’s important to note that the benefits and drawbacks of IFRS adoption are contingent on numerous factors, including the quality of the institutional environment, the nature of the firm, and the specific circumstances of the adoption.

Based on the analysis of literature, it has been found that there are both advantages and costs associated with the implementation of IFRS from the perspective of the preparer. The implementation and compliance-related expenses account for most of the costs, whereas the benefits are primarily related to improved financial reporting quality and long-term comparability. Although not all countries may find it feasible to adopt IFRS at all stages of economic growth, many developing economies are likely to experience benefits that outweigh the costs in the long run.

3. Research methodology

3.1 Data collection and research sample

This study employs a mixed-method approach collect data, which involves a survey questionnaire and secondary data collection. The primary data were gathered from a sample of 297 respondents, specifically, preparers of IFRS financial statements in Kosovo. Additionally, secondary data were obtained from financial statements submitted to the Kosovo Regulatory Body for Financial Reporting - KCFR.

The choice of 297 respondents is premised on a statistical calculation that ensures an adequate representation of the broader population of IFRS preparers in Kosovo. The sample size was determined to ensure a balance between representativeness and feasibility of data collection, considering the resources and time available for the study. Purposive sampling was used in the selection of these respondents due to practical reasons. This method was chosen as it allows for the selection of respondents who are knowledgeable and experienced in the subject matter, thereby ensuring the quality and relevance of data gathered. It is worth noting the sample includes businesses across different sectors and sizes, reflecting the diversity of entities that use IFRSs in Kosovo.

The results from the primary and secondary data were then analyzed and interpreted to provide insights on the adoption costs and benefits of IFRSs from the preparers’ perspective in Kosovo.

3.2 Respondent characteristics
The questionnaire’s first section, Part A, was created to gather information on the respondents’ overall characteristics. 130 of the respondents from the companies reported having a bachelor’s degree, 161 had a master’s degree, five had a Ph.D., and one did not respond. The distribution of respondents’ degree of university education is shown below (Figure 1).

![Figure 1 Respondents’ education](https://www.malque.pub/ojs/index.php/msj)

In terms of professional designation, the majority of respondents—136 in total—were certified accountants (CA), followed by 126 certified auditors (CA), 7 statutory auditors (CPA), and 27 accounting technicians (CAT). One respondent chose not to answer the question.

In addition, 131 respondents had between 5 and 10 years of accounting or auditing experience, 128 respondents had between 10 and 15 years of experience, and 22 respondents had above 15 years of experience. Given their academic and professional backgrounds, as well as their work experience in accounting, finance, or auditing, it is obvious that the respondents have a fairly good degree of understanding of these criteria. As a result, the replies may be deemed relevant and significant enough to facilitate testing of hypotheses on the advantages and disadvantages of IFRS adoption. The distribution of responders, including their professional vocations and work experience, is shown below (Figure 2 and Figure 3):

![Figure 2 Respondents’ professional designation](https://www.malque.pub/ojs/index.php/msj)

![Figure 3 Respondents’ professional experience](https://www.malque.pub/ojs/index.php/msj)
4. Results and hypothesis testing

This study uses empirical testing to examine the following hypotheses, which are derived from the study’s research questions:

H1: IFRS has no effect on improving the quality of financial reporting.
H2: The implementation of IFRS has no impact on the increase in the comparability of financial statements, the reduction of time and cost to consolidate PF, the improvement of partnerships with foreign companies, the removal of barriers to the flow of international capital, long-term net benefits for the company, long-term net benefits for Kosovo.
H3: Implementation of IFRS does not affect greater reliability in financial information
H4: The business environment in Kosovo is not suitable to implement and report according to IFRSs.
H5: The use of time, money, or other resources to develop staff, enhance the accounting and financial reporting information system, or devote extra time to ensuring that other users of the financial statements are aware of the changes made to the financial statements as a result of the adoption of IFRSs is unaffected by the adoption of IFRSs.
H6: Harmonization of tax laws and other laws with IFRS is not necessary in order to adopt IFRSs.
H7: The benefits of adopting IFRS for companies in Kosovo do not exceed the costs.

\[ H_0: \mu_1 = \mu_2 \]
\[ H_1: \mu_1 \neq \mu_2 \]

The null hypothesis is rejected and the alternative hypothesis is accepted if \( F > \) critical \( F \) and Fisher’s \( P \) is \( P \), however we accept the null hypothesis if \( F \) is less than critical \( F \), and if Fisher’s \( P \) is \( P > \) alpha. Answers on the advantages of adopting and using IFRSs were obtained for the major section of the questionnaire. The Linkert scale, which ranges from 1 to 5, was used to rank the responses.

The ANOVA results are shown below (Table 1) to demonstrate whether or not there are advantages to adopting IFRS and which of them are considered most important by the respondents:

The “Discussion” section of a research paper provides a comprehensive analysis and interpretation of the study’s results.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>F</th>
<th>Pr &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Improving the quality of financial reporting</td>
<td>3.89</td>
<td>0.95</td>
<td>49.861</td>
<td>0.000288*</td>
</tr>
<tr>
<td>2. Increasing the comparability of financial statements</td>
<td>4.13</td>
<td>0.84</td>
<td>25.437</td>
<td>0.003282</td>
</tr>
<tr>
<td>3. Reduction of time and cost to consolidate PF</td>
<td>3.75</td>
<td>1.01</td>
<td>45.61</td>
<td>0.000288</td>
</tr>
<tr>
<td>4. Improving partnerships with foreign companies</td>
<td>3.86</td>
<td>1.03</td>
<td>46.27</td>
<td>0.000288</td>
</tr>
<tr>
<td>5. Removing barriers to the flow of international capital</td>
<td>3.64</td>
<td>1.09</td>
<td>47.89</td>
<td>0.000288</td>
</tr>
<tr>
<td>6. Greater confidence in financial information</td>
<td>4.07</td>
<td>0.89</td>
<td>48.51</td>
<td>0.000288</td>
</tr>
<tr>
<td>7. Long-term net benefits for the company</td>
<td>3.94</td>
<td>0.94</td>
<td>49.02</td>
<td>0.000288</td>
</tr>
<tr>
<td>8. Long-term net benefits for Kosovo</td>
<td>3.95</td>
<td>0.99</td>
<td>49.53</td>
<td>0.000288</td>
</tr>
</tbody>
</table>

Source: Authors calculations from questionnaire data; significant \( p<0.05 \).

The advantages from IFRSs varied significantly, according to Table 1 findings, with a ratio of variance \( F=49.861 \) and significance \( p<0.05 \) (0.000288). The main benefit from the adoption of IFRSs is considered to be the increase in the comparability of financial statements (mean value 4.13, standard deviation 0.84), the next benefit is greater confidence in financial information (mean value 4.07, standard deviation 0.89), then long-term net benefits for Kosovo (mean value 3.95, standard deviation 0.94), long-term net benefits for the company (mean value 3.94, standard deviation 0.94), improvement in the quality of financial reporting (mean value 3.89, standard deviation 0.95), improvement of partnerships with foreign companies (mean value 3.86, standard deviation 1.03), reducing the time and cost to consolidate FSs (mean value 3.75, standard deviation 1.01) and as the last benefit is ranked the removal of barriers to the flow of international capital (mean value 3.64, standard deviation 1.09).

The respondents agreed with these benefits that are a result of IFRSs adoption, and the analysis shows that all of the aforementioned benefits have an average above 3.0, therefore they are all deemed to have a major impact from the implementation of IFRSs in Kosovo.

The costs have also been examined in order to determine whether one has a greater influence than the other and whether the benefits outweigh the costs, as the posed hypothesis indicates whether they do or not.

The respondents were prompted to evaluate whether the adoption of IFRS, an independent variable, will have an impact on the anticipated costs, which serve as the dependent variables.

Table 2 shows that the adoption of IFRS didn’t change the costs in a way that was important, with a ratio of variance \( F=3.88 \) and significance \( p>0.05 \) (0.081522). According to the results shown above (Table 2), one of the biggest costs resulting
from the respondents' adoption of IFRS is the harmonization of tax laws and other laws with IFRS (mean value 3.52 and standard deviation 0.8), followed by extra work to ensure that the items are comparable and the opening balances of the financial statements are in line with IFRS (mean value 3.05 and standard deviation 1.19); spending time to ensure that other users of financial statements are informed of the improvements to financial statements brought on by the implementation of IFRS (mean value 2.9, standard deviation 1.12); spending time, money, and other resources on staff training and development (mean value 2.75, standard deviation 1.13); spending time, money, and other resources on ensuring that other users of financial statements are aware of changes in financial statements as a result of the adoption of IFRS (mean value 2.7, standard deviation 1); The business environment in Kosovo is not suitable to implement and report according to IFRSs (mean value 2.58, standard deviation 1.09); Visible negative impact on financial statements (mean value 2.27, standard deviation 0.9); The decline in the quality of financial reporting (mean value 2.14, standard deviation 0.93).

Table 2 Results of the Analysis of Variance (ANOVA) on the potential costs from the adoption of IFRS in Kosovo.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>F</th>
<th>Pr &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Financial accounts show a clear negative impact</td>
<td>2.27</td>
<td>0.9</td>
<td>3.8</td>
<td>0.08152</td>
</tr>
<tr>
<td>2. Implementing and reporting on IFRS in Kosovo’s corporate climate is not feasible</td>
<td>2.58</td>
<td>1.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Investment of time, money, and other resources into the development of the accounting and financial reporting information system</td>
<td>2.7</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Investing in the time, money, and other resources necessary for the staff’s growth and development</td>
<td>2.75</td>
<td>1.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Investing the time to make sure that all other readers of the financial statements are informed of the modifications made as a result of the implementation of IFRS</td>
<td>2.9</td>
<td>1.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Deteriorating financial reporting standards</td>
<td>3.05</td>
<td>1.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Harmonization of tax legislation</td>
<td>2.14</td>
<td>0.93</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors calculations from questionnaire data; significant p<0.05.

Respondents were asked to indicate whether they believed the implementation of IFRS would result in visible benefits, visible cost increases, or benefits that would at least equal the costs but not surpass them.

The weighted average of the responses was determined to be 3.72 for benefits outweighing costs, 2.54 for costs outweighing benefits, and 2.8 for both, as shown in the accompanying graph (Figure 4):

Work experience on acc, aud, finance

![Graph showing work experience on accounting, auditing, and finance](https://www.malque.pub/ojs/index.php/msj)

Figure 4 Weighted average of benefits and costs from IFRS

In order to determine if the benefits of adopting IFRS outweigh the costs, it was necessary to answer all of these questions. The null hypothesis was tested, which presupposes that H0: The benefits of adopting IFRS for enterprises in Kosovo do not outweigh the costs.

According to the study results, the advantages of adopting IFRS for businesses in Kosovo exceed the costs, which is comparable to the overall conclusion taken from the graph above.

In this regard, we have confirmed alternative hypotheses:

H1: Adopting IFRS has a significant impact on the enhancement of financial reporting quality.

H2: The use of IFRS has a substantial influence on the improvement of financial statement comparability (FS), the reduction of time and cost to consolidate FS, the improvement of partnerships with foreign companies, the removal of barriers to the flow of international capital, long-term net benefits for the company, long-term net benefits for Kosovo

H3: Implementation of IFRS does affect greater reliability in financial information.
H4: The business environment in Kosovo is suitable to implement and report according to IFRS.
H6: Harmonization of tax laws and other laws with IFRS is necessary in order to adopt IFRS.
H7: The advantages of implementing IFRS for businesses in Kosovo much outweigh the expenses.
And we have confirmed the null hypothesis:
H0: The adoption of IFRS has no impact on the time, money, or other resources used to improve the accounting and financial reporting information system, train and develop staff, or spend additional effort ensuring that other users of the financial statements are aware of the changes made as a consequence of the implementation of IFRS.

5. Discussion and conclusions

Our findings have important implications for standard setters and other regulatory bodies in Kosovo, indicating that harmonizing accounting and financial reporting will be difficult to achieve by the use of existing accounting and financial reporting standards. In this direction, the study took into account authors who are pro and contra IFRS in the literature on accounting harmonization (Saudagaran and Diga 1997) (Helen et al 1995) and convergence of accounting (Leuz et al 2003) (Land and Lang 2002). Although the aforementioned factors have been important in the past to explain potential changes in regulations, these differences have recently been diluted considerably by the ever-growing needs of the world economy. This applies especially to a large extent to multinational companies, for which it is quite a big, difficult and expensive job to prepare financial statements for different countries, where they have branches or operate in different countries.

According to the research findings, while adopters of IFRS in Kosovo feel that IFRS adoption has no significant impact on costs, they agree that IFRS adoption has resulted in significant advantages, and that these benefits are a result of IFRS implementation.

Among the benefits of adopting IFRSs in Kosovo are ranked: Improving the quality of financial reporting; Increasing the comparability of financial statements; Reduction of time and cost to consolidate FS; Improving partnerships with foreign companies; Removing barriers to the flow of international capital; Greater confidence in financial information; Long-term net benefits for the company; Long-term net benefits for Kosovo. On the other hand, it is concluded that the implementation of IFRS did not have a substantial influence on costs and the business environment in Kosovo is suitable to implement and report according to IFRS.

In general, it is concluded that from a preparer’s perspective the benefits of adopting IFRS for companies in Kosovo outweigh the costs, even though Kosovo is among the new countries that have adopted IFRSs.

The study attempted to ascertain the IFRS adoption costs and benefits from the preparer’s perspective. However, it is important to note that there are various other stakeholders in IFRS adoption such as regulators, investors, creditors, etc., who would have their perception of the costs and benefits. Furthermore, IFRS is a relatively new concept and its long-term effects are not yet known. As a result, it is important to consider these limitations when interpreting the results of this research.

Despite these limitations, the study provides valuable insights into the IFRS adoption process from the preparer’s perspective. The findings can (Shala et al 2014) be used by policymakers to improve the IFRS adoption process and make it more efficient and effective (Hoti and Krasniqi 2022).

This research provides important insights into the adoption of International Financial Reporting Standards (IFRS) in Kosovo, yet it is important to note the limitations inherent in the study’s design and execution. Primarily, the geographic limitation restricts the findings’ applicability beyond Kosovo. The focus is on one particular developing country, which may limit the extrapolation of the results to regions with differing socio-economic contexts. Additionally, the study relies heavily on a purposive sampling approach. While this allows for the selection of participants who are likely to be informative, it introduces potential selection bias, reducing the generalizability of the findings to the wider population. Furthermore, the study only collects data at one point in time, ignoring potential fluctuations and evolutions in costs and benefits over time. A longitudinal study would provide a more comprehensive view of these dynamics.

The study’s reliance on respondents, particularly the preparers of financial statements, and their perceptions of the costs and benefits also presents a significant limitation. Respondent bias is a potential issue, with participants’ positive or negative experiences with IFRS transition likely to color their responses. Furthermore, measuring perceived costs and benefits rather than actual expenditures and gains may lead to inaccuracies. Perceptions are subjective and may not truly reflect the real costs and benefits experienced by the companies involved.

Finally, the study predominantly uses quantitative data obtained through surveys, and this preference for breadth over depth potentially limits the scope of the findings. The absence of qualitative data may conceal nuanced insights into the challenges and benefits of IFRS adoption that a purely numerical analysis cannot reveal. Also, the study’s scope is largely limited to financial aspects, excluding vital considerations such as organizational or cultural changes prompted by IFRS implementation. Potential non-response bias and language or cultural barriers could also impact the study’s reliability and applicability. Future research should strive to rectify these limitations, employing more diverse methodologies, incorporating actual costs and benefits, and embracing a more culturally nuanced approach.

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