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INVESTIGATING THE FACTORS AFFECT MANAGERIAL READINESS TO ADOPT IFRS IN COMPANIES LISTED ON THE TSE

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ABSTRACT

Purpose: The purpose of this study is to investigate the factors that affect managerial readiness to adopt International Financial Reporting Standards (IFRS) in companies listed on the Tehran Stock Exchange (TSE).

Design/methodology/approach: This study is cross-sectional. A descriptive survey methodology was used and the data were collected via a questionnaire. The population consisted of all the financial managers of TSE-listed companies, and 65 financial managers were selected as the sample.

Findings: The results indicated that managerial readiness to adopt IFRS is positively associated with managers' attitudes toward and opinions on IFRS, quality indicators, the effect of IFRS adoption on the management, and costs and benefits of IFRS for the company's operations.

Originality: This paper contributes to the literature on the factors that affect managerial readiness to adopt International Financial Reporting Standards (IFRS). This study provides more insights into our understanding of the factors in managerial readiness to adopt IFRS. To the best of the authors' knowledge, this is the first research on investigating the factors in managerial readiness to adopt International Financial Reporting Standards (IFRS). This study has been more distinctive since has been done in companies listed on the Tehran Stock Exchange, with its unique and particular conditions.

Research limitations/implications: Since it has been proven that factors such as culture, politics, economy, and other factors have a significant impact on the acceptance of IFRS standards, extending the results of this study to other countries should be careful. Also like with any research, this study implies certain limitations specifically related to the sample selection, a sample size, which may affect the generalizability of the results. Thus, future research may rely on a larger sample combining and covering other cultural areas.

Practical implications: This study and its results will deliver evidence-based outcomes for Iran which will better formulate policy makers, accounting practitioners, and educators to more effectively implement International Financial Reporting Standards (IFRS).

Keywords: Managerial Readiness, International Reporting Standards, Tehran Stock Exchange.

1.0 INTRODUCTION

As markets become more complex and globalized, disparities between national and international accounting standards are gaining importance for investors and other users of financial information. The growth of international trade and capital mobility over the past two decades has increased the demand for harmonization of accounting standards around the world. There is a need for consistent and comprehensive accounting standards that are based on clear principles, reflect the underlying reality, and are understandable and applicable to all in today's integrated world (Christensen, Lee, Walker, & Zeng, 2015). Theoretically, having a single set of high-quality standards not only serves the interests of investors but also reduces the cost of access to capital markets worldwide. In an integrated capital market, the logic behind the existence of a single set of standards is apparent as it improves all aspects of financial reporting. These standards provide a common language that is becoming increasingly essential due to the growing globalization of financial activities (Etemadi et al., 2017).

Also as the global economy moves toward integration, the accounting industry has been mainly focused on the implementation of a set of international standards for financial reporting. International Financial Reporting Standards (IFRS) are a set of high-quality, understandable, enforceable, and globally accepted reporting standards developed by the International Accounting Standards Board (IASB) (Heydari et al., 2019). IFRS Standards are the common language for the globalization of financial activities. IFRS affects corporate leadership, audit practices, ethical standards, and regulatory mechanisms. The purpose of these standards is to create a common accounting language so that financial statements can be consistent and reliable (Moataz El-Helaly, Ntim & So-liman, 2020).

Furthermore, it is imperative to develop, implement, and promote adherence to internationally recognized and consistent standards in order to protect investors and maintain fair, efficient, and transparent markets. It is believed that adherence to IFRS increases quality and transparency since these standards have more disclosure requirements. By adopting IFRS, companies can present their financial statements on the same basis as their foreign competitors, which makes comparisons easier. Also, IFRS can be advantageous for companies that wish to raise capital abroad (Fontes, Rodrigues, and Craige, 2016).

According to Edogbanya and Kamardin (2014), the adoption of IFRS influences financial reporting in four areas presentation, disclosure, recognition, and measurement. There has been a paradigm shift in the recognition, measurement, and presentation of accounting elements under IFRS. DeFond et al. (2011) found that IFRS adoption can increase foreign investment and mutual fund ownership in countries with strong implementation credibility and high uniformity. That is because mandatory IFRS adoption depends on the strength of regulatory mechanisms in a country.

Even though there are some published papers related to the area of adoption of International Financial Reporting Standards (IFRS), especially in developing economies, for instance, Phan, and Mascitelli (2014); to the best of the authors' knowledge, this is the first research on the investigating the factors in managerial readiness to adopt International Financial Reporting

Volume 04, Issue 05 "September - October 2023"

ISSN 2583-0333

Standards (IFRS). This study has been more distinctive since has been done in companies listed on the Tehran Stock Exchange, with its unique and particular conditions. Specifically, it has been proven that factors such as culture, politics, economy, and other factors have a significant impact on the acceptance of these standards. For instance, Moataz El-Helaly, Ntim & Soliman (2020) cited that differences in national culture had a significant part in countries' response to the adoption of IFRS as a regular of unified accounting standards targeting the synchronization of accounting standards adopted through different countries.

The present research examines the factors in managerial readiness for IFRS adoption. More specifically, this paper tries to answer the following questions:

1. Does attitude toward and opinion on IFRS have a significant effect on managerial readiness?
2. Do quality indicators have a significant effect on managerial readiness?
3. Does the effect of IFRS adoption on management have a significant effect on managerial readiness?
4. Does the cost-benefit analysis of IFRS on the company's operations have a significant effect on managerial readiness?

This paper is structured as follows. Section 2 covers the theoretical framework of the research. Section 3 provides a review of the literature. The methodology is discussed in section 4, and section 5 provides the results. Finally, section 6 concludes the paper.

2.0 THEORETICAL FRAMEWORK

International Financial Reporting Standards (IFRS) are a set of standards developed by the International Accounting Standards Board (IASB). These standards are designed to bring consistency to financial statements and help investors make informed decisions (Etemadi et al., 2017). The first set of international accounting standards (IAS) was published by the International Accounting Standards Committee (IASC) in 1975. A proposal to form IASC was put forward in the 10th World Congress of Accountants in Sydney, Australia, and it was established in 1973 following meetings and agreements of professional accountants of Australia, Mexico, Japan, Germany, France, Canada, the Nether-lands, England, Ireland, and the United States. It was formed in response to the problems associated with the growth of the global capital market. IASB replaced this committee in 2001 with the goal of harmonizing reporting practices worldwide, and in 2005, all listed firms in European member states were required to apply IFRS to their financial statements (Armstrong et al., 2010). It adopted the existing corpus of IAS and continued to develop it.

The IASB has been cooperating with national accounting bodies to harmonize national and international standards. It is the standard-setting body of the IFRS Foundation. IASB members are appointed and governed by the foundation's board of trustees, who also appoint the members of the IFRS Advisory Council and the IFRS Interpretations Committee. The trustees' oversight includes monitoring the effectiveness of the board, maintaining financing arrangements, approving the foundation's budget, and effecting changes in its constitution. The IASB is funded by the International Accounting Standards Committee Foundation (IASCF).

Volume 04, Issue 05 "September - October 2023"

ISSN 2583-0333

Feltham (2011) argue that the global harmonization of accounting standards was based on the need for greater convergence of financial information among member countries. The IASB provides a framework for standards setting. According to Van Greuning et al. (2011), this framework sets guidelines and determines fundamental accounting principles that are necessary for the preparation and presentation of financial statements. The IASB conceptual framework was approved by the IASC board in April 1989 and adopted by IASB in 2001. The IASB has been cooperating with the Financial Accounting Standard Board (FASB) of the United States to develop a common conceptual framework that can provide a basis for the development of future principle-based accounting standards (Alfredson et al., 2009).

The adoption of international accounting standards has always had pros and cons. Today, the development of large multinational companies has made these standards inevitable. As a result, various studies have examined the positive and negative effects of IFRS (e.g., Ahmed et al., 2013; Armstrong et al., 2010; Ball et al., 2015; Beneish et al., 2015; Brochet et al., 2013; Byard et al., 2011). The proponents of IFRS argue that the use of these standards will reduce the cost of capital and provide opportunities for improved investment returns (Tweedie, 2006).

Consistency of accounting practices reduces the risks associated with the understandability of financial information and makes decision-making more efficient, thus reducing the cost of capital (Baghoomian and Javadi, 2015). Timely disclosure of reliable information by management reduces information asymmetry between the management and other users of information, which in turn reduces the cost of capital and information risk (Rahimian et al., 2015). The adoption of IFRS increases the quality of information and decreases information asymmetry between managers and shareholders, allowing investors to make better forecasts of the future revenues of firms (Barth et al., 2008).

Many studies over the last few years have shown that the adoption of IFRS increases the quality of accounting information in terms of timely loss recognition (Shivakumar, 2013), decreased earnings management, and increased information content of accounting numbers (Peyvandi et al., 2015). Consistent international standards enhance recognition and measurement at the international level (Baghoomian and Javadi, 2015).

Investors require high-quality financial reporting, as it is widely believed that the quality of financial reporting directly affects capital markets (Ball et al., 2015). The expansion and complexity of international trade have led to the emergence of complex accounting standards. Accounting standard setters are able to reduce and simplify standards by creating an integrated system of financial accounting at the international level. Uniform and simplified accounting standards will lower the costs associated with financial reporting and increase the demand for these standards (Baghoomian & Javadi, 2015).

On the other hand, the use of these standards has been associated with disadvantages and risks. In some countries, international standards have been adopted without attention to the local conditions. For example, the securities markets in the developing and least-developed Asian and African countries differ greatly from those in the US and Europe, which are well-established and have been around for much longer (Foroughi & Ashrafi, 2010). Therefore, it may not be possible to prepare comparable reports across businesses, industries, and economies based on uniform accounting standards, as the classification and disclosure of a company's accounting information depend on the conditions of the local environment, including the legal and regulatory framework within which the company operates (Baghoomian and Javadi, 2015). Therefore, a uniform set of financial reporting and accounting standards may not be applicable to various industries and countries due to the wide variety of criteria and interpretations (Rahimian et al., 2015).

3.0 LITERATURE REVIEW

Boolaky, P., Tawiah, V. Soobaroyen, T. (2020). Studied the institutional drivers of International Financial Reporting Standards (IFRS) adoption in Africa. Their study covered all 54 African countries and relied on data from 2010 to 2015. Their results supported the neo-institutional theoretical predictions that coercive, mimetic, and normative isomorphism influence IFRS adoption in Africa, although the circuits of isomorphic pressures differ from previous studies investigating adoption at the worldwide level and in emerging economies. Specifically, they find evidence of the influence by the World Bank and International Monetary Fund on African countries made subject to the Report on Observance of Standards and Codes – Accounting and Auditing pro-gram of assessment. They also founded that the presence of global audit firms and the years of membership in the International Federation of Accountants are strongly associated with a coun-try's decision to adopt IFRS. Also, countries with a more structured and active professional ac-counting organization are more likely to adopt IFRS. Their findings provided insights into the significant role played by local professional accounting organizations in the promotion of IFRS. Furthermore, they provided empirical evidence that the nature of the isomorphic pressures in Af-rica is different from those suggested in prior studies, reinforcing the view that IFRS adoption is primarily driven by social and political dimensions, rather than the economic dimension usually professed by IFRS proponents.

Habib Ben Cheikh and Aymen Ben Rejeb (2021) studied the adoption of International Financial Reporting Standards (IFRS) in Jordan, which was one of the first Middle Eastern emerging economies to adopt IFRS. They investigated the related factors that pressure and prevent such adoption over time, and illustrated the developmental aspects of such adoption. An interpretive methodology is employed, and perceptions of the study's participants are analysed regarding the adoption of IFRS in Jordan, which is an area that is under researched. Semi-structured interviews were undertaken to collect Jordanian experts' perceptions. Based on the empirical data analysis, they developed an adoption model, which can serve future studies as well. The model illustrated the paradox of accounting changes in emerging economies, in which the actual conditions that pressure IFRS adoption are also the conditions that prevent full adoption. Their model also pro-vided an explanation of the implementation process of IFRS in emerging economies at both country and corporation levels. It combined practical features and related theories in an integra-tive model seeking to explain the phenomenon of IFRS as a new accounting regulation change.

Dung-Thi Doan et al (2020) studied factors that influence the application of the International Financial Reporting Standards (IFRS) in Vietnam through the perceptions of business managers and auditors. Combining qualitative and quantitative research methods based on a comprehensive analysis and aggregation of information available from various sources, the results of the ques-tionnaire interviews of 500 managers and auditors currently working in Vietnam are offered. The results of the study show that factors affecting the applicability of

Volume 04, Issue 05 "September - October 2023"

ISSN 2583-0333

IFRS in Vietnam are: legal basis for accounting activities; characteristics of enterprises; qualification and competency of the accounting teams; and corporate governance. The study also finds that governance factors and socio-economic and cultural conditions have an uncertain influence on the IFRS applicability. At the same time, there is no significant difference in awareness of the ability to apply IFRS be-tween the group of enterprise managers and auditors and groups of people with different work experience. Among them, the qualifications and competencies of the accountant teams and the characteristics of enterprises are the two factors that have the strongest impact on the applicabil-ity of IFRS in Vietnam.

Sarhad Hamza Khdir, and Anna Białek-Jaworska (2020) empirical studied dealing with the man-datory adoption of International Financial Reporting Standards (IFRS) in emerging countries on the example of Iraq. The methodology of their paper was a literature review which mainly focus-es on three main streams, including related factors that pressure or prevent such adoption over time, the role of comparability with the implementation of IFRS standards, and the economic consequences of IFRS adoption. Based on the theoretical data analysis and a prior review litera-ture, an adoption paradox model was developed. The study found that mandatory IFRS adop-tion in Iraq is unlikely to improve financial information comparability. They also found that weak political system issues and complaints about the rules are more likely to reduce the faithful im-plementation process of IFRS. Further, financial information users, home country institutions and IFRS adoption experience affect the effectiveness of IFRS adoption.

David Homola,and Marie Paseková (2020)studied the factors influencing true and fair view when preparing financial statements under IFRS.The results indicated that, while misstatements in ac-counting do not occur regularly, a statistical dependence can be shown between the frequency of misstatements occurrence and the average size of misstatements. The frequency of the subse-quently identified misstatements is also proven to be statistically dependent on the average size of misstatements. The IFRS themselves are not proven to influence misstatement occurrences in financial statements, which is in contrast with previous studies. Managerial pressures, similarly to other studies, are proven by the research to be affecting the quality of accounting information.

Dong et al. (2019) studied various approaches to learning IFRS by accounting students in China. Through a survey of 402 undergraduate accounting students, they found that most students adopted the deep learning approach and that it contributed to better per-formance in exams.

Heydari et al. (2019), studied the effect of environmental factors on the adoption of IFRS, including capital market, economic growth, and economic openness, the legal system, education level, and cultural indicators such as power distance, individualism, patriar-chy, and uncertainty avoidance. The sample consisted of 93 countries in 2016 and mul-ti-level logistic regression was used for data analysis. The results showed that countries with higher levels of general education and power distance and lower economic growth, individualism, and uncertainty avoidance are more likely to adopt IFRS. Exist-ence of a capital market, economic openness, the legal system, and patriarchy did not have a significant effect on the adoption of IFRS.

Hedayati et al. (2018) conducted a study to identify the educational needs of mem-bers of the Iranian Association of Certified Public Accountants (IACPA) for implemen-tation of IFRS. 253 questionnaires were collected from the CPAs. Descriptive statistics, factor analysis, and the Kruskal-Wallis test were used for data analysis. The results showed that the educational needs of CPAs vary depending on their academic degree and prior experience and training in applying IFRS.

Banaei Khalilabad and Pourzamani (2017) studied the effect of cultural factors on the implementation of IFRS. In this study, purpose of which is the method of data collec-tion and analysis, the research was descriptive. The population consisted of the study of stock brokers, senior auditors, bank experts, and PhD students of accounting. Data were collected via a questionnaire and the results were analyzed using structural equa-tion modeling in SPSS and LISREL. The results indicated that uncertainty avoidance had a significant positive effect on IFRS implementation.

Etemadi et al (2017) studied the effect of IFRS adoption on the quality of financial re-porting. In this meta-analysis of 107 observations with an independent sample of 401,057 firm-years, the results indicated that the adoption of IFRS did not in itself im-prove the quality of financial reporting and that the positive or negative outcomes of IFRS adoption depend on a variety of factors such as the legal structure and the ac-counting and auditing practices of a country.

Hüseyin Temiza1 and Ömer Faruk Güleçb studied Mandatory adoption of IFRS in the Tur-key. They examined the value relevance of earnings and book value of equity on share prices through using Ohlson (1995) valuation model. While 2001 to 2004 is conducted as the pre-IFRS period, 2005-2008 is a post-IFRS period to display the change in value relevance in the same number of years. Their sample included only nonfinancial firms that operated on BIST index. Since financial firms are subject to different regulations, they excluded them from the sample. The results show that the accounting information produced under IFRS is more value relevant. They tested the value relevance with both cross-sectional and pooled regression for the periods. In addition, they used panel data analysis (survival analysis) to validate the increase in value rele-vance between the periods. They also test the firm size and earnings announcement effect on val-ue relevance for robustness.

Pricope (2016) investigated the effect of institutional pressures in developing coun-tries on adoption of IFRS. The results showed that mimetic pressures play a significant role in IFRS adoption in these countries, while coercive and normative pressures were not significant determinants of IFRS adoption.

Stainbank (2017) studied the factors influencing the adoption of IFRS in 32 African countries, including economic growth, education level, economic openness, culture, and capital market size. Data were analyzed using logistic regression. The results showed that African countries are more likely to adopt IFRS the more developed they are. That is, countries with strong capital markets and cultural ties to the United King-dom were more likely to adopt these standards.

Shima and Yang (2016) investigated the factors affecting IFRS adoption, including major source of finance, legal systems, taxation, political and economic ties, inflation, economic development, education, and culture. The results indicated that economic and political ties, foreign debt financing, common law systems, and the need for capital investment incentivize

IFRS adoption, while the size of capital markets, taxation, and inflation disincentivized IFRS adoption.

Based on the obovemenshetioned theoretical fundations and Literature Review, the following hypotheses were tested:

H1. Attitude toward and opinion on IFRS has a positive effect on managerial readiness.

H2. Quality indicators have a positive effect on managerial readiness.

H3. Effect of IFRS adoption on the management has a positive effect on managerial readiness.

H4. The costs and benefits of IFRS for the company's operations have a positive effect on manage-rial readiness.

4.0 METHOD

The purpose of the present study was to investigate the factors in managerial readiness to adopt IFRS. A descriptive methodology was used to examine the predictive role of IFRS implementation on managerial readiness for IFRS adoption in companies listed on the Tehran Stock Exchange (TSE).

Figure 1 illustrates the conceptual model of the research.

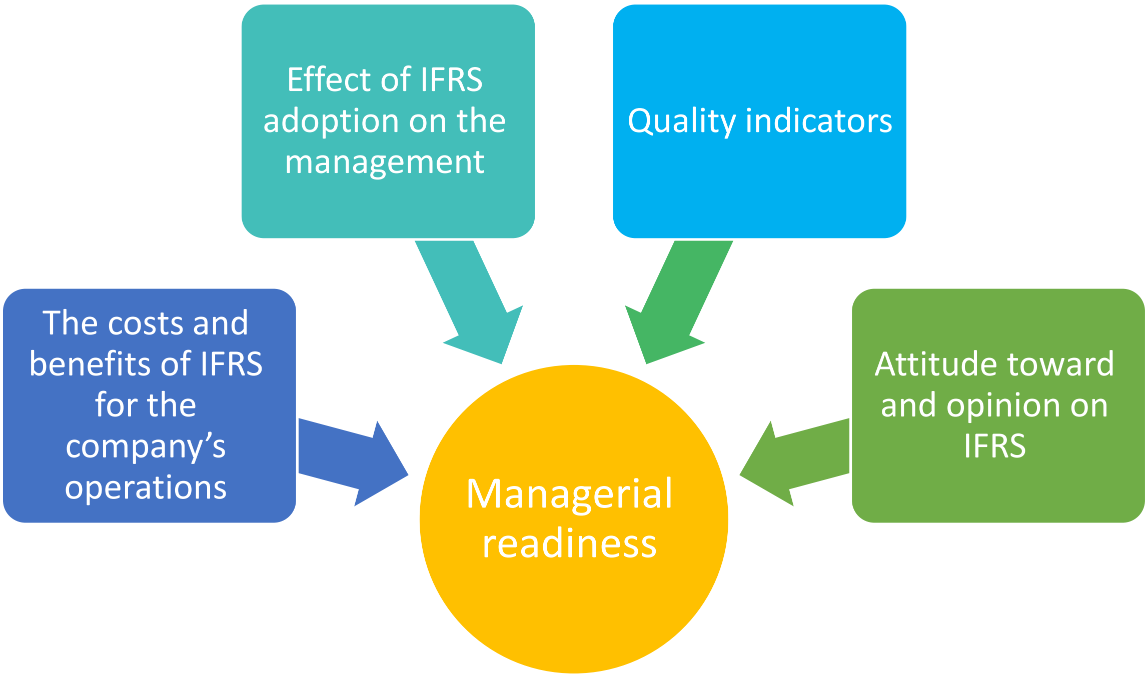

Figure 1. The conceptual model of the research

The population consisted of TSE-listed companies that had experienced IFRS adoption. A questionnaire was developed and randomly distributed among the financial manag-ers of these companies and 65 managers completed the instrument. The questionnaire comprised six parts: (1) demographic characteristics of the respondent, including age, gender, field of study, academic degree, and experience as manager; (2) items assessing their attitude toward and opinion on IFRS; (3) quality indicators, including comparabil-ity, relevance, reliability, and understandability; (4) items assessing the effect of IFRS adoption on the management; (5) items assessing the costs and benefits of IFRS for the company's operations; and (6) items assessing managerial readiness. This question-naire was adapted from Ogbenjuwa (2016).

The variables were measured as follows:

- Attitude toward and opinion on IFRS: Items 1 to 8 assessed managers' attitude toward and opinion on IFRS on a 5-point Likert scale (5 = totally agree; 4 = agree; 3 = neither agree nor disagree; 2 = disagree; 1 = totally disagree). Higher scores indicated a more positive attitude and opinion.
- Quality indicators: Items 9 to 12 assessed IFRS quality indicators, i.e. comparabil-ity, relevance, reliability, and understandably, on a 5-point Likert scale from 5 for 'totally agree' to 1 for 'totally disagree'. Higher scores indicated high IFRS quality from the perspective of the respondents.
- Effect of IFRS adoption on the management: Items 13 to 17 assessed the effect of IFRS adoption on the management on a 5-point Likert scale from 5 for 'totally agree' to 1 for 'totally disagree'. Higher scores indicated a more positive effect of IFRS on the management.
- Costs and benefits of IFRS on the company's operations: Items 8 to 25 assessed the costs and benefits of IFRS for the companies on a 5-point Likert scale from 5 for 'totally agree' to 1 for 'totally disagree'. Higher scores indicated greater cost-benefit ratio from the perspective of the respondents.
- Managerial readiness: Items 26 to 32 assessed managerial readiness to adopt IFRS on a 5-point Likert scale from 5 for 'totally agree' to 1 for 'totally disagree'. Higher scores indicated higher managerial readiness.

Before sending the questionnaire to the respondents, its validity and reliability were examined. The validity of the questionnaire was checked logically by two methods: apparent (having apparent validity) and content (review and confirmation of the quan-tity and quality of questions by experts). Also the reliability of the instrument was evaluated in an pre-test sample of 40 managers and the data was used to calculated Cronbach's alpha. The values obtained for each of the variables measured by this in-strument are provided in the table below.

Table 1. Reliability test of the questionnaire using Cronbach's alpha

Variable	Cronbach's alpha
Attitude toward and opinion on IFRS	0.723
Quality indicators	0.817
Effect of IFRS adoption on the management	0.734
Costs and benefits of IFRS for the company's operations	0.822
Managerial readiness	0.791

Volume 04, Issue 05 "September - October 2023"

ISSN 2583-0333

Multiple regression analysis was used in SPSS to analyze the data and determine the effect of the key factors in managerial readiness for IFRS adoption. Before estimating the regression model, linear regression assumptions were tested. The results of testing the hypotheses are provided in the following section.

5.0 RESULTS

Descriptive statistics include measures of central tendency and dispersion. Measures of central tendency include mean, median and mode, and measures of dispersion include standard deviation and variance. The frequency and percentage of data are provided in the following tables based on the demographic data provided by the respondents in the first section of the questionnaire.

Table 2. Frequency of data by gender

		Frequency	Percentage
Gender	Female	4	6.1
	Male	61	93.9
	Total	65	100

Table 3. Frequency of data by age

		Frequency	Percentage
Age	< 25 yrs.	1	1.5
	25-35 yrs.	21	32.3
	35-45 yrs.	24	36.9
	45-55 yrs.	17	26.23
	> 55 yrs.	2	3
	Total	65	100

Table 4. Frequency of data by education

		Frequency	Percentage
Education	High School Diploma	3	4.6
	Bachelor's degree	18	27.69
	Master's degree	34	52.3
	PhD	10	15.3
	Total	65	100

Volume 04, Issue 05 "September - October 2023"

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Table 5. Frequency of data by management experience

		Frequency	Percentage
Management Experience	< 5 yrs.	11	16.9
	6-10 yrs.	16	24.6
	11-15 yrs.	13	20
	16-25 yrs.	11	16.9
	> 25 yrs.	14	21.5
	Total	65	100

It is important to examine the normal distribution of the variables and test regression assumptions before estimating the regression model. Untabulated results indicated that the variables of the model were normally distributed and the model had good fit, i.e. the F-statistic was statistically significant, the coefficient of determination was high, and the Durbin-Watson statistic and the variance inflation factor (VIF) were acceptable. Here, only the regression results are presented. It must be noted that a separate regres-sion model is estimated for each hypothesis.

The table 6 provides the results of regression analysis of the first hypothesis as Attitude toward and opinion on IFRS has a positive effect on managerial readiness.. Given that the probability value is less than 0.05, there is a significant correlation between attitude toward and opinion on IFRS and managerial readiness, and the first hypothesis is ac-cepted. The constant or the intercept shows the value of the dependent variable without the interference of the independent variable.

Table 6. Estimation of the first regression model

Model 1	Unstandardized coefficients		Standardized coefficients	t-value	p-value
	β	Standard error	B		
Constant	29.066	1.774		16.383	0.000
Attitude toward and opinion on IFRS	0.171	0.075	0.276	2.283	0.026

The table 7 provides the results of regression analysis of the second hypothesis as Quality indicators have a positive effect on managerial readiness.. Given that the prob-ability value is less than 0.05, quality indicators have a significant positive effect on managerial readiness, and the second hypothesis is also accepted.

Table 7. Estimation of the second regression model

Model 2	Unstandardized coefficients		Standardized coefficients	t-value	p-value
	β	Standard error	B		
Constant	34.459	0.569		60.601	0.000
Quality indicators	0.057	0.021	0.320	2.684	0.009

The table 8 provides the results of regression analysis of the third hypothesis as Effect of IFRS adoption on the management has a positive effect on managerial readiness. Given that the probability value is less than 0.05, there is a significant correlation be-tween the effect of IFRS adoption on managerial readiness, and the third hypothesis is also accepted.

Table 8. Estimation of the third regression model

Model 3	Unstandardized coefficients		Standardized coefficients	t-value	p-value
	β	Standard error	B		
Constant	29.499	1.155		25.537	0.000
Effect of IFRS adoption on the management	0.158	0.050	0.370	3.165	0.002

The table 9 provides the results of regression analysis of the fourth hypothesis as Costs and benefits of IFRS for the company's operations have a positive effect on managerial readiness.. Given that the probability value is less than 0.05, there is a significant posi-tive correlation between costs and benefits of IFRS for the company's operations and managerial readiness, and the fourth hypothesis is also accepted.

Table 9. Estimation of the fourth regression model

Model 4	Unstandardized coefficients		Standardized coefficients	t-value	p-value
	β	Standard error	B		
Constant	3.728	2,675		1.39	0.168
Costs and benefits of IFRS for the company's operations	0809	0.073	0.812	11	0

6.0 DISCUSSION AND CONCLUSION

The purpose of this study was to investigate the factors affect managerial readiness to adopt International Financial Reporting Standards (IFRS) in companies listed on the Tehran Stock exchange (TSE). It is widely believed that having a single set of high-quality accounting standards such as the IFRS serves the interests of investors and will reduce the cost of access to capital markets worldwide. As such, the mission of IASB is to develop, implement, and promote adherence to internationally recognized and con-sistent standards in order to protect investors and maintain fair, efficient, and transpar-ent markets. The proponents of IFRS argue that adherence to these standards increases the quality and transparency of financial reporting due to their disclosure require-ments. By adopting IFRS, companies can present their financial statements on the same basis as their foreign competitors, which makes comparisons easier. Also, IFRS can be advantageous for companies that wish to raise capital abroad. Adoption of IFRS influ-ences financial reporting in four areas of presentation, disclosure, recognition, and measurement (Edogbanya and Kamardin, 2014). DeFond et al. (2011) found that IFRS adoption can increase foreign investment and mutual fund ownership in countries with strong implementation credibility and high uniformity. In light of this evidence, the purpose of the present research was to examine the factors in managerial readiness to adopt IFRS in Iran. The sample consisted of financial managers of companies listed on the Tehran Stock Exchange (TSE) and the data were collected using a questionnaire. The results indicated that attitude toward and opinion on IFRS, quality indicators, effect of IFRS on the management, and the costs and benefits of IFRS for the company's opera-tions are positively associated with managerial readiness to adopt these standards. While the results suggest great opportunities for adoption and use of IFRS in Iran, there are challenges that need to be addressed. However, adoption of IFRS can have a signifi-cant positive effect on management performance and lead to higher profitability.

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Volume 04, Issue 05 "September - October 2023"

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