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PERCEIVED BENEFITS OF IFRS ADOPTION IN SAUDI ARABIA: VIEWS OF FINANCIAL STATEMENTS' PREPARERS

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Abstract

IFRS have become an internationally accepted accounting standards in alarge number of countries in the world. Although the benefits of the adoption of International Financial Reporting Standards have always been a subject of intense research in developed countries, the study of benefits of the adoption of International Financial Reporting Standards in emerging countries still limited. This study aims to examine the perceived benefits of the adoption of IFRS in Saudi Arabia as one of emerging countries from the perspective of preparers of financial statements. The study is a brief survey that sought to collect field data on preparers' perceptions of the benefits of IFRS adoption in Saudi Arabia. The findings of the study reveal that majority of the respondents have agreed with most statements that present the benefits of IFRS adoption. Respondents agreed that the most important benefits of adopting IFRS are: using one integrated set of accounting standards when preparing financial statements, better access to capital including from foreign sources, easier comparability of financial data across borders, increasing the credibility of domestic markets to foreign capital providersand using one consistent reporting standards set in subsidiaries from different countries. This study contributes to the body of research on the benefits of IFRS adoption in emerging countries.

Keywords: Saudi Arabia, IFRS, Accounting, Emerging Countries

1. INTRODUCTION

The international effort in harmonizing national accounting standards formally began in 1973 with the establishment of the International Accounting Standards Committee. The committee's success culminated in 2002 when the European Parliament adopted Regulation No. 1606/2002 which required publicly traded EU incorporated companies to prepare, by 2005, their consolidated financial statements under IFRS. Subsequently, IFRS have become an internationally implemented accounting standards in a large number of countries in the world. The IFRS Website (2017) reports astounding growth of the new accounting standards in the last 15 years. A total of 150 jurisdictions have been profiled in terms of the adoption of International Financial Reporting Standards (IFRS) across the five regions of Europe (44), Americas (37), Asia and Oceania (33), Africa (23), and Middle East (13). This accounts for approximately 58 per cent of the world gross domestic product (GDP).

Over the years, several streams of accounting research, use a variety of research metrics to measure economic consequences of mandatory IFRS adoption (or convergence). Barth *et al.* (2007) examine whether the accounting amounts from the application of IAS is associated with higher accounting quality and document that firms applying IAS from 21 countries generally evidence less earnings management, more timely loss recognition, and more value relevance of accounting information. Armstrong *et al.* (2010) examine European stock market reactions to events related to mandatory IFRS adoption and find incrementally more positive market reactions among firms with greater information asymmetry. They interpret this result as evidence that investors expect a net information quality benefit from the new accounting standards. Other studies provide evidence regarding benefits of IFRS adoption such as enhanced accounting quality (Barth *et al.*, 2008; Daske *et al.*, 2008; Liu and Sun, 2013), enhanced market liquidity (Daske *et al.*, 2013; Dhaliwal *et al.*, 2013), improved analysts forecasts (Byard *et al.*, 2011; Tan *et al.*, 2011), increased foreign institutional ownership (Covrig *et al.*, 2007; DeFond *et al.*, 2011), greater institutional holding (Florou & Pope, 2012), reduced cost of equity capital (Lee *et al.*, 2010; Li, 2010), improved comparability of financial statements internationally (Yip & Young, 2012; Brochet *et al.*, 2013; Ozu *et al.*, 2018).

Although the benefits of adoption of IFRS have always been a subject of intense research in developed countries, the study of the benefits of the adoption of IFRS in emerging countries still limited. The wide spread adoption of IFRS has been promoted by the argument that the benefits outweigh the costs. It however remains an empirical question if this is the case for all countries whether developed or developing. Clearly, convergence towards, or the adoption of, IFRS has advantages and disadvantages (Jeanjean & Stolowy, 2008). Further, these may impact differently on developed and developing countries.IFRS is generally perceived to be principle-based which could be considered as an advantage, since principle-based standards provide greater flexibility for differing situations. In practice, however, the implementation of a single set of (even principle-based) standards across differing legal, cultural, economic and political environments is complicated at best. As a result, an empirical verification of the benefits of IFRS adoption and implementation on a country-by-country basis is necessary.The objective of this study is therefore to address, from the perspective of preparers of financial statements, the question: what are the perceived benefits of the adoption of IFRS in Saudi Arabia as one of emerging countries.To answer the question raised, Section 2 of this study examines extant literature on the benefits of IFRS adoption in emerging countries. Section 3 explains the research method used in this study and Section 4 reports the results of the study, while Section 5 is conclusion and recommendations.

2. LITERATURE REVIEW

2.1. Adoption of IFRS: The Emerging Markets' Experience

Despite the numerous studies on the impact of the adoption of IFRS on accounting practices in developed countries, little is known about IFRS adoption's impact in emerging markets. It is generally held that the accounting standard-setting environment in developing countries is poor, consequently, it leads to producing deficient, irrelevant and unreliable information. The adoption of IFRS could give these countries several advantages, especially at a macro-level. Therefore, it allows to benefit from a better integration in to the process of globalization (Phuong & Nguyen, 2012; Albu *et al.*, 2011). Rawashdeh (2003) examined the impact on stock prices of the adoption of IASB standards by the listed Jordanian companies. He concluded that the financial statements based on IASB standards provide additional and more useful information to investors than the reports prepared according to the Jordanian accounting standards. In a similar study, Halbouni (2005) indicated that the local need for foreign investments and international audit firms are the most influential factors in the adoption of IFRS in Jordan, while local and foreign investors in addition to international audit firms are the biggest beneficiaries of that adoption. Mir and Rahaman (2005) found that institutional legitimization was a major factor that drive the decision to adopt IASs because of the pressure exerted by key international donor/lending institutions on the Bangladeshi Government and professional accounting bodies. Such pressure resulted in not only the need to provide credibility to foreign investors but also the need for strong accountability arrangements with lending/donor agencies.

Callao *et al.* (2007) have found that, in Spain, long-term and total liabilities increased whilst shareholders' equity decreased for companies adopting IFRSs.

They also report no improvement in Spanish reporting quality after IFRS adoption. In Bahrain, Joshi *et al.* (2008) found that most of the respondents who are accountants and auditors perceived that implementing IFRS would lead to greater comparability of financial performance, followed by greater relevance, reliability and transparency of financial information of the companies. Morais and Curto (2008) found that the smoothness of earnings have decreased in Portugal after the adoption of IFRS, which could be interpreted as an improvement in earnings quality. However, they also found that the value relevance of accounting information has decreased after IFRS adoption. Al-Shammari *et al.* (2008) have studied the compliance of IFRS in six countries: Bahrain, Oman, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates (UAE) of the Gulf Co-Operation Council member states. They concluded that the disclosures increased substantially in these countries with the implementation of IFRS. Elbannan (2011) revealed that the incidence of earnings management did not decrease after the adoption of IFRS in Egypt. He attributed the lack of improvement to the lack of enforcement of these standards by regulators and inadequate training of practitioners. Iatridis and Dalla (2011) showed that IFRS implementation has influenced positively the profitability of most industrial sectors in Greek. Also, IFRS adoption appeared to negatively influence liquidity for a number of industrial sectors and stock market constituents. In contrast, Black and Maggina (2016) examined the effects of IFRS adoption on the informativeness/usefulness of financial statements data for stock prices in Greece. Their findings revealed that IFRS has not resulted in improvement in most financial ratios. Thus, they argued that IFRS adoption did not improve the usefulness of financial statements. Zeghal and Mhedhbi (2012) analyzed the consequences of using IFRS for the development of capital markets located in developing countries (emerging capital markets). Based on a sample of 38 developing countries, the authors showed that the development of the emerging capital markets is positively and significantly associated with the use of IFRS. In a similar study, Owolabi and Iyoha (2012) investigated the perceptions of users and preparers on the benefits of IFRS adoption in some African countries and indicated that IFRS adoption in Africa will have the potential to be beneficial to a wide range of stakeholders. Sidik and Abd Rahim (2012) found that the adoption of IFRS in Malaysia has resulted in better comparability with other business, greater reporting transparency, improving access to foreign capital and better valuations criteria. Alsaqqa and Sawan (2013) suggested that the implementation of IFRS in the United Arab Emirates has led to an improvement in the financial reporting quality by increasing the reliability provided by the financial reporting and by increasing the level of understandability and relevance of the financial information. Ames (2013) studied the effects of IFRS adoption on accounting quality measured by earnings quality and value relevance of accounting information in South Africa and found that the accounting quality has not significantly improved post adoption of IFRS.

Ebrahimi and Embong (2014) examined whether there is any significant association between IFRS adoption and market perspective of information quality, peroxided by bid-ask spread in Malaysia. Their findings showed that the implementation of IFRS generally reinforces information quality and makes capital market more efficient and accessible to investors. Grabinski *et al.* (2014) also found that the IFRS implementation has led to increase in the level of reliability, usefulness and transparency in the financial reporting process in Poland. In the case of Turkey, Balsari and Varan (2014) presented positive impact on the value relevance of accounting information post adoption of IFRS, which means that the accounting quality has been improved for Turkish listed companies by IFRS implementation. Bodle *et al.* (2016) investigated whether IFRS-based data improves bankruptcy prediction over Australian Generally Accepted Accounting Principles (AGAAP)-based data. They found that, under IFRS, Altman's model consistently predicts bankruptcy for bankrupt firms more accurately than under AGAAP for all of the five years prior to bankruptcy. Joshi *et al.* (2016) examined the perceived benefits associated with the adoption of IFRS in three countries from the Association of South East Asian Nations (ASEAN). They showed that accounting professionals in Singapore, Malaysia and Indonesia agreed that their countries benefited economically from harmonization with global accounting standards. The findings also showed that governments, the media and professional accounting bodies have supported the adoption, communication and application of IFRS. Amanamah (2017) investigated the benefits associated with the implementation of IFRS in Ghana and revealed that the adoption of the IFRSs has many benefits such as: increase the quality of accounting information, increase investors' confidence, increase comparability of financial statement among companies both nationally and internationally, reduce the cost of equity capital, make the preparation and auditing of financial statement more transparent and easier. Kim and Ryu (2018) examined the effects of adoption of IFRS on the cost of equity capital in Korea and found evidence of a significant reduction in the cost of equity capital in Korean listed companies after mandatory adoption of the IFRS. In Morocco, South Africa and Turkey, findings by Hessayri and Saihi (2018) suggested an increase in equity investment following the adoption of IFRS. Their study highlighted the importance of IFRS to both domestic and foreign investors as individual and institutions. Helena *et al.* (2018) investigated the association of information content of accounting earning, i.e., earning per share, book value per share and stock prices in Indonesia. They found that value relevance of accounting information has increased after IFRS adoption than before adoption. Chen *et al.* (2019) found that the Chinese stock market reacted favorably to events leading up to IFRS convergence, and this effect is more pronounced among firms with greater dependence on external capital. This result suggested that the market anticipated that these firms will benefit more from IFRS convergence, possibly because of improved financial reporting quality and access to external financing. Isaboke and Chen (2019) evaluated the relationship between value relevance of financial information and conditional conservatism of non-financial companies listed in China. Their findings indicated that conservatism is negatively (positively) related to value relevance prior to (post) mandatory IFRS adoption, which means that the adoption of IFRS has a positive and significant effect on value relevance. Fuad *et al.* (2019) tested whether the adoption of IFRS added value to accounting quality dimensions, including accruals quality, earnings smoothing, timely loss recognition and earnings persistence in Indonesia. The results indicated that there is no conclusive evidence that all accounting quality dimensions increased in post IFRS convergence. Akisik and Mangaliso (2020) found that IFRS and the types of FDI are significantly related to economic growth in 49 African countries between 2003 and 2017. Moreover, their results provide evidence that the effect of GFIs and M&As on growth is influenced by IFRS positively."

2.2. Adoption of IFRS: The Case of Saudi Arabia

Since Saudi Arabia joined the Group of Twenty Finance Ministers and Central Bank Governors (G20) in 2009, the adoption of IFRS has been viewed as an important milestone in the country's future economic development and has been working towards this end ever since. In April 2016, Saudi Arabia announced an ambitious economic reform called "Saudi Arabia's Vision for 2030" which expresses Saudi Arabia's long-term goals and expectations and it is built upon country's unique strengths and capabilities. This vision guides country's aspirations towards a new phase of economic development aims to diversify sources of income instead of relying solely on oil, creating more job opportunities via encouraging investment, both domestic and foreign, encouraging the major Saudi corporations to expand across borders and take their rightful place in global markets and providing better opportunities for partnerships with the private sector. In an era of globalization of businesses and markets, financial information prepared and audited according to national accounting and auditing standards no longer satisfies the needs of users whose decisions are more international in scope (Barth *et al.*, 2008; Daske *et al.*, 2008). Saudi Arabia has recognized the need to participate in the opportunities offered by globalization. Consequently, to attract direct foreign investment to the country. In 2012, the Saudi Organization for Certified Public Accountants (SOCPA), has approved an IFRS convergence plan, called the "SOCPA Project for Transition to International Accounting & Auditing Standards". In 2016, SOCPA adopted all of the IFRS Standards (including interpretations) based on the IFRS 2017 Red Book, without amending any requirements in those standards. Under this convergence plan, all listed companies are required to adopt IFRS for financial periods beginning on or after January 1, 2017 with some modifications resulting in additional disclosures and ensuring compliance with Shariah as a single set of high quality, understandable, enforceable and globally accepted standards for financial reporting. Also, the Saudi Arabian Monetary Authority (currently called Saudi central bank) requires all banks and insurance companies to use IFRS Standards. SOCPA argues that the transition to IFRS promises transparent, comparable and consistent financial information to guide investors in making optimal investment decisions. Some of the key benefits that the companies will enjoy from IFRS adoption include increased foreign direct investment (FDI), enhanced quality reporting, transparency and comparability, and more transparency to perform risk assessments on financial statements and other ratios. SOCPA has also endorsed an integrated set of auditing standards based basically on International Auditing Standards. All accounting firms in Saudi Arabia are required to adopt these integrated set of auditing standards for financial periods beginning on or after January 1, 2017. Because the business sector is important in achieving the objectives of Saudi Arabia's economic vision 2030, and this includes not only large (listed) entities but the much more numerous small and medium-sized entities (SMEs), SOCPA adopted IFRS for SMEs as of January 2018. All SMEs in Saudi Arabia are required to adopt IFRS for SMEs for financial periods beginning on or after January 1, 2018. SOCPA has adopted the 2015 version of the IFRS for small and medium-sized entities (SMEs) Standard. For the purpose of applying IFRS for SMEs in Saudi Arabia, SOCPA did not develop a definition of small and medium-sized enterprises but adopted the definition used by the IASB. SMEs are defined as those entities or establishments that publish their general-purpose financial statements to external users but are not subject to public accountability. In other words, any company other than those listed on the stock market (or banks and insurance companies) is considered an SME according to SOCPA. Before the mandatory implementation of IFRS in Saudi Arabia which starting from the fiscal year beginning January 1, 2017, as mentioned above, some studies attempted to explore the expectations of different stakeholders (account preparers from listed companies in Saudi Arabia, auditors from Big 4 and local accountancy firms, and university academics) for benefits and the challenges associated with implementing IFRS and concluded that the benefits of IFRS adoption in Saudi Arabia outweigh the costs of implementation (Xiamen & Alsuhaibani, 2012; Herath & Alsulmi, 2017; Nurunnabi, 2018). After the implementation of the IFRS in Saudi Arabia standards, Nurunnabi *et al.* (2020) examined the impact that IFRS conversion companies, their accounting and their finance strategies. They found that companies expect increased volatility in reported financial results that will impact share option plans and/or other incentive plans tied to profits. Almaqtari, *el al.* (2021) examined the impact of corporate governance mechanisms on compliance with IFRS and found that that audit committee attributes have a higher impact on compliance with IFRS and financial reporting quality than other corporate governance mechanisms.The current study contributes to these prior studies from two aspects. First, prior studies examined the perception of a variety of stakeholders, while the current study focuses only on the perceptions of the preparers of financial statements, and then, the current study provides more understanding of the benefits of the adoption of IFRS, as preparers of financial statements are more involved in implementation of IFRS and, hence, have more clearly perception of benefits of IFRS. Second, prior studies (i.e., Nurunnabi, 2018; Nurunnabi *et al.*, 2020) was conducted at the beginning of 2017 (the first year of implementation of IFRS in Saudi Arabia), While the current study has conducted at the end of 2019 (after three years of implementation). This may provide more clearly understanding of the benefits of IFRS adoption in Saudi Arabia.

3. RESEARCH METHOD

3.1. Sample

The sample of this study comprised of 47 Saudi' accountants who were members of 21 non-financial listed companies spread over all sectors that represent the Saudi market. These accountants havehigh education, with more than 10 years of professional experience in the preparing of financial statements and therefore, they have extensive professional experience in the preparing of financial statements in accordance with the Saudi local accounting standardsandpreparing of financial statements in accordance with the requirements of IFRS.In order to highlight the benefits of IFRS adoption in Saudi Arabia, the opinions of these accountants are reviewed.Demographic profiles of the respondents are shown in Table (I). The educational background,professional qualifications and workexperienceindicatethat the respondents would have a collective perspective on issues relating to the adoption and implementation of IFRS in Saudi Arabia. All participants are men.The majority of the participants (91.5 per cent) were professionals with at least ten years of work experience. In addition, 70 per cent of participants were in the 41-50 age group, indicating that they are likely to be actively involved and are well awareof the current developments in accounting in Saudi Arabia.

Table I: Demographic Profiles of The Respondents

Category	*Scale*	*N= 47 (100%)*
Gender	Male	47 (100%)
Age	21-30	2 (4.2%)
	31-40	8 (17.02%)
	41-50	33 (70.2%)
	51-60	4 (8.5%)
Qualification	Bachelor	29 (61.7%)
	Master	18 (38.3%)
	Doctorate	0 (0%)
Working experience	0-10 year	4 (8.5%)
	11-20 year	26 (55.3%)
	21-30 year	15 (31.9%)
	More than 30 year	2 (4.3%)

3.2. Instrument Development

This study is a survey that sought to collect field data on accountants' perceptionson the benefits of IFRS adoption in Saudi Arabia.The questionnaire consisted of two sections. The first section gathered demographic information about participants such as gender, years of working experiences, qualifications of the respondents. The second section asked the participants' views on the benefits of the IFRS. The questions were designed using five-point Likert Scales so that the participants' perceptions of the benefits of the adoption of IFRS could be easily determined. A five-point Likert Scale anchored at 1 for strongly disagree and 5 for strongly agree is used for items operationalizing all the constructs. The survey instrument was developed after reviewing recent literature on the benefits of the adoption of IFRS in emerging markets. (e.g.,Joseph, 2018;Morris *et al.*, 2014; Fox *et al.*, 2013; Odia &Ogiedu, 2013; Owolabi &Iyoha, 2012; Albu *et al.*, 2011; Joshi *et al.*, 2008; Daske *et al.*, 2008). To ensure content validity, the survey instrument was vetted by four academics with expertise in the disciplines of finance and accounting in three universities in Saudi Arabia. Based on their recommendations, some amendments were made on the questionnaire to improve its clarity. Out of 85 distributed questionnaires, 47 questionnaires were returned, representing a response rate equal to 55%. The questionnaires were administered and collected during January- February 2020 and they were developed in Arabic language.

4. RESULTS

A descriptive analysis was conducted to describe respondents' ratings for the perceived benefits of IFRS adoption in Saudi Arabia. The results for perceived benefits of IFRS adoption in Saudi Arabia are presented in Tables (2). From Table (2), considering that both strongly agree and agreerepresent together the respondents' agreement with the statement of the benefits of the adoption of IFRS, it is clearly evident that majority of the respondents have agreedwith most statements that present the benefits of IFRS adoption. The five statements that have the highest agreement are: using one integrated set of accounting standards when preparing financial statements(97.9 % of respondents), using one consistent reporting standards set in subsidiaries from different countries (97.9 % of respondents), increasing the credibility of domestic markets to foreign capital providers (95.8 % of respondents), better access to capital, including from foreign sources (93.6 % of respondents) and easing the comparability of financial data across borders (91.5 % of respondents).

On the other hand, considering that both strongly disagree and disagree represent together the respondents' disagreement with the statement of the benefits of the adoption of IFRS, the five statements that have the highest disagreement are, increasing share prices due to greater confidence of investors and transparent information (95.8 % of respondents), reducing cost of audit fees (93.7 % of respondents), improving risk management(93 % of respondents), reducingcost of capital to companies (80.9 % of respondents) and reducing national standard-setting costs (76.7 % of respondents).

Table 2: Perceptions of Respondentson The Benefits of IFRS Adoption

Benefits of the adoption of the IFRS	*Strongly Disagree*	*Disagree*	*Undecided*	*Agree*	*Strongly Agree*
Easingcomparability with other business in the country	0 0 percent	2 4.2 percent	8 17 percent	12 25.5 percent	25 53.3 percent
Easing comparability of financial data across borders	0 0 percent	0 0 percent	4 8.5 percent	12 25.6 percent	31 65.9 percent
Using one integrated set of accounting standards when preparing financial statements	0 0 percent	0 0 percent	1 2.1 percent	9 19.1 percent	37 78.8 percent
Improving overall quality of financial reporting	0 0 percent	8 17 percent	4 8.5 percent	18 38.3 percent	17 36.2 percent
Facilitating international mobility of professional staffs across national boundaries	0 0 percent	11 23.4 percent	3 6.4 percent	11 23.4 percent	22 46.8 percent
Improving transparency and understandability of accounting practices	0 0 percent	11 23.4 percent	8 17 percent	10 21.3 percent	18 38.3 percent
Improving management information for decision-making.	0 0 percent	5 10.6 percent	2 4.2 percent	28 59.6 percent	12 25.6 percent
Better access to capital, including from foreign sources	0 0 percent	0 0 percent	3 6.4 percent	11 23.4 percent	33 70.2 percent
Facilitating regulation of securities markets	10 21.3 percent	21 44.7 percent	9 19.1 percent	4 8.5 percent	3 6.4 percent
Increasing credibility of domestic markets to foreign capital providers	0 0 percent	2 4.2 percent	0 0 percent	22 46.9 percent	23 48.9 percent
Facilitating cross border listing	0 0 percent	9 19.2 percent	1 2.1 percent	12 25.5 percent	25 53.2 percent

contd. table 2

Benefits of the adoption of the IFRS	*Strongly Disagree*	*Disagree*	*Undecided*	*Agree*	*Strongly Agree*
Reducing national standard-setting costs	12 25.5 percent	24 51.2 percent	5 10.6 percent	5 10.6 percent	1 2.1 percent
Reducingcost of capital to companies	17 36.2 percent	21 44.7 percent	3 6.4 percent	2 4.2 percent	4 8.5 percent
Increasing share prices (due to greater confidence of investors and transparent information)	32 68.2 percent	13 27.6 percent	0 0 percent	2 4.2 percent	0 0 percent
Reducingcost of audit fees	34 72.5 percent	10 21.2 percent	1 2.1 percent	1 2.1 percent	1 2.1 percent
Improving risk management	6 12.8 percent	33 70.2 percent	0 0 percent	5 10.6 percent	3 6.4 percent
Improving internal audit	10 21.3 percent	24 51.1 percent	3 6.4 percent	9 19.1 percent	1 2.1 percent
Using one consistent reporting standards set in subsidiaries from different countries	0 0 percent	1 2.1 percent	0 0 percent	25 53.2 percent	21 44.7 percent
Facilitatingmergers and acquisitions	0 0 percent	11 23.4 percent	4 8.5 percent	7 14.9 percent	25 53.2 percent
Harmonizing and streamlining of internal and external reporting by building a unique accounting language	4 8.5 percent	13 27.7 percent	1 2.1 percent	22 46.8 percent	7 14.9 percent

Table 3: Mean Response of Respondents to The Benefitsof IFRS Adoption

Benefits of the adoption of the IFRS	*Mean*	*SD*
Using one integrated set of accounting standards when preparing financial statements	4.766	0.471
Better access to capital, including from foreign sources	4.638	0.599
Easing comparability of financial data across borders	4.574	0.644
Increasing credibility of domestic markets to foreign capital providers	4.425	0.707
Using one consistent reporting standards set in subsidiaries from different countries	4.404	0.607
Easing comparability with other business in the country	4.277	0.892
Facilitating cross border listing	4.128	1.141
Improving management information for decision-making.	4.000	0.851
Facilitating mergers and acquisitions	3.979	1.246
Improving overall quality of financial reporting	3.936	1.059
Facilitating international mobility of professional staffs across national boundaries	3.936	1.210
Improving transparency and understandability of accounting practices	3.745	1.193
Harmonizing and streamlining of internal and external reporting by building a unique accounting language	3.319	1.256
Facilitating regulation of securities markets	2.340	1.097
Improving internal audit	2.298	1.070
Improving risk management	2.277	1.025
Reducing national standard-setting costs	2.128	0.981
Reducing cost of capital to companies	2.043	1.166
Increasing share prices (due to greater confidence of investors and transparent information)	1.404	0.704
Reducing cost of audit fees	1.404	0.816

Average mean is used to measure the perceptions of the respondents on each statement with regards to the benefits of IFRS in order to arrange benefits statements as perceived by respondents. Table (3) presents the mean response of respondents to each benefit statement in descending order, from highest mean to lowest mean. As shown in Table (3), thefive statements that have the highest mean are:using one integrated set of accounting standards when preparing financial statements (mean = 4.766), better access to capital, including from foreign sources (mean = 4.638), easing comparability of financial data across borders (mean = 4.574), increasing credibility of domestic markets to foreign capital providers (mean = 4.425) and using one consistent reporting standards set in subsidiaries from different countries(mean = 4.404). These findings are consistent with prior research in other emerging markets (eg., Akisik & Mangaliso, 2020; Joseph, 2018; Nurunnabi, 2018; Amanamah, 2017; Morris *et al.*, 2014; Fox *et al.*, 2013; Odia & Ogiedu, 2013; Sidik & Rahim, 2012; Owolabi & Iyoha, 2012; Albu *et al.*, 2011; Joshi *et al.*, 2008; Daske *et al.*, 2008). The perception of respondents of using one integrated set of accounting standards when preparing financial statementsas highest statements of the benefits of IFRS adoption could be attributed to that before 1/1/2017, Saudi companies were obliged to implement Saudi' local standards and, in the case of absence of a treatment of an accounting item in these local standards, companies can rely on international accounting standards, which means that companies were obliged to implement two sets of accounting standards before the adoption IFRS as a single set of accounting standards. On the other hand, the five statements that have the lowest mean are, reducing cost of audit fees (mean = 1.404), increasing share pricesdue to greater confidence of investors and transparent information (mean = 1.404), reducing cost of capital to companies (mean = 2.043), reducing national standard-setting costs (mean = 2.128), and improving risk management (mean = 2.277). IFRS are basically principles- based standards, and thus allow a great deal of freedom for management when preparing financial statements, which results in an increase in themanagement's ability to manipulate accounting information. Also, IFRS expand dependence on fair value in the measurement process which creates difficulties for auditors to verify these measurements, especially with the absence of widely active markets in Saudi Arabia. This could be interpreting the perception of respondents to the limited role of IFRS adoptionin reducing cost of audit fees. Financial statements in Saudi Arabia are published not only for investment decisions purpose, but also for all purposes including tax and Zakat. Adoption of IFRS has increased volatility in reported financial results and, consequently, has negative impact on share prices. This may be interpreting the limited perceived role of The IFRS adoption in increasing share prices. The perception of respondents to the limited role of IFRS adoption in reducing cost of capital to companies is consistent with the results of other countries, for example, Habib *et al.* (2019) document an increase in the cost of capital post adoption of IFRS in Australia. Respondents did not agree with the statement that the adoption of IFRS will reduce national standard-setting costs. This is may be because the respondents have perceived that accounting standards setting is getting more complex with the introduction of the IFRS. The adoption of IFRS is costly and ties up resources because of its complexity and, therefore, more training and more issuing of interpretations are needed for correctly implementation.

5. CONCLUSION AND LIMITATIONS

In a world with couple of hundred countries with multiple levels of difference with regard to the regulatory framework, general levels of financial literacy and socio-cultural factors, it is important to study the benefits of the adoption of International Financial Reporting Standards (IFRS) in individual countries. This paper examined accountants' perceptions on the benefits of IFSR adoption in Saudi Arabia as one of emerging countries. The results of the study suggest that accountants in Saudi's listed companies have agreed with most statements that present the benefits of IFRS adoption in emerging countries, specially, using one integrated set of accounting standards when preparing financial statements, better access to capital including from foreign sources, easing comparability of financial data across borders, increasing credibility of domestic markets to foreign capital providers and using one consistent reporting standards set in subsidiaries from different countries. Analysisoftheperceptionsof preparers of financial statements in Saudi Arabia contributes to the existing accounting literatureon IFRS adoption. The findings testify to the merits of current accounting standardsconvergence efforts, and argue for the importance of adoption of the IFRS inthe other emerging markets. The perspectives of the accountants surveyed for this study are relevant to the matter of global convergence of accounting standards and are useful to policy makers and regulators involved in the convergence project in different parts of the world. However, this study suffers from some limitations. One of these limitations is the small sample size. Given the adoption of IFRS in Saudi Arabia is a new matter, the purpose of this study is to provide initial evidence on the benefits of the adoption of IFRS. As this study relied only on a sample of 47 respondents, other studies in the future can provide deeper evidence using larger samples. Another limitation of the study is the lack of bivariate analysis. In the first section of the questionnaire, questions were asked in order to know the profile (gender, accounting experience etc.,) of the respondents. All data collected was used only to describe the respondents as a unit of analysis. Other studies in the future can apply bivariate analysis in order to refine the results to be found. For example, would the perceived benefits of the adoption of IFRS varies according to gender, years of accounting experience or is it the opposite?, are the benefits related to the adoption of IFRS are the same for manufacturing companies and those active in the construction industry?...etc.

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