An Investigation into the Suitability of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) in Jordan

Mohammad Saleh Salem Altarawneh

A thesis submitted in partial fulfilment of the requirements of Liverpool John Moores University for the degree of Doctor of Philosophy

April 2015

ABSTRACT

The Full IFRS caters to the needs of shareholding corporations and their investors, which also led to incurring high cost especially for SMEs due to the requirements of financial reporting constructed for public companies as it is very complex and requires a high amount of disclosure (Fearnley and Hines, 2007, Haller and Eirle, 2008, Eierle and Haller, 2009). Hence, for the purpose of reducing essentially the reporting burdens facing SMEs, IASB in 2009 issued IFRS for SMEs.

This study aims to investigate the relevance and suitability of IFRS for SMEs in Jordan. It will also analyse the current problems faced by Jordanian SMEs in the light of applying the current IFRSs, furthermore, the expected benefits from applying IFRS for SMEs, will be addressed.

A total of 10 interviews with external auditors were conducted to test the ground and determine the relevant topics within IFRS for SMEs in Jordanian SMEs context. In addition to that, a total of 605 questionnaires were distributed to external auditors and financial managers of SMEs who prepare financial statements based on full IFRS.

The overall outcomes reveal that managers; banks and creditors; public authorities; and analysts were the most frequent and important SMEs' financial information users while both employees and shareholders were found as rare users of financial statements presented by SMEs. Furthermore, the current applied standards are substantially characterised to embrace many problems such as; the complexity of measurements and recognitions; high disclosures requirements; making inappropriate decisions and other issues pertaining to preparing financial reports. On the other hand, although the respondents especially the auditors group were evidently worried about several potential obstacles that may impede the effective application of IFRS for SMEs, both groups of users were obviously optimistic about the capability of IFRS for SMEs to mitigate the aforementioned problems and to enhance the accounting practice in terms of preparing and using the financial information. With respect to topics from full IFRS that have been omitted in IFRS for SMEs, all respondents agreed to exclude these topics from the IFRS for SMEs' content due to the irrelevance of these topics to SMEs' context. Likewise, the overall participants approved on the most proposals under IFRS for SMEs compared to

those based on full IFRS except the suggestion associated with measuring some kind of assets, for instance; investment property; intangible; property; plant and equipment, which were rejected only by the group of managers while several proposals regarding expensing some kind of costs instead of capitalise them as well as lease matters were neither agreed nor disagreed by respondents. Finally the majority of responses show that both groups were willing to adopt IFRS for SMEs.

The key contribution provided evidences as to whether the adoption of IFRS for SMEs would be a necessary undertaking. Thus, a recommendation were mainly made to the standard-setters on the basis of preparers' perceptions of the importance of applying such financial standards.

Acknowledgements

There are many people to whom I owe a debt of gratitude for supporting me throughout PhD road. First and foremost, I would like to thank my Director of Studies Mr. Roger Pegum for his support, his valuable feedback, his guidance and his moral support.

I also wish to thank the rest of my supervisory team, Dr Karim Menacere and Dr Henry Agyei-Boapeah for their support. Dr Karim for always making the time to listen, discuss and read drafts and his valuable comments. Also I would like to thank the Director of research Dr Yusra Mouzughi for her moral support, her encouraging words and valuable advice. My thanks also go to Liverpool John Moores University for supporting me through the PhD and to all my colleagues. Also I would strongly like to thank all people who participate in this study.

A very special thank goes to my family for their support throughout the long PhD journey; my father for instilling in me a respect for education and giving me confidence, my mother for always being there to listen to my many moans. Also this thesis would never have been completed without the help and support of my loving wife who suffered with me and looked after my four children although she was in a critical health condition.

I must also mention my children Rahaf, Rund, and Saleh and especially to my youngest son Abdullah who was born in October, 2014 in Jordan and I did not see him at all yet. Moreover, a special thank for my mother in law who looked after my son Abdullah while we were in UK.

Declaration

I hereby declare that I am the author of this thesis, that the work of which this thesis is a record has been done by myself, and that it has not previously been accepted for a higher degree.

Signed: *Mohammad Altarawneh*

Table of Contents

List of tables

List of Figures

List of Graphs

List of abbreviations:

AAA: American Accounting Association
AICPA: American Institute of Certified Public Accountants
ASB: Accounting Standards Board
ASE: Amman Stock Exchange
BC: Basic for Conclusion
CCA: Commercial Companies Act
CCD: Companies Control Department
CPAs: Certified Public Accountants
EAA FRSC: European Accounting Association's Financial Reporting Standards Committee
EC: European Commission
ED: Exposure Draft
FASB: Financial Reporting Standards Board
FERE: Financial Executives Research Foundation
FRF: Financial Reporting Framework
FRSME: Financial Reporting Standards for Small and Medium-sized Entities
FRSSE: Financial Reporting Standards for Small Enterprises
GAAP: Generally Accepted Accounting Principles
IASs: International Accounting Standards
IASB: International Accounting Standards Board
IASC: International Accounting Standards Committee
IFAC: International Federation of Accountants
IFRS: International Financial Reporting Standards
JACPA: Jordanian Association of Certified Public Accountants
JAS: Jordanian Accounting Standards
JEDCO: Jordan Enterprise Development Corporation Investment
JD: Jordanian Dinar
JSC: Jordanian Securities Commission
OECD: Organization for Economic Development
PWC: PricewaterhouseCoopers
RD: Research and Development

SCL: Securities Commission Law

SEC: Securities and Exchange Commission

SMEs: Small and Medium-sized Entities

SOMEs: Small Owner-Managed Enterprises

WTO: World Trade Organization

Chapter 1 : Introduction

1.1 Introduction

The International Accounting Standards Board (IASB) began its work in providing an internationally relevant set of financial reporting standards in 1973 and has since continued to gain more prominence (Fearnley and Hines, 2007). The International Accounting Standards Committee, (IASC) issued International Accounting Standards (IASs). And since 2002, after IASC was renamed IASB, it has been issuing International Financial Reporting Standards (IFRSs). According to the IASB, the main goal of these standards is to harmonize financial accounting rules worldwide to allow international investors to compare financial results of companies from different countries. It has been suggested that international comparability of financial statements leads to increased firms' ability to attract capital from investors (IASB, 2014a).

Perhaps, some of these benefits of IFRS have encouraged many developing countries around the world to adopt IFRS in their bid to create a more attractive investment environment. For instance, out of the 122 member countries that have adopted IFRS as at the end of 2013, the majority of them can be classified as emerging or transitional economies (IASB, 2014c).

In terms of Jordan, the adoption of IFRS and IAS took place in 1997 when the government passed the Company Law Act No.22 which required all public and registered companies that are subject to company law to prepare audited financial statements that follow IFRSs and IASs. Moreover, Jordanian Securities Law in 2002 No.76, as amended in 2004 requires all companies that are monitored by the Jordanian securities commission (JSC) to fully implement IFRS. The IFRS adoption process in Jordan was supervised by the Jordanian Association of Certified Public Accountants and Companies Control Department.

Therefore, since 1997, most firms in Jordan have been following new accounting systems and practices which are in line with common law countries (Al-Akra et al., 2009). However, IASs/IFRS primarily caters to the needs of shareholding corporations and their investors. This raised the question about the suitability of these standards to Jordanian context, especially most emerging and developing economies (including Jordan) primarily consist of small and medium entities (SMEs hereafter) which do not heavily rely on capital markets (Matlay and Westhead, 2005). According to the Jordan National Competitiveness Team (2007), 98% of Jordanian companies are SMEs and like in all other countries are important towards economic development at local, regional and international levels (Porter, 2006). IASB (2009c), defined SMEs as enterprises that do not have public accountability, and publish general purpose financial statements for external users therefore its debt or equity instruments are not traded in a public market or it does not hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses except some companies that required nominal membership deposit or payment in advance for delivering of the goods or providing services.

The full adoption of IFRS was not considered cost effective in various emerging and developing economies (Kapaya, 2000). In addition to that it lead to incurred high cost especially for SMEs due to the requirements of financial reporting constructed for public companies as it is very complex (Haller and Eirle, 2008), where users do not need a massive amount of information for decision making, for instance the bank request less information than stockholders as they can obtain the information from the managers directly (Soderstrom and Sun, 2007). Furthermore the financial statements of SMEs must be comparable with the same sized enterprises domestically and abroad (Albu et al., 2010). Thus they relaxed the requirements on these organizations. Furthermore the full set of IFRS was claimed to be inappropriate for SMEs due to disclosure requirements and the emphasis on the fair value model by the full IFRS (Fearnley and Hines, 2007).

In response to such claims, the IASB issued an exposure draft in 2007 proposing an amended set of IFRS, entitled IFRS for SMEs (IASB, 2009c). These are considered to be tailored to the specific needs of various users. Users do not necessarily vary from the ‘usual’ user groups, as they include creditors, single investors, debtors, suppliers, employees, the public, etc, but no special priority is given to one of these, as usually is given to shareholders (IASB, 2009c). Furthermore, the needs of these users are considered to be different, as for instance an individual would invest in an SME with the view to get a return on their investment out of that enterprise, or managers might use their personal assets as collateral for debt financing (Hussain et al., 2006). They could not easily trade such investment in a secondary market, neither might they easily get their invested cash back any time they need to. Thus, a paramount interest might be in past, present and short-term future net cash flows of the business, rather than an accumulation of retained earnings for distribution to investors. Since then the IASB finalised the IFRS for SMEs and has introduced these amended standards in 2009.

Therefore, an investigation for the suitability of IFRS for SMEs in Jordan must be undertaken. After this first introductory section, the aim of study and a brief literature review of financial reporting regarding SMEs, the main aspects of the IFRS for SMEs and general issues regarding the adoption of IFRSs will be undertaken. In addition this chapter will cover the problem statement and rationale for study followed by research methods used, research questions, main objectives, and finally the research structure.

1.2 Aim of study

This study aims to investigate the suitability of IFRS for SMEs in Jordan. It will also analyse the current problems facing SMEs in Jordan in the light of applying the IFRS, furthermore, the expected benefits from applying IFRS for SMEs will be addressed.

This investigation is deemed a worthwhile undertaking, given that the full IFRS is already in place and thus forms a real alternative. Hence, the proposal is to conduct an empirical examination of the perceptions of existing preparers of SMEs' accounting information regarding: the current application of the full IFRS and their perspectives toward IFRS for SMEs, and whether similar or different views emerge on the level of importance of the IFRS for SMEs.

1.3 Background of the study

1.3.1 Brief overview of country choices

In order to discuss the use of IFRS for SMEs in Jordan, it is important to discuss briefly their various characteristics.

In Jordan, SMEs play a major role, as they make up 98% of the economy. Arguably, the case of Jordan is complicated for the Middle-Eastern region, where many countries have considerable natural resources they can draw upon, which is not possible for the Hashemite Kingdom of Jordan (Jordan National Competitiveness

Team, 2009). Thus, this economy has focussed on service provision, education and some production (for instance pharmaceuticals). In addition, the country has a high number of university-graduates, given its emerging economy status, but also has relatively high unemployment, about 14%, equal to some of the new federal states in Germany (DOS, 2010). However, no unemployment support structures provided by the government are in place, thus either the family helps out or people find other means to support themselves. One such mean is the founding of an SME, which essentially should provide enough income to sustain the business and its owners. Often investment is needed to start up and to develop the business further (Hussain et al., 2006) and one important factor that the Jordanian economy is relying on is foreign direct investment. In order to increase such investment, by interested businesses for example, SMEs need to provide reliable financial information that allows foreign investors to trust in the business. As Paul Pactor, Director of Standards for SMEs of the IASB, said:

“The *IFRS for SMEs* will provide businesses with a passport to raise capital on a national or an international basis”(IASB, 2009c).

SMEs account for 98 per cent of total registered establishments in Jordan according to department of statistic, employing around 60 per cent of the workforce, producing more than one third of production and contributing to less than 50 per cent of GDP (DOS, 2007).

1.3.2 Brief literature

The full IFRS has been criticised for its non-applicability to non-listed businesses and in 2004, the IASB responded with the issue of a discussion paper addressing the specific issue of IFRS for SMEs. In an analysis of responses to the IASB, Anacoreta and Silva (2005) established that little was known about who uses SMEs’ financial accounts, or the views of owner-managers on their application of financial standards, and consequently, they stressed the need for more investigation of these matters in any formulation of standards. While this investigation took place several years ago, this statement is still contemporary as little research on the usefulness of IFRS for SMEs has been conducted since that time.

Criticisms have centred on the inability of the full IFRS to address issues related to non-listed businesses (Fearnley and Hines, 2007), and on the lack of cost effectiveness in some emerging economies, as their implementation is expensive, especially for SMEs due to the requirements of financial reporting having been formulated with public companies in mind, and the resultant complexity of the process (Haller and Eirle, 2008). In SMEs, users do not need a massive amount of information for decision-making (Soderstrom and Sun, 2007). Additionally, the full set of IFRS was claimed to be inappropriate for SMEs due to disclosure requirements and the emphasis on the fair value model by the full IFRS (Fearnley and Hines, 2007). In response to such claims, the IASB issued an exposure draft in 2007 proposing an amended set of IFRS, entitled ‘IFRS for SMEs’ (IASB, 2009b).

Up to the present time, the IASB has not determined a specific size for enterprises that must adhere to the IFRS, but has instead specified in its definition of SMEs the type of companies that can adopt the IFRS for SMEs (IASB, 2009c). The IASB defined SMEs as enterprises that “do not have public accountability, and publish general purpose financial statements for external users” (IASB, 2009c:10).

As a result, in 2008, the IASB proposed to use the term IFRS for Private Entities (rather than SMEs), but the standards are still formally known as IFRS for SMEs (IASB, 2009c).The term ‘Private Entities’ is simply used because it matches the definition of these entities in the exposure draft (Pacter, 2008). IASB considers that IFRS for SMEs tailor the needs of private entities with approximately 50 employees (IASB, 2009c).

Regarding micro entities with less than 10 employees, the decision of whether they must publish general purpose financial statements for external users is dependent upon the regulatory or in some instances, the government, in each jurisdiction, and this may vary since some jurisdictions exempt such companies from the requirement to publish general purpose financial statements (Pacter, 2008). Consequently, those micro entities that do not prepare general purpose financial statements cannot apply IFRS for SMEs, as is the case in Jordan and many emerging countries.

In essence, the exposure draft of IFRS for SMEs was based on a simplification of the full IFRS, achieved by omitting topics irrelevant to SMEs, greatly simplifying the measurement principles of the full IFRS, and reducing the disclosure requirement (Jermakowicz and Epstein, 2010).

The document itself covers only 15% of the normal standards and is ‘stand-alone’ in nature, so businesses do not need to refer elsewhere (Fearnley and Hines, 2007). However, whilst IASB has considerably reduced the reporting requirements (Fearnley and Hines, 2007), it can nonetheless be inferred that a certain level of accounting knowledge and expertise is required for financial statement preparation (Coskun and Altunisk, 2002). Ultimately, Fearnley and Hines (2007) ask for standards that address unlisted companies specifically, as did Anacoreta and Silva (2005), and this request was finally answered in 2009 (IASB, 2009) with the issue of the Financial Reporting Standards for Small Enterprises (FRSSE).

However, it is considered (Sian and Roberts, 2009) that guidance in the application of these standards is necessary, since after testing the effect of the FRSSE with small owner-managed enterprises (SOMEs) in the UK, Sian and Roberts (2009) concluded that these standards must be reasonably simple so that manager-owners could understand them, and be capable of complying with their requirements, in order to meet the needs of lenders or creditors, without incurring unnecessary cost.

The applicability of IFRS in developing countries is questioned by academics and practitioners alike (Singh and Newberry, 2008a), not least of all due to the fact that these economies have no influence on the standard setting (Singh and Newberry, 2008a). Nevertheless these standards are the best option for emerging economies to use if they wish to play a part in the global financial market. In fact, they have also proven advantageous in European markets, where applying IFRS instead of local standards has raised credit ratings of SMEs (Zuelch and Burghardt, 2010).

1.4 Statement of the problem

Approximately 98% of Jordanian companies are considered as small and medium size enterprises based on the number of their employees, which reach up to 250 (Ministry of Industry and Trade in Jordan, 2009). The Jordan Enterprise Development Corporation identified the main challenges facing SMEs in Jordan, particularly lack of expertise and skilled employees and managers, the volume and high level of competition domestically and abroad in price and/or quality, inability to fulfil the internal and external market requirements, the absence of specified standards for SMEs to implement when preparing the financial statements, the difficulties in accessing the international market, the barriers that deny SMEs appropriate finance for expanding and credit from suppliers, and the lack of implementation of new advanced technology (JEDCO, 2009).

Additionally, some topics in the full IFRS are irrelevant for SMEs, and the application of the full IFRS as uniform accounting standards for SMEs is difficult (IASB, 2009c).

Equally important, full IFRS which is the current applied standards cater to the needs of shareholding corporations and their investors. Furthermore, as mentioned already the implementation of full IFRS leads to incurred high cost especially for SMEs due to the requirements of financial reporting constructed for public companies as it is very complex (Haller and Eirle, 2008). Moreover, the full IFRS was considered inappropriate for SMEs because of the high amount of disclosure requirements and the emphasis on the fair value model by the full IFRS (Fearnley and Hines, 2007).

Under these circumstances, financial statements are less comparable domestically and internationally especially with the same size enterprises. That led to increase in the barriers of accessing international markets or attracting foreign investments. Moreover, this inadequate level of information and the asymmetry it presents owing to the absence of appropriate set of accounting standards and complexity of full IFRS results in enlarging the obstacles firms face in obtaining finance from banks or credit from suppliers. It, therefore, became imperative for a specified set of accounting standards to be implemented so that the above-mentioned problems and challenges could be alleviated, and the IASB exposure draft on international financial accounting standards for small and medium size enterprises published on 15th February 2007, known as IFRS for SMEs, was the response (IASB, 2009b).

To the best of the writer’s knowledge, research on the applicability of IFRS for SMEs is very limited and a study on assessing their relevance, importance and challenges from preparers’ viewpoint is essential. None of the work undertaken so far has been in the context of the Jordanian economy. Albu et al. (2010) investigated the possible application of IFRS for SMEs in Romania, and conducted an exploratory study identifying issues relevant to the Romanian market. They raised several important considerations, for instance whether emerging countries find it easier to adopt IFRS in general, as they have less of an accounting tradition than the US or the UK for example (Albu et al., 2010).

1.5 Justification for the study

The Jordanian economy relies almost entirely on SMEs as a remedy for many micro-economic problems. SMEs in turn rely on financing, either through home investors or foreign direct investment. In order to attract such investment, internationally relevant financial reporting for SMEs is needed, especially considering that IFRS are required for listed corporations.

The selection of Jordan as a primary research site for this study arose for several reasons. Firstly, the country is considered to be one of the most advanced countries in the Middle East with a liberal economic system and western accounting practice. It is prudent to limit the study to an Arab country where English language is used for administration purposes both locally and internationally. Secondly, given the size and significance of the Jordanian economy, it is an important and timely exercise because it is still under research in Jordan and Medial East. Thirdly, this study is motivated by the fact that there is a rapid change in the Jordanian commercial, industrial and economic environment, whereby the current regime continues to encourage foreign direct investment (FDI). In fact, one of the key ingredients in the promotion of (FDI) (*demanded by foreign investors*) is an accounting system comparable to that used in Western countries (Joshi and Al-Bastek, 1999). One outcome of the encouragement of and support for FDI is that Jordan is experiencing a high competitive economy domestically and internationally.

This study is a worthwhile undertaking as it will benefit academics and accounting literature and the users of SMEs' accounting information. This study will also contribute positively to the body of accounting literature by providing an example about Jordan as a developing country in terms of the suitability of adopting IFRS for SMEs.

1.6 Research objectives

This study has the following main objectives:

1. To identify the main SMEs' financial accounting information users.
2. To identify the problems facing SMEs in Jordan regarding the preparation and use of financial information.

3. To assess the relevance of some accounting topics within the content of IFRS for SMEs to Jordanian context based on auditors' views. Moreover, to evaluate the perceptions of financial managers and auditors regarding the suitability of those relevant topics within the content of IFRS for SMEs based on their differences from the Full IFRS (omitted topics, measurement, recognition, presentation, and disclosure).
4. To empirically examine the perceptions of SMEs' accounting information preparers regarding the general concepts of the IFRS for SMEs as well as their willingness to adopt the IFRS for SMEs.
5. To determine whether the IFRS for SMEs can influence positively or negatively SMEs' accounting practices.
6. To identify the obstacles that may impede the effective application of the IFRS for SMEs.
7. To identify the differences and similarities of perceptions based on size, ownership structures, legal form, and economic sector with respect to Objective 3.

1.7 Research questions

In order to achieve the mentioned objectives and answer the big research question of whether the adoption of IFRS for SMEs is deemed necessary undertaken and suitable for Jordanian context, the following sub-questions need to be answered:

1. Who are the main SMEs' financial accounting information users?
2. What are the current problems facing SMEs in Jordan regarding the preparation and use of financial information?
3. To what extend are the topics within the content of IFRS for SMEs relevant to SMEs in Jordan and How do the most important differences between Full IFRS and IFRS for SMEs influence the applicability of IFRS for SMEs from the preparers' point of view?
4. Do SMEs preparers have a willingness to adopt IFRS for SMEs and agree on the general concepts of IFRS for SMEs?

5. Could IFRS for SMEs influence negatively or positively the SMEs' accounting practices?

6. What are the main obstacles that may hinder the effective application of IFRS for SMEs?
7. Does the size, ownership structures, economic sectors, respondents' qualifications and legal form of enterprises have a significant effect on the suitability of certain topics within the content of IFRS for SMEs with respect to question 3?

1.8 Research methods

The specifics of the study, will involve using the following methods:

- An extensive review of the appropriate literature to ensure that all the variables relating to the effective implementation of IFRS for SMEs are identified, and that a research instrument to investigate the prevailing situation in Jordanian SMEs can be designed without omitting any important angle.

- A questionnaire survey with a large sample of preparers of SMEs' financial information (financial managers of SMEs, auditors). Analysis will involve the use of SPSS since it is a user-friendly programme that offers reliable output for social science studies. The majority of questions used a rating scale with six response classes including the option of "not applicable" or "impossible to say", the adequacy of responses will be enhanced by using the non-forced scale (Malhotra, 2008). The "impossible to say" or "not applicable" option will be statistically considered as a missing answer.

- A series of interviews with a small sample of preparers of SMEs' financial information in order to assist the researcher in developing the questionnaire survey particularly the questions pertaining to the differences between IFRS for SMEs and full IFRS as it is important to determine the level of adoption of each topic in Jordanian SMEs context.

1.9 Research structures

This study consists of six chapters.

Chapter One: introduces the outline of this thesis that deals with different elements of this study in terms of purpose of the study, background of the study which is introduced by illustrating the key literature and the research context. Research objectives and research questions are provided in addition to a summary of research methods, statement of problem and justification for the study.

Chapter two provides a literature review of related studies that are directly concerning to the subjects to be investigated in the current study. Especially, it present the concept of the full IFRS, harmonization, SMEs in general and in Jordan, IFRS for SMEs, analysis the prim differences among full IFRS and IFRS for SMEs in addition to the Jordanian regulations, assessing factors affect the adoption of IFRS for SMEs and the possible implementation's effects.

Chapter three presents the research methodology and the statistical analysis techniques which will be implemented in this study. Furthermore, the sample selection and the data collection methods will be discussed in order to clarify the empirical statistical analysis techniques that answer the research questions. Moreover, the research philosophy on which this research is based on will be discussed in order to justify the research methodology.

Chapter four presents the findings based on the data being collected from interviewees.

Chapter five presents the findings according to the data being collected from participants via questionnaire.

Chapter six discusses the findings based on qualitative and quantitative analysis in the light of aforementioned literatures.

Chapter seven presents the conclusion by summarizing the findings of this study as well as provides recommendations that contributes either in solving or alleviating the stated problems in this study. Furthermore, recommendations will be performed for further research studies derived from the conclusions obtained in this study.

Chapter 2 : Literature review

2.1 Introduction:

The purpose of chapter is to review and critically analyse the previous literature and concepts pertaining to SMEs' financial reporting, concentrating mainly on several key areas; users of SME financial statements; how users use financial information presented by SMEs; general topics about SMEs; development of IFRS for SME; differences between IFRS for SMEs and full IFRS; costs and benefits of SME financial reporting; and expectations regarding the applications of IFRS for SMEs as well as the main obstacles that may hinder the effective applications of such standards.

This chapter shows in the first place the financial reporting regulations in terms of their rationale as well as the broad objectives of a conceptual framework for financial reporting, followed by an explanation of IFRS and harmonisation, and then it will analyse general topics about SMEs in terms of their definitions; contributions to the economy; how they differ in micro entities, and the main problems encountered by SMEs. Subsequently, the users and uses of financial statements presented by SMEs as well as the cost and benefits of SMEs financial reporting will be illustrated, followed by the developments of IFRS for SMEs as well as the differences between IFRS for SMEs and full IFRS.

The next part will include the main expectations toward IFRS for SMEs and the obstacles that may impede its adoption. The responses by several countries to IFRS for SMEs will be also demonstrated in this part. Finally, the previous literature in terms of IFRS for SMEs will be critically analysed.

2.2 IASB conceptual framework

2.2.1 Financial reporting regulation: rationale and broad objectives:

The first step in analysing the financial reporting of SMEs is to examine the coherence of financial reporting regulation in addition to the perceived objectives of issuing and adopting standards for companies.

The underpinning idea of whether financial reporting must be regulated or not typically refers to two concepts which are: free-market and pro-regulation. The former presumes that *"accounting information is an economic good similar to other goods or services"* (Mathews and Perera, 1996:118). In other words, preparing financial statements is ruled by the supply and demand powers of users as those users can suspend the resources given once the preparers stop preparing the demanded financial information (Flower, 2002).

On the other hand, the latter concept calls for accounting information to be presented publicly which enables stakeholders to obtain accounting information without the need to pay for preparation of such information; hence, preparers have less motivation to produce these information that eventually result in undermining the quality of accounting information.

However, users may overestimate their needs for accounting information as the cost for preparation are incurred by the preparers (Beaver, 1989). Admittedly in spite of this fact, regulation of financial reporting is deemed vital in order to mitigate the problems associated with market imperfections that relate to weak competition and information asymmetry (Mathews and Perera, 1996, Deegan and Unerman, 2006).

Practically, the main objectives of regulating the financial reports fall into two approaches: macroeconomic and microeconomic (Nobes, 1984). Macroeconomic refers to code law countries such as Germany and France. The government is the prime user as the concentration of macroeconomic approach is to use the financial information for tax purposes as well as planning the national economy. Thus, financial statements are primarily influenced by the taxation reporting regime. On the contrary, the microeconomic approach focuses on the use of the financial information by shareholders. The latter approach refers to common law countries like the UK, USA, and Australia in which the private sectors and accountancy practitioners influence the shape of financial information and the standard setting process.

According to the above objectives, the requirement of limited liabilities to prepare and publish financial reports, will enhance the transparency of businesses. These reports are used as an instrument to protect stakeholders, who are either the government or other stakeholders like creditors by applying the rules of capital maintenance which restrict the distribution as well as the use of company assets according to rules issued for limited liability companies (Simöes, 2012). Consequently, regulating the financial reports will ultimately increase public confidence in the financial reports and aid the development of the national economy.

2.2.2 Conceptual framework for financial reporting:

In addition to accounting laws and regulation, preparing financial statements is also ruled by accounting standards as they are directly attributed to the financial reporting framework. Several countries such as the USA, apply the accounting standards mandatorily to listed companies only, while other countries amplify the scope of applying such standards to unlisted companies encompassing small entities (Pacter, 2004). Recently, more simplified and less onerous financial reporting standards have been issued for non-public companies.

2.2.2.1 Overview

The financial Accounting Standards Board (FASB) was the first accounting body that developed the framework in 1970; FASB defines the conceptual framework as *“a coherent system of interrelated objectives and fundamentals that is expected to lead to consistent standards and that prescribes the nature, function, and limits of financial accounting and reporting”* (Zeff, 1999: 105).

This framework aims at providing the underpinning principles that accounting standards are based on. In other words, these principles are considered as a guidance in either developing standards or dealing with non- addressed matters in accounting standards (Alfredson et al., 2009). Likewise, in 1989 IASB passes its conceptual framework and defines this framework as *"the concepts that underlie the preparation and presentation of financial statements for external users"* (AICPA, 2012b). Similarly, UK Accounting Standards Board (ASB) states that the aim of the framework is *"to provide a coherent frame of reference to be used by the Board in the development and review of accounting standards and by others who interact with the Board during the standard-setting process"* (ASB., 1999:Par, 2). Thus, it is manifest that IASB and ASB developed the framework to support all stakeholders who are either preparers or users of financial statements. Christensen (2010), confirms that the conceptual framework contributes essentially in providing a set of relevant principles as guidance for regulating or reporting the financial information, which is deemed as processes of political decisions.

2.2.2.2 Scope and objective of financial reporting

The conceptual frameworks developed by IASB and other standards' setters in USA, the UK, Australia, New Zealand, and Canada are analogous in the scope of applications as well as the financial reporting objectives (Scott, 2002).

The core objectives of financial reporting are: providing useful and appropriate information for external users to make wise decisions and to report management's stewardship. Due to growth of corporations that resulted in the needs to segregate the ownership from management, which involve evaluating whether the management exploit the entrusted resources effectively, the objective of stewardship reports was given priority of financial reporting (Flower, 2002, Maingot and Zeghal, 2006). Afterward, decision-usefulness reporting became the main focus of accounting bodies because it is stated as the key goal of financial reporting by the statements of all conceptual frameworks of those bodies (Scott, 2002).

Regarding the scope of application, all frameworks of IASB, FASB, and ASB require companies to publish general purpose financial statements to be considered as conforming to the issued standards (Alfredson et al., 2009). For instance, in the UK companies publish general purpose financial statements in compliance with ASB, that target a wide range of users without focusing on publishing a specific report for particular users such as tax authorities (ASB., 1999).

Due to worldwide intention to adopt IFRSs or IFRS for SMEs, the objectives of financial reports as well as the scope of application of conceptual frameworks developed by IASB will be illustrated in more detail.

2.2.2.3 IASB conceptual framework:

The IASB and FASB cooperate together so as to harmonise the conceptual frameworks. The following section shows the scope of application and the objectives of conceptual frameworks issued by IASB in 1989 regarding preparation and presentation of financial statements followed by the revised IASB conceptual framework.

2.2.2.4 IASB's 1989 conceptual Framework

The Preparation and Presentation of Financial Statements' framework was passed by IASC in 1989, and was subsequently implemented by the IASB in 2001. The 1989 conceptual framework covers the following issues:

1. Objectives of preparing and presenting financial statements;
2. Qualitative characteristics which specify how the information presented in the financial statements will be useful;
3. Recognition and measurement of the elements that comprise financial statements;
4. Concepts related to capital as well as capital maintenance.

The framework specified that the objective of financial statements is *"to provide information about the financial position, financial performance and cash flow of an entity that is useful to a wide range of users in making economic decision"* (IASB, 2009a: Par 12, IASB, 2009e:BC44). Another objective of this conceptual framework is to "*show the results of the stewardship of management, or the accountability of management for the resources entrusted to it. Those users who wish to assess the stewardship or accountability of management do so in order that they make economic decisions; these decisions may include, for example, whether to hold or sell their investment in the entity or whether to reappoint or replace the management"* (IASB, 2009a: Par14). Controversially, although the stewardship objective was in the content of the framework, this objective has attracted little attention compared to the considerable attention given to decision usefulness (Scott, 2002, Ma, 1997).

In fact, this framework was issued to fulfil users' needs for financial information especially for those who are not in the position of obtaining these information readily (IASB, 2009a). Hence, managers are not deemed in the scope of those users as they have direct access to desired information (IASB, 2009a). Similarly, Schiebel (2008) alleges that the main purpose of financial statements presented in compliance with the conceptual framework is to minimise the asymmetries in the accounting information between preparers and outsiders who make economic decisions.

The framework issued in 1989 has faced several criticisms. Deegan and Unerman (2006) oppose the users' identifications determined in 1989, which encompass investors, lenders, employees, suppliers, customers as well as the government and the public, whereas this framework focuses practically on investors by holding the assumption that if the needs of those investors were fulfilled, other users would gain the benefits of using accounting information as investors' information includes all needed information of other parties.

What is more, according to numerous literatures, the objectives of decision usefulness as well as stewardship are not intrinsically consistent due to the diversification of required information by each group (Christensen, 2010, Gassen, 2008, Walker, 2003). The timing issue of accounting information to be prepared creates discrete variation between decision usefulness and stewardship objectives. In order to achieve the former objective, the users need the most recent information in order to evaluate the firm's performance while the users pertaining to the latter objective are reliant upon historical information so that they can correct or confirm the former prospects (Walker, 2003, Scott, 2002).

Moreover, some researchers infer that the actual users of accounting information do not act rationally when they carry out their economic decisions which is totally contradicting the assumption of decision usefulness, which assumes users are good decision makers (Page, 1992, Young, 2006). In addition, owners and managers must not be neglected in this framework as they utilise wisely this information so as to operate the business on a daily basis (Eierle and Schultze, 2009, Flegm, 2006). Besides that, in order to provide the most recent information for valuation to achieve the objective of decision usefulness for future predications, managements will be forced to prepare another set of information in addition to the two existed set of accounts that pertain to income tax reports and managerial reports (Flegm, 2006).

To sum up, the general purpose financial statements in compliance with conceptual framework in 1989 aims at providing useful information to external users for the purpose of making wise economic decisions where those users are not empowered to obtain the needed information directly from the firm. In contrast, the internal users who have the power of obtaining directly the required information were neglected under this conceptual framework.

2.2.2.5 Revised IASB conceptual Framework

As mentioned earlier, IASB and FASB introduced documents in terms of the qualitative characteristics as well as the objectives pertaining to financial reporting which have been passed in 2006. The review give rise to apprehension, excluding the stewardship objective as one of main objective in the framework (Gore and Zimmerman, 2007).

Page and Hines (2006) accuse the board of ignoring the stewardship objective that is intended to assess management behaviours and control them. This study insists that there is no generally conflict between the needed information for achieving either stewardship objective or decision usefulness objective except in several measurements. Therefore, some scholars call for including stewardship as one of the discrete objectives in the framework. In the same fashion, Lennard (2007) realises that even though the two objectives are different, the needed information for stewardship may not be found within the report prepared for users making investment decision. Thus, the information needed to achieve these objectives is complementary rather than contradictory.

Subsequently in 2010, the proposed conceptual framework in respect of the objectives of financial reports corresponding to the revised conceptual framework states that *"the objective of general purpose financial reporting is to provide information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit"* (IASB, 2010:9).

In addition to the elements of financial statements, the scope of the objectives was broadened to encompass many issues in the financial report associated with other matters rather than elements of financial statements (Lennard, 2007, Crook, 2008).

Shareholders are the key users of general purpose financial statements and then, the priority is extended to include other potential users such as potential investors and creditors. Other stakeholders such as employees, suppliers, customers, government authorities, and the public have been neglected as main users of general purpose financial statements in this conceptual framework. While the lenders might have the power to request financial information to satisfy their need for information especially if the company is in the position of demanding loans or credit (Page and Hines, 2006).

As already mentioned, not only have the objectives of financial report changed in this conceptual framework compared to the framework issued in 1989, but also the qualitative characteristics have been subjected to amendments like replacing the concept of reliability by faithful representation (Henry and Holzmann, 2011). This is coupled with removing prudence as a reaction of excluding the stewardship objective as well as enhancing the objective of decision usefulness, due to the fact that prudence is deemed as a fundamental principle for stewardship and undermines the usefulness of information by reflecting conservative information (Peasnell et al., 2009). The conceptual framework issued in 2014 does not show a key departure from the conceptual framework in 2010 in terms of the objective of financial reports (IASB, 2014a).

2.2.3 Stewardship

Financial reports play major roles in organising the relationship between agent and principal which has been stipulated by the law, contracts, or other means of obligations. These financial reports enhance the stewardship that is referred *“accounting by agent (manager) for the use of resources that the principal (owner) has supplied directly or indirectly”* (Myddelton, 2004:29).

The conceptual framework of IASB considers the main function of stewardship in financial statements as to identify the outcomes of managers’ accountability to a broad group of users. The stewardship outcomes to owners are pertinent to agency associations whereas separation of ownership and management is exercised which may result in agency problems by conflicting the interest of both agent and principal. Hence, the presented accounting information in the financial report is deemed as controlling and supervising instruments (O'Connell, 2007). On the other hand, Lennard (2007) boasts that the stewardship function is not only restricted to monitoring or supervising managements’ behaviours regarding the resources entrusted to them, but it also aims at boosting effective communication between agent and principal.

Likewise, due to the prominent effects of financial reporting over the predictive model of managers and their decisions, stewardship intends to control managements' behaviour rather than provide useful information for other stakeholders, which distinct this objective from the decision usefulness objective (Page and Hines, 2006).

Stewardship necessitates assessing and discovering whether the prior actions performed by management are not doubtful. For instance, the historical cost method is the ideal method for evaluating management (Ijiri, 1975), while the discretionary alternatives regarding reporting information must be diligently delimited to (Page and Hines, 2006). In order to minimise the estimations to the least level.

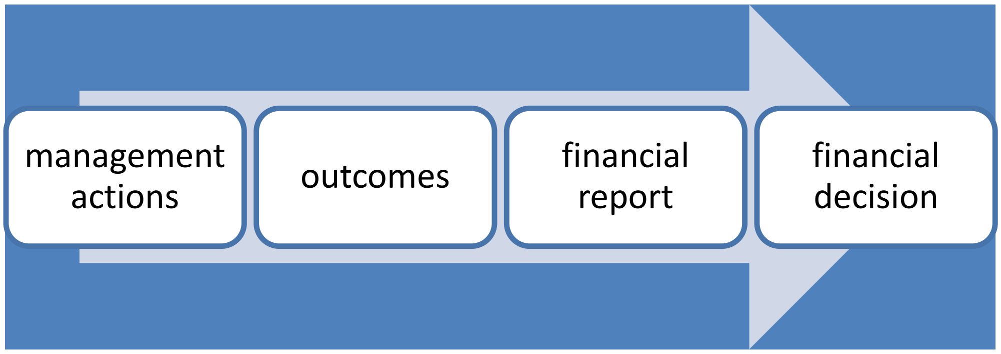
2.2.4 Decision usefulness

The main underpinning assumption of the decision usefulness model is that *"the basic objective of accounting is to aid the decision making process of certain `users' of accounting reports by providing useful, or relevant, accounting data"* (Godfrey et al., 2010:24). Therefore, determining the key users of financial information is considered worthwhile and has salient importance (Staubus, 2004). Equally important and according to the decision usefulness approach, the only useful information is encouraged to be attached to financial reports while subjective information is not encouraged to be included unless it is implicitly according users with crucial information. (Ijiri, 1975).

The emergence of decision usefulness objectives was initiated in 1970 by the Trueblood Committee Report of the American Institution of Certified Public Accountants which accentuates that financial statements to *"provide useful information for making economic decisions"* and providing the stakeholders with the relevant financial information that promptly facilitates the companies' missions in foretelling, comparing, and appraising their ability to generate cash flows in the foreseeable future (Cyert and Ijiri, 1974:35, Myddelton, 2004). Obviously, this objective has been placed as a foremost basic when marshalling conceptual frameworks. For example, FASB, IASB, and ASB have embraced the decision usefulness approach as the main objective in their conceptual framework.

As exhibited in Figure 2.1, decision usefulness objective focus on financial information that unequivocally influence stakeholders' decisions rather than information affecting management decisions as stewardship objective implied (Page and Hines, 2006).

Figure 2.1 : The Decision Usefulness Linear Model



Source: (Page and Hines, 2006:6).

In fact, the decision usefulness approach concentrates within the conceptual framework on the provision that entails communicating the relevant information to stakeholders regarding companies' future cash flow. To put it in another way, accounting information would not be useful unless it provides relevant information regarding future cash flow (Staubus, 2004). Consequently, accounting information under this approach, is oriented to implement fair value so as to satisfy the users' needs for the most recent information that enables them to predict foreseeable performance (Benston, 2003, Fulbier and Gassen, 2010). Owing to this narrow concentration, the benefits that might be gained from using financial reports are imperfect if the users refer to financial reports for different purposes that are not in the scope of predicting further actions (Young, 2006, Gjesdal, 1981).

2.3 IFRS (overview)

In respect of the last objective, the reason for implementing international accounting standards can be justified on the basis of the "decision usefulness" theory (Staubus, 1961, Staubus, 1977), which deems accounting as a process of identifying, recording and communicating the economic activities of a company to the relevant users who analyse these activities for the purpose of making wise decisions. Generally, the decision usefulness theory is considered as a main element that supports the idea of information disclosure. Equally important, this theory indeed contributes essentially in enhancing the financial accounting and supporting the process of standards setting in developing countries by using either the theoretical or the practical proposals of this theory (Staubus, 2000, Sharma and Iselin, 2003).

The initial issued standards were the International Accounting Standards (IAS) passed by International Accounting Standards Committee (IASC), those standards demonstrate how the transactions within the companies are being treated and presented in the financial statements. Subsequently, IASB superseded the roles of IASC in issuing international accounting standards by issuing International Financial Reporting Standards since the April 1st, 2001(IASB, 2012a).

The full IFRS comprised of IAS and IFRS, which is considered as a principle based set compared to the US Generally Accepted Accounting Principles (GAAP) that is rule based set of standards, the full IFRS covers a wide coverage of principles, like; recognition, measurement, presentation, and disclosure principles. Those principles are deemed as the most essential components of accounting standards whereas those principles have been acquired by depending on the basis of conceptual framework as well as professional judgment regarding the feasibility and application in all entities' sectors (Nicoleta et al., 2009). Despite the similarity between IFRS and GAAP regarding the general principles as well as the conceptual framework, IFRS as a principle based set of accounting standards affords less detail in comparison with GAAP. In fact, the numbers of countries that adopt IFRS exceeds 100 countries. Thus, IFRS aids as an international financial language that facilitates harmonising and interpreting the financial reports by stockholders (Elena et al., 2009).

Albeit IFRS is principle based, it was widely applied in 2002 at the moment of the EU requiring European listed firms to adopt IFRS for the purpose of preparing consolidated financial statements. The legislation was endorsed during 2005, which nowadays results in applying IFRS when preparing the financial statements by more than 8000 firms across 30 European countries. Optimising the quality, harmonisation, and comparability of financial statements are also reasons that may warrant the substantial demand to implement IFRS. Uniquely, not only do the stakeholders attain the benefits of applying IFRS, but also the market efficiency has been enriched simultaneously minimising the cost of capital (Aamir and Farooq, 2010). Thus, Cheong et al. (2010) suggest that applying IFRS may certainly involve more reliable and relevant accounting information within financial statements for the stakeholders. Given these points, IFRS became a prevalent set of accounting standards that spread over the global market. However as yet, the USA and Japan tend to be reluctant to adopt IFRS whereas there are persistent efforts by the accounting boards in the US and Japan in cooperation with IASB to foster the conversion to IFRS (Mirza et al., 2008).

2.4 Harmonisation

The effective communication amongst financial statements stakeholders is mainly reliant on informative ability of these presented financial statements. Because of the unremitting development of nations and multinational economies, accounting practices need to be constantly developed in order to be kept current and stimuli relative to changes in world trends as to theoretical and practical issues. Consequently, as a result of multinational companies' growth along with developing information technology and the international capital market, the need for globally valid and multinational accounting standards have been arisen (Müllerova et al., 2010b).

The robustness of global accounting standards boost the comparability of accounting information presented in financial statements. Uniquely, it is also enhancing the effectiveness in allocation of resources as well as capital pricing. Not only debt or equity providers gain benefits from applying global accounting standards, but also the companies that pursue capital, whereas their cost of capital has been minimised due to applying these standards which result in eliminating the uncertainties attributed to these firms and eventually increases the audit quality as well as the consistency and simplifying the education (Pacter, 2008). This may entail going further to waive the necessity for jurisdictions to organise and issue their own standards that may consume a considerable amount of efforts, time, and resources (Pacter, 2008).

Recently, international harmonisation has been embarked upon. The harmonisation of accounting standards is derived by comparing jurisdictions' accounting standards (Doupnik, 1987, Street and Gray, 1999). By way of contrast, the variances among countries in many aspects such as: political system; law; and culture will not necessitate comparable accounting information even though the accounting standards are the same (Schultz and Lopez, 2001). However, Chen et al. (2002) promise that the weak audit quality as well as the evident wide earnings managements in China can be traced back to the gap between Chinese GAAP and IAS.

The International Financial Reporting Standards (IFRS) is deemed as a succinct draft of the best transactions treatments as well as the valuable experiences of practitioners and stakeholders' needs based on a range of widely clear financial information. The prime goal of these standards is to enhance comparability of financial reporting of different companies across borders (Müllerova et al., 2010b).

The comparable information is highly important for both investors and managements which is presented in financial statements within the financial reports like, balance sheet, income statements, statements of comprehensive income, cash flow, statement of change in equity. These statements provide stakeholders with raw material for analysis (Müllerova et al., 2010b). Those users always demand unblemished information that facilitates both comparability and understandibility so that they can evaluate the organisations' performances associated with financial information. These clear information is provided by applying IFRSs (Aamir and Farooq, 2010). On the other hand, Müllerova et al. (2010b) also declare that obtaining full comparability is often a hard task given that comparing companies across countries is only possible when the companies are centrally ruled or regulated while the comparability of financial statements is much more feasible when comparing the sequential accounting periods within the same companies. In this respect, for the purpose of improving the harmonisation of accounting standards, sufficient attention must be paid to mitigate the variances among different accounting standards rather than magnifying the scope of these international standards (Aras and Crowther, 2008). Moreover, governments must evaluate the accounting method within local requirements and in the light of IFRS in order to assess advantages and disadvantages as well as the relevance of methods regarding either local requirement or IFRSs in according with economic, institutional and cultural criteria in each country (Tyrrall et al., 2007). Nonetheless, cost and benefit analysis must be cautiously performed when converting from local to international standards (Bhimani, 2008).

As a result of successful transition toward harmonising accounting standards such as using IFRS as a basis for preparing financial reports, the financial reports across countries will be more understandable and transparent (Aamir and Farooq, 2010).

2.5 Definition of SMEs

Academics and professionals face a difficulty in determining an appropriate definition for SMEs. Previous studies show that there is an obvious absence of common criteria that exist in SMEs all over the world (Curran et al., 1986). The definition problem can be traced back to the following factors:

1- The various criteria used to define SMEs. For example, number of employees, annual turnover and total balance sheet or profitability (Potobsky, 1992).
2- The numerous distinctions among industries and economies across countries in which SMEs operate (Tonge, 2001).

In fact, there is no general agreed definition for SMEs as mentioned above. SMEs can be defined according to many criteria. For instance, number of employees, turnover, balance sheet total, ownership structures, and companies' public accountabilities. Therefore, this study highlights several definitions for SMEs according to different criteria.

Bolton, (1971) was the first to endeavour to define SMEs; this attempt was based on using two parameters ('economic' definition and the 'statistical' definition) in order to mitigate the problems associated with definition. This model stipulated conditions for firms to be considered as small firms. These conditions can be classified as follows:

1- Economic definition: that deems a company as small if it has a reasonably small share of the market place. In addition to that, a company must be directed and managed by owners or partners.
2- Statistical definition indicates that the criteria implemented to decide whether the firm is small or not, were made according to economic sectors as illustrated in Table 2.1.

Table 2.1**:** Bolton, (1971) Definitions of a Small Firm

Sector	Definition
Manufacturing	200 employees or less
Construction	25 employees or less
Mining and quarrying	25 employees or less
Retailing	Turnover of £50,000 or less
Miscellaneous	Turnover of £50,000 or less
Services	Turnover of £50,000 or less
Motor trades	Turnover of £100,000 or less
Wholesale trades	Turnover of £200,000 or less
Road transport	Five vehicles or less
Catering	All excluding multiples and brewery-managed houses

Source: adopted from (Bolton, 1971).

Bolton, (1971) definition encountered several criticisms especially from Storey (1994), who found a conflict between the economic and statistical definition regarding the management and ownership structure as well as the statistical definition of small manufacturing firms that have up to 200 employees in manufacturing small businesses. Besides that, Atkinson and Meager (1994) state that an independent management is necessary when an SME's size is between ten and twenty employees. With such a size, owners' interferences in the decision making process will no longer happen due to the independence of managers. When the business reaches a level of 100 employees, the owners of businesses begin to hold accountability to well-structured management rather than depending on their personal way of management (Storey 1994). Regarding the statistical definition, Storey, (1994) criticised it in terms of the following aspects:

1- The absence of a single or unified criterion used to define small firms.

2- Different levels of turnover are specified for economic sectors; furthermore, different limits of employees' numbers have been used.

3- Using monetary units will also reduce the comparisons over time due to the changes in prices and purchasing power over time.

Another definition in respect of ownership and management structures, SMEs has been defined as entities that are managed by the owners. In other word, owners are the managers at the same time with the absence of a detailed management structure, while owners are considered to be an individual or small group who owns the entity and controls the entire decision making process (Scott and Bruce, 1987, Bannock, 1981).

The above definition has used the same concept of the economic definition by Bolton, (1971). Therefore the aforementioned criticisms apply implicitly to this definition.

Curran et al. (1991) attempt to ground definitions for small firms which belong to services sector. This study focused on four criteria that commonly diverge among sectors in order to determine common features for small firms. These criteria are outlined as follows:

1- Number of outlets.

2- The highest of employees level number.

3- The lowest of employees level number.

4- Special conditions.

The main criticism of this definition is that it concentrates only on service sectors without any consideration of the remaining economic sectors.
The European Commission (2005), defines SMEs based on the number of employees as well as annual turnover and total balance sheet. The EC considers the enterprises as SMEs when the enterprise employ fewer than 250 persons and its annual turnover does not exceed 50 million Euros, or its balance sheet total is not more than 43 million Euros.

According to this definition, EC classified SMEs as illustrated in Table 2.2.

Table 2.2 European Commission definition.

Enterprise category	**Headcount**	**Turnover**	**or**	**Balance sheet total**
Medium-sized	< 250	≤ € 50 million		≤ € 43 million
Small-sized	< 50	≤ € 10 million		≤ € 10 million
Micro-sized	< 10	≤ € 2 million		≤ € 2 million

Source: Adopted from (European Commission, 2005).

According to this classification, SMEs can be divided into the following categories:

1- Micro Enterprise: that employ less than 10 employees and its annual turnover does not exceed 2 million Euros, or its balance sheet total is not more than 2 million Euros.

2- Small Enterprise: All enterprises whose number of employees who work within is less than 50 employees and either its turnover does not exceed 10 million Euros or its balance sheet total is below 10 million Euros.

3- Medium-Sized Enterprise: all enterprises that employ more than 50 employees and less than 250 employees. Moreover, annual turnover is less than 50 million Euros, or the balance sheet total does not exceed 43 million Euros.

There are several advantages of this EC definition over previous definitions for SMEs that coincide with prior research point of view, such as the Bolton Committee (1971) and other definitions that used the concept of economic or statistical definition implemented by the Bolton Committee. Those advantages that correspond with scholars' points of view can be summarised as follows:

1- The EC definitions use the employees' numbers as the main criterion for defining SMEs rather than implementing a number of criteria which match with Storey's, (1994) point of view.

2- The EC definition identifies that SMEs differ on micro entities in terms of the employees' number is considered to be less than ten for micro entities (Atkinson and Meager, 1994), This definition divides enterprises into several categories which are micro, small, medium and large companies is corresponding with Storey,(1994).

On the other hand, the EC definition use monetary units the same as the Bolton Committee, which exposed this definition to be criticised in the same manner as when criticising Bolton's definition, This criticism is that using monetary units will lead to a reduction of the comparisons over time due to the changes in prices and purchasing power.

Comparatively, SMEs have been defined as enterprises that have a limited number of employees. The numbers of employees varies across countries. The upper level of the number of employees in SMEs is 250 in Europe countries. In comparison, other countries like Australia specify the highest limit to be 200 employees. However, in the U.S the highest number is 500 employees while the enterprise is deemed as a small enterprise if it has less than 50 employees and micro enterprises have less than ten, or in some circumstances, less than five employees (OECD, 2006).

IASB defined SMEs according to their accountabilities as *"entities that do not have public accountability and publish general purpose financial statements for external users"* (IASB, 2009c). Until now, the IASB has not determined a specific size for enterprises that must adhere to the IFRS for SMEs.

In Jordan, according to the Council of Ministers of planning decision on 20/9/2005, Micro Entities were defined as entities that have a number of employees between one to nine employees, or a registered capital that is less than JD 30,000. Small enterprises specified as those that have 10 - 49 employees and a registered capital that is greater than JD 30,000; Medium size enterprises fall into the category of 50-249 employees and a registered capital of more than JD 30,000; the number of employees in Large Enterprises must exceed 250 employees and a registered capital of more than JD 30,000 (Jordan Small Businesses and Human Development, 2011).

In general, several studies use the term of “private” companies, instead of SMEs. For instance, IASB suggested using the term IFRS for Private Entities instead of IFRS for SMEs, even though the standards are still formally known as IFRS for SMEs (IASB, 2009). The reason for using the term private entities is that it matches the definition of these entities in the exposure draft (ED) that has been passed by IASB in 2007 (Pacter, 2008).

Several studies such as (Jermakowicz and Gornik-Tomaszewski, 2006) indicate that unlisted companies are not deemed as a homogeneous cluster of companies. These companies fall into numerous categories which are: unlisted firms that have a public accountability; non-public accountable companies that publish general purpose financial statements; and small, unlisted firms that neither publishes general financial statements nor have public accountability, whereas these small entities prepare their financial information for managers who are either owners or no owners as well as for tax authority. By referring to IASB classification, the first category must adopt full IFRS, while the non-public companies that publish general purpose financial statements are considered to be comfort in adhering to IFRS for SMEs. Regarding the small companies, the implemented standards will be based on decisions taken by national jurisdictions to adopt either IFRS for SMEs or national rules. These considerations are corresponding with the opinion of IASB in the Basic for Conclusion opinion BC34 and BC44 (IASB, 2009e).

For the purpose of this study, the definition of IASB will be used in order to consider enterprise conforms to IFRS for SMEs. The European Commission definition is considered as well to classify respondents’ entities in terms of the number of employees, turnover and total assets.

Actually in addition, the rules of which specify the types of companies preparing annual audited report are considered in determining what types of firms are being included in the study sample. The reason behind this is referred to the condition under IFRS for SMEs, which consider only the firms that prepare general purpose financial statements as firms conform to IFRS for SMEs. Thus, all firms will be included if the Jordanian human development report and IASB definitions have been met as well as they publish general financial statements. In this case, all partnership and civil companies with a registered capital less than 100000JD will be excluded in addition to all sole trade firms, owing to the fact these firms are not required by the company law (article, 24) to prepare audited and general purpose financial statements in accordance with internationally recognised accounting and auditing standards.

2.6 SMEs and their contribution to the economy

SMEs represent approximately 99 per cent of business firms around the world (Bastic and Nekrep, 2009, Kureshi.N et al., 2009). Truly, small and medium size enterprises (SMEs) play a major role in developing the economy in most countries (Rodney et al., 2009, OECD, 2002). Significantly, these kinds of enterprises represent a high portion of the enterprises across countries that contribute in increasing employment rates, sales revenues, innovation and exporting activities (OECD, 2002).

In the same fashion, significant influences of SMEs on economies are noticed, particularly in developing countries. SMEs not only boost technological processes, innovation and the growth of the economy but also are more productive than large companies regarding innovations and developments (Mulhern, 1995, Carrier, 1994). Besides this, SMEs supply considerable outputs, satisfy several social objectives, and attract significant foreign direct investments (FDI). Likewise SMEs increase employment rates (Erixon, 2009, Müllerova et al., 2010b, Müllerova et al., 2010a). Approximately, 60 per cent of labour forces in the world are employed in SMEs so they are considered as a key engine of the private sector in most countries (AL-Mahrouq, 2010).

In addition, SMEs contribute considerably to modernisation, innovation and in improving the business by increasing the level of competition as well as creating a dynamic international and domestic market (Hillary, 2000).

Alongside this, the SMEs sector enhances and sustains competitive advantages domestically and abroad (Grant, 1991). And last but not least, Happer (1998) indicates that the importance of the role of SMEs has increased sharply over the last two decades that is deemed as a major provider for people's income as well as the development of economies. In the same fashion, the growth of the economy, the incomes and employment rates are essentially allied to SMEs as a key source of all of these aspects (Mensah, 2004).

2.7 The main differences between SMEs and micro entities

SMEs differ from micro entities in several aspects that vary across sectors and countries. For instance, National SME Council of Malaysia (2008) distinguishes SMEs from micro entities based on turnover and the number of employees, whereas entities are considered as micro if their number of full time employees less than 5 employees and turnover is less than 250000 RM.

In Europe, the European Commission in 2005 made distinction between SMEs and micro according to employees' numbers as well as turnover or total assets, which considered entities as micro if the number of employees within the entity is less than 10 and its turnover or total balance sheet is less than 2 million Euros. It is obvious that the distinction between SMEs and micro entities varies across countries which is also different in the USA, Australia, Libya and Nigeria (Lucky and Olusegun, 2012).

Consequently, as already mentioned the following are representing the conditions based on these definitions that must fulfil in order to recognise the entity as a SME and conforming to IFRS for SMEs:

1- Do not have public accountability section 1.2.a,(IASB, 2009c).

2- Publish general purpose financial statements for external users section 1.2.b, (IASB, 2009c).

3- Not partnership firms with registered capital less than 100000JD.

2.8 The main problems facing SMEs

Although SMEs contribute significantly in the growth of the economy, SMEs encountered enormous problems that hinder their growth and reduce the competitive advantages compared to listed or large companies (Okpara and Kabongo, 2009). On the other extreme, Arinaitwe (2006) indicates that the probability of SMEs failing in developing countries is more likely compared to other countries.

Various studies point out that the main barriers regarding appropriating sources of finance can be traced back to either not recognising the commercial banks' requirements or due to the excessive instalments and interest expenses (Gray et al., 1997, Trulsson, 1997). In addition to that, Okpara and Kabongo (2009) assert in a study conducted in a developing country that financial constraints and the difficulty of obtaining finance from financial institutions as well as corruption and lack of managerial skills hinder the growth of SMEs. Likewise, in Vietnam, companies cannot obtain finance without sustainable real estate or land as collateral which enlarge the barriers for SMEs in appropriating loans compared to large companies (Minh Le, 2012). Also acknowledged, inappropriate or irrelevant financial information presented within SMEs which are tax driven rather than concentrating on providing useful information to lenders or creditors, are deemed as reasons causing increased difficulties in obtaining finance and credit (Pacter, 2008).

In addition to the above, lack of management skills is considered as another major problem facing SMEs (Okpara and Kabongo, 2009). Lack of expertise and qualified employees in business and accounting is manifest problems due to the poor bookkeeping and documentations, which are caused by lack of experiences and managerial skills results in company failure which is common within SMEs (Tushabomwe-Kazooba, 2006).Uniquely, other studies identify that the key factors that impede small business from growth and development are the lack of management skill, inability of planning, weakness of bookkeeping, lack of market research (Lussier, 1996, Mahadea, 1996). In the same way, Coskun and Altunisk (2002) reveal some factors that have spread within SMEs which are the lack of training for employees in the business field, weakness of managerial skills and unqualified employees, and the inability to determine strategic directions. The difficulties in understanding the financial issues are the major factors that SMEs encounter and must be mitigated (Coskun and Altunisk, 2002). This may lead to weaken the accounting system's ability to safeguard assets or obtain good control, as indicated by 63 per cent of UK small business that would opt auditing their accounts even though it is not legally imposed, so that the interest of all stockholders might be safeguarded (Collis et al., 2004).

Equally important, Ozer and Yamak (2000) attribute the difficulty of obtaining loans from financial institutions in Turkey to lack of managers' knowledge regarding the possibilities of appropriating finance from different financial institutions that target SMEs. By the same token, Coskun and Altunisk (2002) recognise that SMEs managers suffer from the lack of knowledge in the fields of finance and accounting as they have different backgrounds. They also emphasise that government, trade and industry chambers and the universities must take action toward enhancing and improving the managerial skills of managers of SMEs (Coskun and Altunisk, 2002).

Although SMEs owners can minimise this problem by employing professional managers, Dincer (1996) points out that SMEs owners do not have a preference to assign responsibility to professional managers or, in some circumstances, are unable to appoint professionals due to the high cost pertaining to preparing financial statements, as well as audit and bookkeeping cost (Arrunada, 2008). Hence, Maseko and Manyani (2011) recommend that national regulators need to take a step toward developing particular accounting guidelines for SMEs as well as offering accounting training programmes for employees and managers within SMEs, as the big majority of SMEs in Zimbabwe do not keep constant accounting records due to the lack of accounting knowledge and expertise.

In addition to the aforementioned problems, the inappropriate decisions due to the complexity of financial information presented or the difficulty in making wise decisions because of the lack of appropriate financial information, are also considered as major problems, as highlighted by several studies (such as, Sian and Roberts, 2009), which was conducted in the UK. It emphasises the need of guidelines for the applied standards that must be simple, understandable and beneficial for relatively inexperienced small businesses' owners/managers, as the managers rely heavily on accountants to prepare financial statements that are also deemed too complex to be understood by managers. What is more, this study confirms that the applied standards must also deliver accurate financial information that is useful for more sophisticated users, such as lenders, without incurring high costs by small business. In other words, a balance between relevance and reliability of financial information is essential.

The implementation of the same set of accounting standards applied to listed companies by SMEs is not cost effective in some emerging economies as it involves high costs attributed to preparing financial reports, due to the requirements of financial reporting constructed for public companies which is very complex (Haller and Eirle, 2008). Kitching (2006), reveals that costs are more onerous for SMEs as they cannot spread these over large-scale transactions or operations as can public companies. The full IFRS have been criticised for their non-applicability to non-listed businesses. In particular, criticisms have centred on the inability of the full IFRS to address issues related to non-listed businesses (Fearnley and Hines, 2007), where users do not need a massive amount of information for decision making. For instance the banks request less information than stockholders as they can obtain the information from the managers directly (Soderstrom and Sun, 2007). Hence, large amount of time, and effort is needed to prepare financial reports in compliance with full IFRS as well as offering a massive amount of financial information to users that is irrelevant to SMEs. Likewise, the general purpose financial statements of listed companies include more sophisticated transactions and comprehensive financial information that is used by many users compared with SMEs financial information, which involves more disclosure requirements to explain these transactions (Harvey and Walton, 1996).

In this respect, Nerudova and Bohusova (2008) found that full IFRS fulfil the information needs of the large multinational firms' stakeholders whilst they could not entirely meet the needs of small and medium-sized entities' users. Likewise, Jermakowicz and Epstein (2010) underscore that there is a need for different financial standards for SMEs rather than full IFRS so as to increase the information ability to meet the users' demands.

Furthermore the full set of IFRS was claimed to be inappropriate for SMEs due to disclosure requirements and the emphasis on the fair value model by the full IFRS (Fearnley and Hines, 2007). In fact, the high disclosure requirement results in revealing on critical information about the entity to competitors and breaches its privacy (Arrunada, 2008). With respect to this, Dedman and Lennox (2009) based on a survey of UK medium-sized firms found that the competition levels are positively correlated with the amount of disclosed information.

On the contrary, Sian and Roberts (2009) found that the majority of respondents prefer to revaluate the property based on fair value that entails more disclosures rather than using the historical cost method, especially when the value of property increases sharply. Albeit the adoption of IFRS leads to a higher quality of accounting information (Taylor, 2009), it implies more cost when preparing and auditing financial statements because of the lack of knowledge of IFRS. This necessitates extensive training and education, as to how to prepare and audit financial statements in compliance with IFRS, given the pertinent cost increase, particularly if the jurisdiction’s GAAP is self-reliantly developed instead of being dependent on IASs (Haller and Eierle, 2004). Additionally, due to a lack of expertise and knowledge in IFRS, especially throughout the primary period of implementation, among preparers and auditors, the bookkeeping and auditing costs are considerably high (Taylor, 2009). Rennie and Senkow (2009) observe that the majority of Canadian private firms make approximately 10 per cent saving in both audit and accounting fees when switching toward different reporting standards rather than IFRS. However, the losses associated with non-uniformity of financial reports are questionable, certainly those losses related to undermining comparability (Rennie and Senkow, 2009).

Some studies such as (Müllerova et al., 2010b) highlight the tax estimation problem resulting from applying IFRS especially if the firms report under jurisdiction’s taxation law that needs to be transferred when calculating the amount of tax payable. In addition, applying full IFRS for SMEs will be very costly as it may maximise the compliance cost of taxation substantially (Bohusova and Nerudova, 2007).

As a result, these problems may entail implementing different financial standards rather than those associated with public firms in order to mitigate the aforementioned problems. Examining the existence of these problems in Jordanian context is worthwhile, for the purpose of determining whether there is a need for different financial standards that are more applicable to SMEs.

2.9 SMEs' users of financial statements

The prime users of financial statements are investors, lenders, suppliers and creditors, employees, employees' unions, customers, government, competitors and the public. However, SMEs' users of accounting information differ from those belong to large companies. For instance, the banks, owners, managers and tax authorities are the foremost users of financial information presented by SMEs (Lungu et al., 2007, Barker and Noonan, 1996, Page, 1984, Sian and Roberts, 2009). Similarly, Collis and Jarvis (2000) suggest that the most important external and internal users of the financial statements are recognised as tax authorities, lenders or creditors and owners or managers of these firms. Correspondingly, Hattingh (2001) claims that the majority of non-public companies prepare financial statements to satisfy the needs of owners, financial institutions and tax authorities. According to Di Pietra et al. (2008) study which was conducted in Germany, SMEs prepare the financial statements for taxation purposes as well as facilitating the process of obtaining loans from banks, presenting adequate information for investors, pay-out dividends and for managerial purposes, while, other users such as, customers, employees or prospective investors are not considered as key users of SMEs' financial reports.

Banks are deemed as one of the main external users of SME's financial statements as demonstrated in many papers (De Mesa Graziano, 2006, Albu et al., 2010). Banks or lenders in general, demand accurate information about the financial position which mirrors the companies' abilities to settle the obligation (Quagli and Paoloni, 2012). Lungu et al. (2007), assert that financial institutions are concerned about determining the companies' ability to cover obligations and to measure profitability ratios as well as liquidity. In the same fashion, banks are interested in debt structures and demand up-to-date actual and estimated cash flow statements as well as proper disclosures regarding collaterals (De Mesa Graziano, 2006).

At the same time although, banks require detailed information, they are not interested to revaluate assets at fair value. It is clear that some measurements and recognitions used to prepare financial statements are not relevant for banks and other users but for investors in public markets (Cole et al., 2009).Lenders request less information than stockholders (Soderstrom and Sun, 2007). Accordingly, this may justify the need for different financial reporting for SMEs.

Owners and managers use financial information prepared by SMEs for the purpose of planning for finance and budgeting, exercising control over companies' activities and to make wise informed decisions and judgments (Jarvis and Collis, 2003). Besides, financial statements are very useful for management when "*deciding directors' pay and bonuses, comparing performance with prior periods and in connection with loans or finance"* (Collis and Jarvis, 2000:57). The probability of understanding and gaining benefit from the statutory account is unlikely by owner-managers of small business as the content of statutory account tends to be complex and difficult to understand. Managers focus on forecasting the cash flow for making decisions rather than the statutory accounts which is deemed as impractical from their points of view (John and Healeas, 2000). Sian and Roberts (2009), state that simple guidelines for the applied standards are necessary in order to be beneficial for relatively unsophisticated small business owners/managers as the mangers rely on accountants to prepare financial statements that are too complex to be understood.

Alternatively, tax authorities use SMEs' financial statements to compute profit and deductible expenses to confirm that these expenses are pertinent and rationale (Lungu et al., 2007). While suppliers concerned with the average of the payback period while customers do not pay attention to financial statements (Corsi and Garzella, 2003). in contrast, competitors deem financial statements as a prime source of comparison (Quagli and Paoloni, 2012). However, Sian and Roberts (2009) points out that small enterprises do not primarily prepare financial reports to satisfy the needs of customers and suppliers.
Similarly, shareholders and employees have a reduced request for financial statements as they can attain financial information internally (McMahon and Stanger, 1995). On the other hand, Srijunpetch (2009) deemed shareholders to be among the main users, like managers and tax authorities.

Although the above studies which deem banks, tax authorities and owner managers as main users of SMEs' financial information, IASB, (2009) in its basic for conclusion (BC49) states that the general purpose financial statements according to IFRS for SMEs target a wide range of users such, shareholders, creditors, employees and the public at large as well as managers, owners, lenders and tax authorities (IASB, 2009e).

BC54 states that in reality *"SMEs often produce financial statements only for the use of owner-managers, or for tax reporting or other non-securities regulatory filing purposes. Financial statements produced solely for those purposes are not necessarily general purpose financial statements"* (IASB, 2009e). BC50 indicates determining taxable income implying special purpose financial statements rather than general purpose financial statements. Hence, the specific target of general purpose financial statements presented by SMEs according to IFRS for SMEs neither determines taxable income nor determines distributable income for SMEs owners. Also BC53 and BC54 indicate that the aim of general purpose financial statements according to IFRS for SMEs is not to provide information to managers to make wise decisions as managers can attain the required information directly from the entity the same as managers of companies applying full IFRSs, but it helps them to understand the financial transactions and to have insight into the financial position, cash flow and performance (IASB, 2009e).

Owing to the previous point, determining the main users of SMEs financial statements is necessary to the end that confirms or contradict the IASB point of view regarding the need for general purpose financial statements rather than those which are targeting to meet the needs of particular users of accounting information.

2.10 SMEs and corporate reporting needs

The theoretical explanation for differential reporting depends on users' needs and their awareness regarding the accounting information which they demand and the cost and benefit restrictions. The objective of general purposes financial statements as specified by the conceptual framework is *"to provide information about the financial position, performance and the changes in financial position of an entity that is useful to a wide range of users in making wise economic decisions"* (IASB, 2009c).

IASB states that the objectives of general purpose financial statements are the same for any enterprise regardless of its size or other characteristics. However, IASB admitted that there are distinctions among the users' needs of SMEs for the financial statements from the users' needs of other types of enterprises especially the larger companies, as their financial statements and their users are more sophisticated (IASB, 2004a). Indeed the users of SMEs' financial information are not quite interested in some information being presented in the general purpose financial statements compared to the users of listed entities' financial statements that trade their debt or equity securities in financial markets or that generally have public accountability (IASB, 2004a).

As a result of existing various motivations and objectives that are closely linked to SMEs, the "decision-usefulness" theory that rationalises the adoption of IFRS will probably not apply to small firms as IFRS focus is on investors in public companies rather than other users who are not as interested in the residual equity (Dang-Duc, 2011). Collis and Jarvis (2000), found by using questionnaires aimed at small firms operating within the UK that the most important external and internal users of the financial statements are identified as tax authorities, lenders or creditors and owners or managers of these firms, and the separation of ownership is not common. Correspondingly, Hattingh (2001) claims that the majority of non-public companies prepare financial statements to satisfy the needs of owners, financial institutions and tax authorities. In addition to that, Collis and Jarvis (2000) conclude that the regulation of financial reporting must be changed to fit the needs of small business managers and so benefits are cost effective as well.

Moreover, the Ministry of Finance in Vietnam passed decision number 48 in 2006, which exempts SMEs from adhering to several standards in Vietnamese accounting Standards (VASs) that are irrelevant to SMEs, which gives an indication of different reporting needs for SMEs from those applicable to large companies. This decision has been formalized by accounting standards setter in the hope of reducing the reporting barriers facing SMEs (Dang-Duc, 2011).

In fact, before the IASB due process actions relating to international financial standards for SMEs and reporting needs, there were several studies that reflected distinctions in points of view regarding the necessity of exercising different financial reporting standards for companies according to the companies' sizes. Whereas Mosso (1983), based on a study in the USA, indicates that the users' needs for financial reporting are the same regardless of the company size, Certified Public Accountants (CPAs) express the opposite point of view. The justifications of AICPA (2005) are that the US GAAP does not give enough considerations in terms of different reporting needs for non-public entities.

To the contrary, FERF (2006) specify that unlisted companies demand more information than required by US GAAP. In a similar manner, a study in Bahrain performed by Joshi and Ramadhan (2002) concluded that the implementation of full IFRS by SMEs would not incur irrelevant costs. However, the opposite opinion was given in Canada (Maingot and Zeghal, 2006).

Naturally, the differences among them can be traced back to the research context which may influence the results. For instance, In the USA, only the listed entities are compelled to adopt US GAAP (Stainbank, 2010). Even so, different corporate reporting options in Canada are implemented for unlisted or non-public companies (Mersereau, 2002). Whilst In Bahrain, the limited liability companies must adhere to the Commercial Companies Act (CCA) which compels companies to audit their financial statements annually according to CCA whereas, the full IFRS is optional (Joshi and Ramadhan, 2002). In the UK and the Republic of Ireland, financial reporting standards for smaller enterprises (FRSSE) are adopted by small owner-managed enterprises (Mersereau, 2002). Consequently as mentioned above, the different reporting environment in the countries in which the study performed influenced the findings.

Although IASB passed international financial reporting standards as a process to develop a uniform set of accounting standards and practices around the world, there were debates regarding the appropriateness of IFRS that shape the financial reporting for unlisted entities (Stainbank, 2010).

The full IFRS have been criticised for their non-applicability to non-listed businesses. In particular, criticisms have centred on the inability of the full IFRS to address issues related to non-listed businesses, also the conversion to full IFRS is perhaps difficult and complex which result in difficulties comparing financial information across various countries (Fearnley and Hines, 2007), where users do not need a massive amount of information for decision making. For instance, the bank request less information than stockholders as they can obtain the information from the managers directly (Soderstrom and Sun, 2007).

Haller and Eirle (2008), based their finding on 410 SMEs in Germany concluded that the application of accounting standards applied to listed companies by SMEs is not considered as cost effective in some emerging economies that have high costs attributed to preparing financial reports, due to the requirements of financial reporting constructed for public companies which is very complex. Also in the same way, SMEs encountered problems regarding the cost restriction pertaining to the preparation of financial statements according to full IFRS (Cleminson and Rabin, 2002). Furthermore the full set of IFRS was claimed to be inappropriate for SMEs due to disclosure requirements and the emphasis on the fair value model by the full IFRS (Fearnley and Hines, 2007).

In contrast, Sian and Roberts (2009) found that the majority of respondents prefer to re-evaluate the property based on fair value rather than using the historical cost method, especially when the value of property increases sharply. Thus, a balance between simplification and the adequacy and the quality of financial information is necessary (Sian and Roberts, 2009).

Several studies gave significant consideration to the discussion paper in 2004 by IASB when it delivered its Questionnaires *"Preliminary Views on Accounting Standards for Small and Medium-sized Entities"* in 2004 and "*Staff Questionnaire on Possible Recognition and Measurement Modifications for Small and Medium-sized Entities" in 2005 (IASB, 2004a, IASB, 2005b)*. A total of 121 responses in the comment letters were received in 2004. Anacoreta and Silva (2005), analysed these responses and show that the missing answers represent approximately 20% while 12% of the responses proposed a depth research on the users' needs of SMEs financial information by IASB. Besides that, 5% of the participants in this questionnaire were external users while 51% of respondents represented preparers, 21% were standards setters and only 8% were classified as academic groups (Schiebel, 2008). It is obvious that the percentage of external users is very low compared to preparers who represent the majority of respondents. A criticism that could face the IASB questionnaire in 2004 is that preparers such as accountant and auditors are mainly interested in determining whether the accounting standards are being applied by SMEs or not, regardless of their relevance or their understandibility by the financial statements' users (Joshi and Ramadhan, 2002). On the other hand, Van Wyk (2005) notices that a considerable number of answers was missing and the response rate was low in the questionnaire due to technical questions facing external users of financial statements who represented a part of his study conducted in South Africa.

EAA FRSC (2005), states that *"relatively little is known about the actual views and needs of owner-managers and other users".* In addition to that Evans et al. (2011) suggests that IASB as a private body must achieve *"in-depth research to determine to what extent the needs of owner-managers and other users of SME accounts differ between the larger versus the smallest SMEs, and to what extent they differ internationally. It may be the case that the needs of the smallest SMEs are best served by a system developed by national regulators, taking into account their specific economic environment"* (38). Also discussions about issues and circumstances of SMEs operating in developing countries regarding reporting needs have been held.

In another case, Anacoreta and Silva (2005) point out that IASB shall take a step towards a comprehensive investigation, in order to specify the extent of financial information that the external users need in the financial statements. This request was based on the commentator responses to IASB's comment letters that is considered as a prompt action from IASB statements of SMEs.

Schiebel (2008), supports the previous opinions as this study indicates that IASB failed to identify the common information that external users need as IASB concentrated on a specific group of users in a specific country, which lead to the absence of valuable information for a wide range of external users domestically or abroad. What is more in this study, the failure of IASB to specify the common information needed by SMEs' financial information users was mainly caused by its reliance on regulators, professionals who work within the accounting body and academics' responses instead of the actual users and preparers (Schiebel, 2008).

Other studies paid significant attention to users' needs, such as banks, which are the main external users of SME's financial statements as verified in many papers

(De Mesa Graziano, 2006, Albu et al., 2010). According to Albu et al. (2010) based on a study in Romania as an emerging economy, owing to financial crises, banks tend to demand more comparable financial report with the same size enterprises which is similar to the case of the stock exchange applying full IFRS for large entities. On the other hand, a question is raised by practitioners in this study about if the company can obtain a loan from bank based on financial statements prepared according to current financial standards, why company should search for something else?

In essence, banks request adequate and detailed information about the financial position that mirror the companies' abilities to settle instalments and interest expenses (Quagli and Paoloni, 2012). By the same token, Banks are interested in debt structures and demand up to date actual and estimated cash flow statements as well as proper disclosures regarding collateral (De Mesa Graziano, 2006). At the same time, banks require adequate and subtle information as mentioned already, they are not interested in revaluation assets in fair value model, which indicate that many measurements and recognitions according to public market are not relevant for banks and other users rather than investors in public markets (Cole et al., 2009).Consequently, this may warrant the need for different financial reporting for SMEs.

SMEs are heavily dependent on loans as main sources of fund, since they do not pursue equity funding for fear of losing control over the business, therefore, their demand of financial information must be satisfied properly (Bruns and Fletcher, 2008, Berry and Robertson, 2006)

Suppliers are concerned with the average payback period while customers are not interested in financial statements. In contrast, competitors deem financial statements as a prime source of comparisons (Quagli and Paoloni, 2012).

Although the distinctions among users needs of financial information, the IASC declares that there is no need for differential reporting for SMEs' financial information users (AAA, 2006), and they endorse that the IASB replies carefully to any needs for GAAP exceptions when complexity of implementing the GAAP are being recognised (AAA, 2006).

On the contrary, some studies and professional bodies demand a specific set of accounting standards that fulfils SMEs financial information users' needs that is not cross references to other standards formalized for public companies (Sian and Roberts, 2009, AICPA, 2005). These studies also emphasise the simplification in measurements and recognitions with fewer options.

Identically, Allee and Lombardi Yohn (2009) in a study conducted in the US, state that the issuance of public financial statements is mainly subjected to several variables such as, age, size, firm growth, legal forms, and number of owners.

In response to the needs of different financial reporting, FASB and the AICPA in 2006 issued a proposal that is called, *"Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies"* (FASB, 2006).

Similarly furthermore, IASB in 2007 issued the exposure draft (ED) which proposed international financial reporting standards for small and medium size enterprises that abbreviated as IFRS for SMEs (IASB, 2009e). Afterwards, IFRS for SMEs was issued by IASB in 2009 (IASB, 2009c).

Thus, alongside the main SMEs financial statements users, the likelihood of differential financial reporting needs will be investigated by examining the potential challenges that may face SMEs stakeholders in terms of preparing and using the financial information presented in accordance with full IFRS.

2.11 Cost and benefits of SMEs financial reporting

The cost and benefit consideration has occupied priority in developing and issuing the standards across jurisdictions. In terms of SMEs financial reporting, there is an obvious argument regarding the costs and benefits of SMEs financial reporting. For instance, Kitching (2006) indicates that publishing and preparing financial reports may impose some disproportionate costs on SMEs as the regulatory costs are fixed.

Thus, SMEs may incur higher costs compared to larger entities due to the lack of expertise as well as the inability to allocate these costs across large scale of operations (Kitching, 2006). This may be traced back to fact that SMEs are obligated to prepare the financial statements according to accounting standards that are not designed for them (Dang-Duc, 2011). Conversely, these costs are likely to be less than those incurred by larger entities (Arrunada, 2008).

However, Haller and Eirle (2008) show that SMEs incur comparatively higher costs for their compliance with financial reporting standards rather than listed entities. For this reason, the European Commission (2009b) exempted the small entities from preparing and publishing annual reports, to eliminate the undue burdens resulting from reporting requirements in addition to the purpose of reducing costs, which were approximately £1000 annually.

Nevertheless, this exemption may be attributed to managerial costs as preparing financial reports are still needed by those firms for other purposes such as tax declarations, finance purposes, and possible business contract, which in turn expose those firms to a less secure environment business (Ploybut, 2012). In this respect, Arrunada (2008) contradicts the European Commission's decision as it underestimated the benefits that can be derived from publishing financial reports such as enhancing the credit assessments by creditors and banks, while if the firms do not satisfy the reporting requirements, this will increase the cost of obtaining the financial information among contractual parties in comparison with costs when publishing this information.

Several benefits from applying accounting standards have been highlighted by Dang-Duc (2011) such as enhancing tax declarations; satisfying legal requirements; supporting loan applications; and joining in business associations. What is more, Davies (2007) cautions the absence of financial reporting standards or regulation as it could minimise the financial discipline within the firm and maximise the likelihood for financial crime and fraud.

Regarding applying international standards, a study conducted in Romania by Ionascu et al. (2007) stresses that although the costs of implementing international standards were relatively low, the benefits of harmonising the local requirement with the international standards were deemed as not essential by most finance directors. In addition, applying full IFRS for SMEs will be very costly as it may maximise the compliance cost of taxation substantially (Bohusova and Nerudova, 2007). Equally important, Fox et al. (2013) reveal that the costs of implementing full IFRS exceeded the obtained benefits. Similarly, Taylor (2009) stresses that the financial statements in the UK, Hong Kong and Singapore, which are prepared based on IFRSs yield relatively immaterial benefits for stakeholders compared to those prepared according to local standards.

Despite these arrangements, the cost and benefit trade-off are related to both users and preparers whereas users can recognise the benefits more than preparers while the latter group can determine the cost issues more reliably than users (Albu et al., 2010, Dang-Duc, 2011). Thus, integrating both groups of respondent is vital when examining their perceptions in terms of cost and benefit trade-off. However in this study, the perception regarding the cost and benefit of applying IFRS for SMEs in the Jordanian context will be investigated from the preparers' points of view only, owing to including some technical matters.

2.12 Conceptual framework for SMEs

IFRS for SMEs was not the first endeavour to develop a specific set of accounting standards for SMEs. In 1997, the Financial Reporting Standards for Smaller Entities (FRSSE) was passed by the Accounting Standards Board in the UK (ABS), which intended to alleviate the burdens of small entities associated with the use and preparation of financial statements (McAleese, 2001). The core objective of FRSSE is "*to ensure that reporting entities falling within its scope provide in their financial statements information about the financial position, performance and financial adaptability of the entity that is useful to users in assessing the stewardship of management and for making economic decisions, recognising that the balance between users' needs in respect of stewardship and economic decisions' making for smaller entities is different from that for other reporting entities"* (ASB, 2008:14).

Accordingly, the decision making and stewardship are determined as the main role of financial statements prepared under FRSSE. However, the absence of enough explanations as to how the two objectives diverged was evident as well as making weighty simplifications on disclosures requirements rather than on measurements and recognition rules (Jarvis and Collis, 2003). Whereas FRSSE was not sufficiently simplified so as to meet the users' needs for accounting information and to mitigate the burdens of financial reporting for small entities, this has been concluded based on a survey of Irish accounting practitioners and interviews with the main constituency of financial reporting for small entities respectively (McAleese, 2001, John and Healeas, 2000).

Recently, a specific set of accounting standards for SMEs are adopted in several jurisdictions regardless of whether the full IFRS is implemented. For instance, Canada has constituted a distinct set of standards for non-public firms, which known as *"Accounting Standards for Private Enterprises"* and were formed based on the conceptual framework for public firms that concentrates on investors' and creditors' needs (AcSB, 2009). Moreover, AICPA proposed a Financial Reporting Framework for Small- and Medium-Sized Entities (FRF for SMEs) in 2012 that is designed for non-public companies and for private profit companies which will be exempted from preparing financial reports in accordance with US GAAP applicable to listed companies in SEC (AICPA, 2012a).

Numerous countries decided to implement IFRS for SMEs whereas 74 countries are in the position of adopting or planning to adopt the IFRS for SMEs as will be illustrated in section 2.17. (Pacter, 2011a, Pacter, 2011b).

A concise overview of the development of IFRS for SMEs is presented in the subsequent section, followed by IFRS for SMEs overview, scope and objectives of financial statements are covered within the inside look in IFRS for SMEs section.

2.12.1 Development of IFRS for SMEs

The proposal regarding the crucial need for different financial reporting for SMEs was announced by Jordanian delegation members to the IASC during the time of the last century, which indicated that the standards issued by IASC were extremely complicated for SMEs to follow (Rundfelt, 2007). Later, IASC was replaced by IASB and admittedly, in spite of the previous proposal rejection as IASB believed that all firms must adhere to the same set of standards regardless of their size or whether they are public companies or not, IASB asserted that users of SMEs financial information demands are substantially different to those of public companies (Rundfelt, 2007). In addition, the need for a simpler set of standards for SMEs has been raised, because of the complexity of full IFRS and the rules in many jurisdictions to prepare financial reports in compliance with full IFRS (Devi, 2003, Epstein and Jermakowicz, 2007).

In 2001, IASB commence took an actions towards constituting and developing international accounting standards that are more applicable and suitable for SMEs while paying considerable attention and focus to emerging economies (Aamir and Farooq, 2010).

Consequently, discussion paper was formed by IASB in 2004 that is named: "*Preliminary Views on Accounting Standards for Small and Medium-sized Entities"*. The paper published to receive comments from all over the world. IASB gave only 90 days in order to receive comments for SME's discussion paper (IASB, 2009e). The emphasis and focus were attributed directly with nine issues, which have been formulated into main nine questions that divided into three to five sub-questions (IASB, 2004a). The core nine questions are illustrated in Table 2.3.

Table 2.3: issues in Preliminary Views on Accounting Standards for Small and Medium-sized Entities.

"issues in discussion paper
1- Should the IASB develop special financial reporting standards for SMEs?
2- What should be the objectives of a set of financial reporting standards for SMEs?
3- For which entities would IASB standards for SMEs be intended?
4- If IASB standards do not address a particular accounting recognitions or measurements issue confronting an entity, how should that entity resolve the issue?
5- May an entity use IASB standards for SMEs elect to follow the treatment permitted in an IFRS that differ from the treatment in the related IASB standard for SMEs?
6- How should the board approach the development of IASB standards for SMEs? To what extent should the foundation of SME standards be the concepts and principles and related mandatory guidance in IFRSs?
7- If IASB standards for SMEs are built on the concepts and principles and related mandatory guidance in full IFRS, what should be the basis for modifying those concepts and principles for SMEs?
8- In what format should IASB standards for SMEs be published?

9- *Are there any matter related to how the board should approach its project to develop standards for SMEs that you would like to bring to the board attention?”*

Source: *adopted from (IASB, 2004a, Ram, 2012).*

Subsequently, IASB issued “*the staff questionnaire on recognition and measurement simplification”* in 2005, which encompasses two key areas that are related to (IASB, 2005b):

1. Specifying the area within IFRS for which simplification in recognition and measurement is needed to be applicable to SMEs, and also the problems that could appear from the complexity of those measurements and recognition must be determined in addition to the possible solution.
2. Determining the topics within IFRSs that are irrelevant to SMEs, which might be omitted from SMEs standards.

The number of distributed questionnaires was 120 that were sent to 40 countries. IASB received 101 questionnaires (IASB, 2005b, Ram, 2012).

In February 2007 IASB has passed the exposure draft of IFRS for SMEs accompanied with basic for conclusion document after principally taking all comments and responses in discussion paper as well as staff questionnaire into consideration (Ram, 2012). The goal of this proposal is to produce simpler and a self-explanatory set of accounting standards for smaller and unlisted companies based on full IFRS that enhances the comparability and mitigates the burden of preparing financial statements in both developed and emerging markets (IASB, 2007). The content has been derived from full IFRS by utilising the top-down approach (Pacter, 2009). All modification of content and differences of concepts between this proposal and full IFRS were justified according to cost and benefit consideration, accounting expertise of SMEs, and users’ needs (Pacter, 2009). A field test was undertaken in various countries in order to highlight the problems that may impede the application of IFRS for SMEs (IASB, 2009e). The responses to the field study which included a sample of 116 small entities from 20 diverse jurisdictions as well as some literature on ED of IFRS for SMEs identified some concerns regarding the following issues:

Firstly, IASB uses the conceptual framework of IASB from 1989, even though the response to the discussion paper support the motion of relying on full IFRS to develop standards for SMEs, Evans et al. (2005) criticise using IASB conceptual framework in 1989 as it is subjective toward listed firms as it was established for larger firms.

Secondly, according to analysis of the responses of the discussion paper, Baskerville and Cordery (2006) report that a high portion of stakeholders stress on the stewardship objective of SMEs' financial statements while Botosan et al. (2006) comment that the stewardship objective is essential for all companies regardless of their size, which does not lead to a distinct need for users of private entities financial statements.

Thirdly, the difficulty in specifying what kind of entities are qualified to use IFRS for SMEs, is caused by discarding the definition of SMEs according to size that was replaced by utilising the terms of public accountability which was an imprecise definition as the definition encompasses a wide range of companies (Ploybut, 2012, Evans et al., 2005). Companies under SMEs words include small and large non-public accountability entities (Pacter, 2008).

Fourthly, Shearer (2007) insists that these standards are only suitable for medium and large companies with around 50 employees and more whilst are very burdensome for micro or small entities. This may be traced back to the use of the number 50 for employees as an indicator for SMEs. That is utilised by IASB when developing and determining the content of ED of IFRS for SMEs (IASB, 2007).

Finally, the ED identifies a wide range of stakeholders who need general purpose financial statements (IASB, 2007). They are very limited and in most circumstances refer only to banks, tax authorities, and owners (Haller and Eierle, 2007, Lungu et al., 2007).

Alongside these concerns, the process of developing IFRS for SMEs has been criticised in many aspects such as, lack of studies on SMEs users' needs, failing to explain the fundamentals over utilising or omitting topics from full IFRS, and the low portion of users participating in this process (Evans, 2010). Equally important, Di Pietra et al. (2008) questions whether the needs and circumstances of developing countries have been considered as IASB declared that ED of IFRS for SMEs is of great relevance to these emerging economies.

Although the standards has been renamed as IFRS for Private Entities, which has been adjusted afterward to become IFRS for Non-Public Accountable Entities, it has been issued by IASB as IFRS for SMEs in 2009 after taking the response to ED into consideration (IASB, 2009e).

2.12.2 IFRS for SMEs (overview)

SMEs saliently enhance economies in many aspects such as, employment, sales revenues, innovation and exporting activities (OECD, 2002). In addition, they satisfy several social objectives and attract significant foreign direct investments (FDI) (Erixon, 2009). Due to these facts, SMEs are given the priority by governments and standards setters in order to sustain and strengthen economies around the world. In line with this objective, SMEs need different financial reporting than larger entities as the financial statements presented by SMEs are very important for users to make wise economic decisions, even though there have been some opposing opinions regarding the need of different financial reporting as illustrated in section (SMEs and corporate reporting needs). In order to achieve these objectives, as well as enhancing and simplifying the comparability of accounting information across jurisdictions, accounting standards setters contribute significantly in developing accounting standards that aim to satisfy the need of SMEs' users of accounting information without giving priority to any specific group of users at the expense of any other groups (Aamir and Farooq, 2010). In this context also, the UK Better Regulation Task Force (2005) determined several conditions for regulation to be deemed as good and relevant standards as possible to small entities, these five conditions are summarised as follows:

1- Proportionality. Regulation takes place only when there are signs of risk or cost incurrence.

2- Accountability. Regulators can justify the undertaken decisions.

3- Consistency. The standards and governments' instructions and law such as company law, must be combined.

4- Transparency. Regulation must be understandable and simple.

5- Targeting: Regulations concentrate on solving problems pertaining to those kinds of entities.

In response to these demands, FASB and AICPA (2006) issued a proposal that is called, *"Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies."* It states, *"FASB and the AICPA recognise the need to carefully evaluate whether financial reporting standards meet the needs of users of private company financial reports and whether the changes can be implemented by private companies in a cost-effective manner."* (iii). Private companies are not exactly specified based on size or other quantitative characteristics in the proposal. Instead, private companies, under the assumption of FASB and the AICPA are those whose shares are not traded within public markets and are not a non-profit organisation (Christie et al., 2010).

In response to this proposal, AICPA proposed a Financial Reporting Framework for Small- and Medium-Sized Entities (FRF for SMEs) in 2012 that is designed for non-public companies and for private profit companies which will be exempted from preparing financial reports in accordance with US GAAP applicable to listed companies in SEC. An exposure draft of this proposed financial reporting option has been issued to stakeholders in a private company in order to attain feedback. The exact time for comments to be received was January 30, 2013 (AICPA, 2012a).

Furthermore, IASB in 2007 issued the exposure draft (ED), which proposed international financial reporting standards for small and medium size enterprises that abbreviated as *IFRS for SMEs* (IASB 2007:15). This ED defines the objective of financial statements of SMEs as being *"to provide information about the financial position, performance and cash flows of the entity that is useful for economic-decision making by a broad range of users who are not in a position to demand reports tailored to meet their particular information needs"* (IASB 2007:15). Afterwards, IFRS for SMEs was issued by IASB in July 2009 (IASB, 2009b).

For the purpose of this study, only IFRS for SMEs will be investigated as it is organised by referring to international financial reporting standards while FRF is for US private companies which apply US GAAP.
IFRS for SMEs represent a substantial stage of conversion of financial reporting practices. IFRS for SMEs will increase the quality of accounting information, facilitate the comparability of financial information around the world and, not least,

simplify the process of obtaining finance (Neag et al., 2009). Conversion to full IFRS might be difficult and would reduce the comparability across countries (Fearnley and Hines, 2007).

For the purpose of reducing the difficulties of understanding IFRS for SMEs, IASB simplified the recognition, measurement and options compared to full IFRS, taking into account also the cost and benefit trade-off. In addition, IASB released implementation guidance which explains these standards by using examples relate to financial statements and a disclosure checklist (IASB, 2009d).

Full IFRS was formalised to satisfy the needs of investors in public markets. SMEs do not need to offer a massive amount of financial information like public companies that apply full IFRS. The main purpose of IASB when issuing IFRS for SMEs is to satisfy SMEs users, The key objectives of IFRS for SMEs are as follows (Müllerova et al., 2010b):

1- Specifying a unified set of accounting standards that are simpler and understandable as well as providing users with high-quality financial information.
2- Reducing the financial barriers.
3- Simplifying the transfer to full IFRS if non-public firms decide to convert into public ones.
4- Fulfilling the needs of SMEs' users of financial information without focusing on a particular group of users.

By the same token, IASB assumes that IFRS for SMEs will result in improving the comparability of financial statements as well as reducing the cost associated with sustaining standards on a national basis (Müllerova et al., 2010b). In this context also, Jermakowicz and Epstein (2010) indicated that IFRS for SMEs signify positively in improving the comparability, transparency and the reliability of accounting information which results in enhancing the ability of SMEs' stakeholders to make informed decisions.

2.12.3 IFRS for SMEs (inside look)

Referring to sections 1.2 to section 1.5 in the IFRS for SMEs, the financial statements of entities that use this IFRS would be described as conforming to IFRS for SMEs, if they satisfy several criteria that are pertinent to SMEs' definition by IASB which states *"Small and medium-sized entities are entities that (IASB, 2009c):*

> *(a) Do not have* ***public accountability****, and*
>
> *(b) Publish* ***general purpose financial statements*** *for external users. Examples of external users include owners who are not involved in managing the business, existing and potential creditors, and credit rating agencies.*

An entity has public accountability if:

> *(a) Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market at domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or*
>
> *(b) It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.*

Some entities may also hold assets in a fiduciary capacity for a broad group of outsiders because they hold and manage financial resources entrusted to them by clients, customers or members not involved in the management of the entity.

However, if they do so for reasons incidental to a primary business (as, for example, may be the case for travel or real estate agents, schools, charitable organisations, co-operative enterprises requiring a nominal membership deposit, and sellers that receive payment in advance of delivery of the goods or services such as utility companies), that does not make them publicly accountable" (IASB, 2009:10).

In the same context, section 1.6 indicates that any subsidiary of a parent company or that belongs to a consolidated group which applies full IFRS, can use IFRS for SMEs and then its financial statements are considered to be described as conforming with IFRS for SMEs providing that it is non- publicly accountable entity. Therefore, subsidiaries that are non-publically accountable entities have the options of either adopting full IFRS in their separate individual account or adopting IFRS for SMEs in their separate individual account and then transfer the financial statements to full IFRS when preparing the consolidated financial statements(IASB, 2009c). IFRS for SMEs are organised into 35 topics which cover (European Commission, 2009a):

1- Concepts and pervasive principles, these concepts and principles are based on the "Framework" 11 of full IFRS.
2- Financial statements which must be presented.
3- The guidance regarding accounting treatments of particular transactions.

According to Basic for Conclusion 162, the standards have been organised by topic in order to be more user-friendly as IFRS for SMEs will be manually referenced and increase users' abilities to link the topics back to full IFRS (IASB, 2009e).

The disclosure requirements of full IFRS have been relaxed in IFRS for SMEs and several irrelevant topics such as earning per shares and issuance insurance have been omitted. In addition, some recognitions, measurements and options have been simplified (Fitzpatrick and Frank, 2009).

The objectives of financial statements of small and medium size enterprises as determined by IFRS for SMEs in section 2.2 and 2.3 are (IASB, 2009c):

1- Providing information about an entity's financial position, performance and the cash flow which are useful for a wide range of users without focusing on a particular group of users who are in the position of demanding information tailored to their specific needs of accounting information.
2- Financial statements reflect the outcomes of management's stewardship and its accountability for the resources entrusted to them.

IASB (2009c), in IFRS for SMEs (section 2.4- 2.14) stipulated numerous qualitative characteristics as to financial information in the financial statements, which are illustrated as follows:

1- Understandability: that is comprehensive and understandable by stakeholders who have a reasonable level of knowledge in accounting and other business transactions. On the other hand, this does not imply and allow the elimination of relevant topics on the basis that these topics are relatively complex or difficult for users to understand.

2- Relevance: financial information must influence the decisions undertaken, by assisting the users in evaluating events, conforming or correcting the evaluation.

3- Materiality: relies on the size of items of which the omission could lead to misstatements that could affect the decisions taken by the users of financial statements. Therefore, material items are relevant.

4- Reliability: financial information in the financial statements must be free from error and bias and faithfully representative. Faithful representation is linked and created by the qualitative characteristics of substance over form, prudence and completeness.

5- Substance over form: financial information prepared according to the substance and economic reality rather than the legal form which enhance the reliability of accounting information.

6- Prudence: implies conservatism and using caution under the circumstances of uncertainty to help users to take wise decisions. Under these conditions, assets and income are not overestimated while liabilities and expenses are not underestimated. However, prudence does not indicate deliberate misstatements for either underestimating assets and income or overestimating liabilities and expenses as the exercise of prudence does not allow bias.

7- Completeness: financial information in the financial statements must be complete. However, the exercise of completeness must be applied under the consideration of materiality and the associated cost. Further, if the omission of information leads to users' misleading, the information in financial statements will be unreliable and be deficient regarding relevance.

8- Comparability: financial statements must be consistent over time and within companies so that users can determine the trends of financial position, performance and cash flow. Moreover, disclosures are required for any accounting policies implemented by entities as well as any change of those polices reflecting the change effects.

9- Timeliness: financial information must be provided within the period of relevance in which decisions being made. However, entities must make a balance between timely reporting and the reliability of accounting information. In other worlds, balance between reliability and relevance is a necessary task in order to maximise the benefits of making effective decisions.

10- Balance between benefit and cost: the benefit of using financial information must overweight the associated cost of providing accounting information.

The expected positive contributions from applying IFRS for SMEs that reflect some of these qualitative characteristics such as, comparability, relevance, understandibility, and cost and benefit consideration, will be evaluated from the preparers' perceptions.

2.12.4 Standalone document:

IASB has decided to use the top down approach instead of bottom up approach when developing international standards for SMEs based on full IFRS (IASB, 2003). The reason for this according to an interview with the chairman of the IASB, Sir David Tweedie is to minimise the difficulties that SMEs could face when growing and converting into public entities (Ram, 2012).

This raises the debate over whether a mandatory fall back to full IFRS is a must when encountering issues affecting SMEs and its need to be resolved, if not explicitly addressed in SMEs' standards. In addition, another debate is related to the *"optional reversion to full IFRS"* that allows SMEs to opt for various treatments, which are permitted under full IFRS but is not related to SMEs' standards (IASB, 2004a). In this respect, the IASB board member, Mary Barth warns that permitting the optional revision to full IFRS will open the gate to infinite options undermining the comparability of financial statements (IStaR, 2004). However, the Board members have voted to retain the optional revision to full IFRS on standard by standard basis (IStaR, 2004). Also the Board decided to apply the mandatory fall back to full IFRS (IASB, 2004b). Consequently, this would mean that SMEs' standards are not deemed as a standalone document, because the preparation of financial statements rely on both full IFRS and SMEs' standards, which is likely to amplify the financial reporting burdens that face SMEs rather than mitigate them (Ram, 2012).

Subsequently, within the response to the ED of IFRS for SMEs, around 60 per cent of respondents tend to eliminate all cross references to full IFRS whereas most of remaining respondents suggest either retaining the cross-references' number at the lowest level or remove all of these cross references in the case where there is no differences between full IFRS topics and IFRS for SMEs. The exposure draft involved 23 cross-references to full IFRS (IASB, 2009e:BC26).
In response, IASB has considered all related comments and made the IFRS for SMEs stand-alone standards except with the option of using either full IFRS or IFRS for SMEs regarding the recognitions and the measurement of all financial instruments, whereas, SMEs have the option of implementing IAS 39 providing that the disclosures are in accordance with IFRS for SMEs instead of IAS 32 or IFRS 710 (IASB, 2009e:34a,107 BC, European Commission, 2009a).

Although SMEs can use full IFRS regarding the recognitions and measurements of financial instruments as already mentioned, and given the option of using full IFRS in the case of the absence of specific guidance regarding particular topics, IFRS for SMEs is deemed as self-contained and stand-alone standards based on full IFRS but with a separate framework from full IFRS (Seifert and Lindberg, 2010, Müllerova et al., 2010b, IASB, 2009e). Entities that adopt IFRS must use one set of accounting standards that either belong to IFRS for SMEs or to full IFRS and must not use mixed standards between full IFRS and IFRS for SMEs (Seifert and Lindberg, 2010, Müllerova et al., 2010b, IASB, 2009e).

2.12.5 Differences between IFRS for SMEs and full IFRS

Fearnley and Hines (2007), indicate that the standards setters give an intensive attention to global capital market and assume that all standards which are suitable for listed multinational companies are suitable for unlisted companies with some reduction in disclosures requirements and simplifications in measurements and recognitions. The complexity of accounting standards and international transactions among companies creates doubts regarding the suitability of one set of accounting standards for all entities regardless of the company’s size (Fearnley and Hines, 2007).

IFRS for SMEs approximately contain 230 pages which is obviously much shorter than full IFRS that contains 3000 pages, in addition to that, IFRS for SMEs uses more simpler and easier translational language than the one used in the full IFRS (Müllerova et al., 2010b, Jain, 2010). IFRS for SMEs have been reduced by more than 90% in comparison to full IFRS (Jermakowicz and Epstein, 2010). This reduction was as a result of omitting topics that are in general irrelevant to SMEs, excluding several options regarding particular accounting treatments, simplifying the recognitions and measurements pertaining to particular transactions and arrangements, and minimising disclosure requirements (Jermakowicz and Epstein, 2010, Fitzpatrick and Frank, 2009, Müllerova et al., 2010b, European Commission, 2009a).

The most important amendments in the content of full IFRS resulted from the users’ need for accounting information as well as the cost and benefit trade-off are illustrated below by providing a comparison between IFRS for SMEs and full IFRS for each amended topic.

2.12.5.1 Omitted topics

Although the similarities between IFRS for SMEs and full IFRS in terms of several topics such as provisions and contingencies, hyperinflation accounting and accounting for subsequent events (Christie and Brozovsky, 2010), the IFRS for SMEs is far simpler than full IFRS due to omitting several topic that are relevant only for public companies in addition to allowing only easy options by excluding many options permitted under full IFRS that are more complex. Furthermore, IFRS for SMEs has significantly simplified various recognitions and measurements regarding particular topics as well as considerably reducing the amount of disclosure considerable because of the waiving of the disclosure requirements related to the omitted topics, options, measurements and recognitions that have been replaced with simpler measurements and recognitions (Christie and Brozovsky, 2010, Vasek, 2011, Jermakowicz and Epstein, 2010, McQuaid, 2009, Veronica and Ionel, 2010, Deloitte, 2009a).

The topics which IFRS for SMEs do not cover due to their irrelevance to SMEs are as follows (Christie and Brozovsky, 2010, McQuaid, 2009, Deloitte, 2009a):

1- Earnings per share.
2- Interim financial reporting.
3- Segment reporting.
4- Issuance of Insurance.
5- Assets held for sale.
6- Available for sale instruments.
7- Held-to-maturity instruments.

2.12.5.2 Presentation

Table (1) in appendix (A) illustrates the main differences between IFRS for SMEs and full IFRS regarding the presentation of financial information in the financial statements.

2.12.5.3 Measurements, recognitions, and options

Table (2) in appendix (A) illustrate the main differences between IFRS for SMEs and full IFRS regarding the simplification of options, measurements and recognitions of particular accounting treatments and topics.

According to the table and corresponding to European Commission, (2009), it is obvious that IFRS for SMEs uses a mixed measurements' model by allowing the use of either the historical cost model for certain accounting treatments or fair value in other transactions where it can be readily and reliably determined and sometimes permit or provide the choice of using one of these models.

2.12.5.4 Disclosures

As aforementioned, disclosure requirements have been significantly reduced by omitting those pertaining to investment decisions in public markets or relate to omitted topics, options and recognitions or measurements in the full IFRS that have been replaced by simplifications in the IFRS for SMEs (Christie and Brozovsky, 2010, Vasek, 2011, Jermakowicz and Epstein, 2010, McQuaid, 2009, Veronica and Ionel, 2010, Deloitte, 2009a).

As a result of applying the full IFRS in Jordanian companies as already mentioned, all of these differences between full IFRS and IFRS for SMEs will be empirically examined to evaluate the preparers', auditors' perceptions in Jordan regarding their agreements over IFRS for SMEs proposal by presenting the IFRS for SMEs based on its differences to full IFRS, as the IFRS for SMEs is still unused in Jordan which means their consciousness or awareness of IFRS for SMEs is very limited. Thus, they will be informed by comparing it with full IFRS, which is already in place.

2.13 The expected effects from applying IFRS for SMEs especially on accounting practices

Since IFRS for SMEs has been developed based on users' needs and cost and benefit consideration, numerous positive results are expected, which are a boost in alleviating the difficulties associated with preparation and usability of financial information.

Dang-Duc (2011), identifies some benefit that can be obtained like supporting the tax declaration and facilitating tax department work, fulfilling legal requirements, aid the internal use, enhance loan applications, and joining business association. His study however, indicates that these benefits will not affect the firms' decisions regarding applying international standards. Equally, Müllerova et al. (2010b) list the following benefits that may present from applying the IFRS for SMEs:

1. Simpler measurements and recognitions and less disclosure requirements compared to full IFRS.
2. Enriching comparability domestically and abroad for financial statements' users.
3. Increasing confidence in the prepared financial statements.
4. Decreasing the cost pertaining to maintaining and developing standards on a national basis.
5. Ease of transfer to full IFRS if the company converted into public one.

Other prior studies as to the applicability of IFRSs especially in the Jordanian context, show that applying international accounting standards is considered as crucial in improving both the effectiveness and efficiency of systems within Jordanian Public Shareholdings Companies (Matar 2009). The effective application of such standards results in making financial information more comparable across countries and domestically, which eventually leads to an increase in adequacy regarding distributing and pricing capital. Furthermore, use of the IFRS within Jordanian entities makes them able to implement these standards at a reasonable and affordable cost based on users' needs (Sulaiman, 2008). Other benefits of applying IFRS include: facilitating funding projects and simplify obtaining credit (Al-Sbatti and Abdul-Salaam, 2008). In addition, the ability of financial statements in contributing positively in the making wise decisions is increased by applying the IFRS as well as saving considerable effort and cost associated with the issue of local accounting standards for Jordanian firms (Siam, 2005). In the same fashion, IFRS is an aid to international financial language that facilitates harmonising and interpreting financial reports by stockholders (Elena et al., 2009). Equally, optimising the quality, harmonisation and comparability of financial statements are also reasons that may warrant the substantial demand to implement IFRS. Not only do the stakeholders gain the benefits of applying IFRS, but also the market efficiency is enriched simultaneously minimising the cost of capital (Aamir and Farooq, 2010). However, these advantages are only obtained by listed firms as IFRSs designed to satisfy their stakeholders' needs rather than those belonging to SMEs as already explained in section (2.10). Thus, several questions have been raised, which are pertaining to whether IFRS for SMEs will contribute positively in enhancing the accounting practices as IFRSs did for listed companies as well as mitigating the problems mentioned in section (2.10). Answering these questions is one of the main objectives of this study.

2.14 Obstacles that might impede the effective application of IFRS for SMEs in Jordan

There are several factors that must be taken into account when switching toward other accounting standards as they affect their effective implementation, which may vary across countries or even sectors. These factors are linked to either technical issues (differences between the new standards and the applied standards) or the characteristics of both organisations and countries that intend to adopt these standards. Regarding the technical issues, IASB has taken action to mitigate the effect of these issues by permitting some exemptions within a separate section in the IFRS for SMEs at the first time of adoption (IASB, 2009c, KPMG, 2010). These exceptions are applicable to SMEs regardless of the prior applied standards as indicated by IFRS for SMEs section (35.1) that states: *"This section applies to a first-time adopter of the IFRS for SMEs, regardless of whether its previous accounting framework was full IFRSs or another set of generally accepted accounting principles (GAAP) such as its national accounting standards, or another framework such as the local income tax basis"* (IASB, 2009c:204). Companies can gain benefit from these exemptions only once, but are not permitted to have these exemptions more than onec even of these companies applied the standards and subsequently break up the standards and decide to adopt them again. This would not be considered as the first time adoption as stated by section (35.2) (KPMG, 2010, IASB, 2009c). In addition these companies are exempted from retrospective application if it is impracticable to be performed (35.11) (IASB, 2009c, Ernst & Young, 2010).

The following are the mandatory and optional exceptions (IASB, 2009c: section 35.9):

Mandatory exception:

1. *"Derecognition of financial assets and financial liabilities.*
2. *Hedge accounting.*
3. *Accounting estimates.*
4. *Discontinued operations.*
5. *Measurements of non-controlling interest".*

Optional exemptions:

1. *"Business combination.*
2. *Share based payment transaction.*
3. *Fair value as deemed cost.*

4. *Revaluation as deemed cost.*
5. *Cumulative transaction differences.*
6. *Separate financial statements.*
7. *Compound financial instruments.*
8. *Deferred income tax.*
9. *Service concessions arrangements.*
10. *Extractive activities.*
11. *Arrangements containing a lease.*
12. *Decommissioning liabilities included in the cost of property, plant and equipment".*

Regarding other factors, several studies discuss these factors (such as, Strouhal et al., 2010) that determine numerous challenges might hinder the effective application of IFRS for SMEs in some central and eastern European countries, they include: the tax calculation; the necessity of providing some training courses for employees to improve their skills; education and qualification requirements; and the fact that the majority of SMEs prefer to prepare accounts for tax purposes only rather than to present fair view or for managerial decisions. The need to prepare different financial reports are the most evident obstacles that hinder the acceleration of the implementation and introduction of standards whereas general purpose financial statements differ from those for special purpose statements (Lacob and Simionescu Buse, 2010). Likewise, Strouhal (2012) based on study conducted in the Czech Republic indicates that applying new set of accounting standards like IFRS for SMEs particularly, will imply additional costs associated with preparing a second set of financial statements rather than those prepared for tax purposes. Moreover, Bohusova and Nerudova (2007) point out that applying different set of accounting standards to countries in which SMEs perform substantial amount of foreign transactions, could result in misunderstanding of the financial statements by creditors and suppliers in those countries. Therefore, harmonising the financial statements with those countries is more important than applying a coherent set of accounting standards domestically which refers to the importance of accounting responsibilities by external enterprises and other parties domestically and abroad.

Equally important, Albu et al. (2010) stress that even if the technical issues related to differences between the new standards and the applied standards can be solved by boosting the teaching quality as well as constant development programs, considering the IT systems, cost of training, and the transferability of concepts among cultures are also deemed vital.

Matar and Noor (2008) specify the main obstacles that could face SMEs when adopting international standards including: the weakness of knowledge in accounting; the failure to plan wisely foresee the future financial flows; lack of guarantees required to obtain the necessary credit and facilities as well as Finance difficulties; and weakness of accounting and internal control systems. Also, the insufficient experiences of human resources working in accounting fields, and the limited financial resources that are necessary to develop SMEs (Atteyah, 2008). Similarly, Alavvnah (2008) identifies the absence of an accounting culture among SMEs' owners and managers; their unwillingness to apply standards and preparing accounts; lack of accounting responsibilities by external enterprise; failure to separate the ownership of these enterprises from management. These are factors which might impede the application of new accounting standards.

On the other hand, accounting and management skills, cost and benefit trade-off, and the size of entities, do not directly affect the compliance with accounting standards whilst legal requirement differences and how external parties use financial information are some factors which influence compliance with accounting standards thereby the effective implementation (Dang-Duc, 2011).

Moreover, the combination of management and ownership in owners hands reduces delegation and creativity or professionalism within SMEs ((Dincer,1996) cited at Coskun and Altunisk, 2002). Okpara and Kabongo (2009), reveal that the key factors which influence SMEs are: financial constraints; corruption; lack of infrastructure; difficulties in obtaining finance from financial institutions; and weakness of managerial skills.

Equally important, Siam (2005) determine several factors which affect the application of international accounting standards pertaining to the differences between Jordan and the countries which developed these standards such as: the taxation law; the existence of various laws and legislations across jurisdictions; the inconsistency of professional bodies and associations delegated to monitor accounting practice and the profession; the variances in economic and social situations; the difference regarding concepts as well as behaviours and prevailing values among countries; and last but not least the cultural and civilisation dissimilarities.

Regarding the concept and culture, Alexander and Servalh (2009) suggest that transferring concepts amongst accounting cultures is difficult .

For the purpose of this study, identifying the major obstacles, which could impede the effective adoption of IFRS for SMEs, is one of the main objectives that will be addressed in this study.

2.15 How countries respond to adopting the IFRS for SMEs

According to IASB (2009c), the adoption of IFRS for SMEs is voluntary, given that each jurisdiction can either decide to implement it or not as well as shaping the scope of entities which are permitted to apply IFRS for SMEs. It is noticeable that the numbers of countries in which implement the IFRS for SMEs in their statutory accounts or permit it has progressively increased to 74 countries who required it, mandatorily, or voluntarily, or are in the process of applying it (Pacter, 2011b). For instance, although AICPA issued FRF for SMEs in the USA, IFRS for SMEs are permitted as a basic for preparing financial statements by unlisted firms in the United States. Likewise, the UK considered the adoption of the Proposed Financial Reporting Standards for Small and Medium- sized Entities (FRSME), which has been constituted based on IFRS for SMEs with slight adjustments that suit the business conditions and company law in the UK (Ploybut, 2012).

IASB surveyed national standards setters participating in the world standards setters' meeting in 2011 regarding how jurisdictions adopt IFRS for SMEs or the reason behind their non-adoption (Pacter, 2011b). The results are in Table (2.4)

Table 2.4: Response to the IFRS for SMEs by some jurisdictions

Source: adopted from (Ploybut, 2012) from (Pacter, 2011b)

Countries (n=33)	Adopted (n=11)				Not adopted (n=22)					Issues raised by participants
	No modification	**Modification**	**Mandatory**	**Optional**	**Local GAAP required**	**Too difficult for our**	**SMEs prefer tax account**	**Other**	**Under study**	
Africa & Middle East :										
Sierra Leone	✔		✔							
South Africa	✔			✔						
Tunisia					✔					
Lebanon	✔			✔						Not formally adopted
Asia& Pacific :										
Cambodia	✔		✔							
Hong Kong		✔		✔						Some change in sec 29: Income taxes
India					✔				✔	
Indonesia					✔	✔				
Japan					✔			✔		Not adopt full IFRS
Malaysia									✔	
Singapore	✔		✔							
Taiwan					✔	✔			✔	
Australia					✔					Reduced disclosure requirements
Europe :										
Austria					✔		✔			
Belgium					✔	✔	✔			
Czech Republic					✔					
Denmark					✔			✔	✔	Possible conflict with EU directive
Germany					✔					
Kosovo								✔		Not required for micro entity
Malta					✔					
Netherlands					✔					
Poland					✔					

Slovakia					✔		✔			
North American& other										
Canada					✔					
USA	✔			✔						Can opt for UAS GAAP
Argentina	✔			✔						
Brazil		✔	✔							Eliminate some allowed alternative
Mexico					✔					
Bahamas	✔		✔							
Trinidad	✔		✔							
Albania					✔					
Norway					✔				✔	
Russian Federation					✔	✔	✔			
Total	8	2	6	5	20	4	4	3	5	
Note: *if the IFRS for SMEs is optional, full IFRS, national GAAP and other basis is permitted.*										

Referring to the above table, approximately 67 per cent of participating countries do not use IFRS for SMEs, for many reason such as: adoption of their local GAAP; they consider IFRS for SMEs as a complex set of accounting standards for their SMEs; or they prefer to prepare tax account instead. The adoption of IFRS for SMEs was optional in many countries without modification, for instance, South Africa, Lebanon, USA, and Argentina while it was mandatory in other jurisdictions such as, Cambodia, Singapore, and Bahamas. The adoption in Brazil was mandatory with some modification while in Hong Kong was optional with some modification (Pacter, 2011b, Ploybut, 2012).

2.16 Other studies in the applicability of IFRS for SMEs

Recently, because of publishing the IFRS for SMEs by IASB, some research has been carried out, which aims at exploring stakeholders' opinions regarding the applicability and suitability of IFRS for SMEs in various countries.

The applicability of IFRS in emerging and developing economies is questioned by academics and practitioners alike (Singh and Newberry, 2008a), due to the fact that these economies have no influence on the standard setting (Singh and Newberry, 2008a). Nevertheless these standards are the best option for emerging and developing economies to use if they wish to play a part in the global financial market. In fact, they have also proven advantageous in European markets, where applying IFRS instead of local standards has raised credit ratings of SMEs (Zuelch and Burghardt, 2010).

For this purpose, several studies examined the applicability of FRS for SMEs in different contexts such as, Vasek (2011) who evaluated the benefits and deficiencies of applying IFRS for SMEs as well as presented a fundamental comparison between IFRS for SMEs and full IFRS. Moreover, this study investigated the reaction of some countries such as Central, South America and Africa, in addition to the UK and Ireland who had discussions to replace the current applied GAAP with IFRS for SMEs. There were also 19 European member states which presented a positive expectation to include IFRS for SMEs within EU accounting legal framework while only 6 members were not in favour of using it. Similarly, although IFRS for SMEs include shorter instructions for users, it enhances the comparability, transparency, understandability, and the confidence of users in SMEs accounts as it is designed predominantly for SMEs (Nguyen, 2010, Kılıç et al., 2014). In addition, Lozada Rivera (2015) highlighted that disclosure requirements under IFRS for SMEs shows simplicity in the adoption. Similarly, The adoption of IFRS for SMEs will improve the quality of accounting information as well as maintain a good internal control system (Collis, 2008). However, Toma (2011) contends that despite the simplifications made, IFRS for SMEs is still not satisfactorily satisfy the needs of SMEs' users.

In November 2009, the European Commission and Internal Market and Services called for comments on questions contained within the consultation paper that was published in the form of a linked document sheet. The main aim of the consultation paper was to identify the perceptions of EU stakeholders regarding the usefulness of IFRS for SMEs. The respondents were targeted and divided into four categories which were preparers, users, public authorities and auditors (European Commission, 2009a). The primary consideration and reaction to these standards were diverse, some commentators on this questionnaire gave a positive evaluation of IFRS for SMEs in many considerations, for instance, reducing the burden of obtaining finance, minimising the cost of capital, fostering trade as well as international acquisitions, and increasing the usefulness and the quality of accounting information. Conversely, some respondents showed scepticism regarding simplifications of IFRS for SMEs which is still too complex for small businesses in their view. There is also inevitable cost attributed to modifying the accounting systems or training the employees, and the tax liabilities effect that could result from the transition from local GAAP to IFRS for SMEs. There might be also the possible scenario of a reduction of the audit choice when auditors come to audit small firms according to IFRS for SMEs, as auditors experience a relatively seamless process and robust position when they audit IFRS accounts, which may lead to an increase in audit fees and undue account preparation costs (European Commission, 2009a). However, the results show strong support for applying IFRS for SMEs within the European accounting framework whereas a high proportion of supporters proposed to apply the standards to medium and large firms as well as the international group of companies (European Commission, 2009a). However, the report results of the European Commission (2010) also indicated that in countries which are characterised as having a sturdy association among accounting, profit distribution, and taxation, adoption of IFRS for SMEs could lead to *"duplicating reporting requirements"* (P:2). To put it another way, firms would be compelled to prepare numerous sets of accounts for either tax or statutory accounts.

In this respect, Quagli and Paoloni (2012) critique the consistency amongst the European Commission questionnaire respondents, based on various views between users and preparers of financial statements, taking into account the number of preparers who responded to the EU Commission questionnaire, that were significantly more than the users' number, and without including the responses obtained from other groups such as auditors and regulators in this analysis. The main purposes of this study are to ascertain whether the users and preparers have a positive expectation regarding the application of IFRS for SMEs or have an opposite one differed from standard setters, and to confirm whether or not the responses have been influenced by the countries in which users and preparers operate (Quagli and Paoloni, 2012). This study reveals that the users appreciate the issuance of these standards as they prefer the principles-based approach for directives rather than a rule-based approach and they were more favourably about

IFRS for SMEs than the preparers who express a contradict position to include these standards in the EU directive. Furthermore, the replies to the EU commission questionnaire were varied across countries regarding the willingness to include IFRS for SMEs in the EU accounting framework, where the German speaking and Latin countries do not favour the inclusion of IFRS for SMEs in a EU directive, or at least, the response from these code law countries demonstrates that the application of IFRS for SMEs must be precluded from the mandatory application and to be optional instead, at the country and company level (Quagli and Paoloni, 2012). In appraising the responses as a whole, the inclusion of IFRS for SMEs is not generally desirable due to many reasons such as; the emphasis on investors' needs rather than other SMEs stakeholders as the simplification of the full IFRS still acts in the investors' interests at the expense of other stakeholders; several problems associated with taxation; the probable undermining of comparability within European countries that could result from applying IFRS for SMEs in a voluntary way in particular countries or companies (Quagli and Paoloni, 2012). The findings of the latter study is in line with a study conducted by Sian and Roberts (2008) performed on ED of IFRS for SMEs by interviewing owners, accountants, and users of small firms in developed and developing countries like the UK and Kenya, which realise that the majority of stakeholders consider this draft too complex to implement especially for micro entities, whereas respondents from Kenya preferred to have a separate set of accounting standards for small entities, those from the UK did not. The variances can be justified based on the different financial reporting framework for small entities in these countries, taking into account that firms in Kenya were mandatorily required to apply full IFRS, but UK small companies can prepare their financial statements in accordance with FRSSE (Sian and Roberts, 2008).

Furthermore, in the European context, Eierle and Haller (2009) conducted a study in Germany in order to investigate many issues pertaining to the applicability of IFRS for SMEs such as: the suitability of IFRS for SMEs in the form of ED that was issued in 2007 by IASB; the influence of the company's size; the cost and benefits trade-off pertaining to certain accounting methods; and the relevance of several accounting topics. Based on questionnaires distributed to small and medium size enterprise managers, this study shows that the reluctance of companies to apply IFRS for SMEs was manifest. In addition, the size effect, with respect to management structure, influences the suitability of applying several accounting methods and the relevance of certain accounting topics such as sale of business, share-based payments, hedging transactions, and investment in listed companies. The cost and benefit trade-off also varies across size cluster that has been examined even though the size does not influence the cost and benefit assessment as concluded by this study (Eierle and Haller, 2009). The reason behind the variance responses across firm size clusters can be attributed directly to the level of IFRS knowledge whereas this knowledge was found to be greater in larger entities, which may in turn affect the respondents' perceptions regarding the cost and benefit of the ED of IFRS for SMEs (Eierle and Haller, 2009). In the same way, Quagli and Paoloni (2012) confirm that, in addition to the finance and operation peculiarities of SMEs, their size directly influences the preference to adopt IFRS for SMEs. On the other extreme, if the full IFRS is considered appropriate for most limited liability companies plus micro firms, the IFRS for SMEs will be suitable as well (Göransson, 2008). And more likely to be adopted by countries that cannot develop local accounting standards or their own GAAP, especially for those jurisdictions where full IFRS are applied (Kaya and Koch, 2015). Like Estonian that was successful in implementing IFRS for SMEs (Alver et al., 2014).

In the USA, Christie and Brozovsky (2010) come to the conclusion by analysing the Deloitte survey of private companies that incentives or additional education and training courses are necessary due to 43% of respondents being unaware of IFRS for SMEs. However, 62% of respondents affirm that they would convert to IFRS for SMEs when it becomes mandatory (Deloitte, 2009b). Besides that, Christie and Brozovsky (2010) point out that simplification of these standards would probably encourage users of SMEs' financial statements who usually encounter difficulties in understanding the economic transactions presented in financial statements and could possibly reduce the costs attributed to implementing U.S GAAP. In comparison, U.S preparers and auditors generally agree with IASB member James.J. Leisnring who indicates that the full IFRS must be the only applied set of standards (Christie and Brozovsky, 2010). His argument is underpinned by the possible lack of comparability triggered by producing an additional set of standards which differ from the Constitution of the International Standards Committee Foundation having only a sole set of standards (Christie and Brozovsky, 2010).

In the context of developing countries, the key benefits of applying IFRS for SMEs were identified by Feleagă et al. (2008), they are the enhancement of financial information communication and the use of this information via managers, whilst the disadvantages are attributed to the translation of such standards into Romanian as well as the training of employees on their application. Moreover, Veronica and Ionel (2010) also analyse the prospective advantages and disadvantages of implementing IFRS for SMEs in the context of Romania. This study concluded that the implementation of IFRS for SMEs is an inevitable action especially as the professional and local body in Romania cannot develop a distinctive quality of accounting standards that fit SMEs in Romania. Besides, Albu et al. (2010) support Veronica and Ionel (2010) points of view regarding the implementation of IFRS for SMEs in Romania due to the inconsistencies in the applied standards which are known as OMFP 1752. However, Albu et al. (2010) also add to the literature by undertaking numerous interviews with preparers and regulators to see whether the implementation of IFRS for SMEs varies across countries due to prior accounting backgrounds experienced in various countries. Where a strong linkage between the taxation system and accounting system has been found in the Czech Republic, it involves incurring extra costs if IFRS for SMEs are implemented due to the necessity of preparing a second set of financial statements for tax purposes (Strouhal, 2012). Also Ploybut (2012), indicates that any benefit gained by cost reductions resulted from applying IFRS for SMEs will be lost due to the need to prepare a second set of financial reports for tax purpose. Therefore, Hasan et al. (2014) suggested that developing countries that encounter problems in the adoption of the IFRS for SMEs must consider a practical response in forthcoming reviews for IFRS for SMEs, to benefits from these standards. As it represents a simple select in comparison with the full IFRS (Lozada Rivera and Ríos Figueroa, 2014).

Stainbank (2010), assesses previous studies in terms of the need for deferential reporting all over the world and the process of IASB as well as the process of standard setter in South Africa, in the light of analysing the financial reporting environment in South African companies. This study supports the view that the implementation of ED of IFRS for SMEs in South Africa was the best action undertaken to assist the non-public companies in waiving the cost associated with complying with full IFRS. In addition, this draft is deemed as feasible as full IFRS for auditors to express an opinion on the faithfulness and the accuracy of the financial statements' presentation. However, small businesses in Ghana do not need internationally comparable financial reports because of the limited structures of internationalism (Aboagye-Otchere and Agbeibor, 2012). In addition, this study proves that the majority of topics addressed in these standards are not relevant to small business as the firm's size, legal form, and the number of owners influence the suitability of applying the standards. This is in line to the study carried out by Stephena and Dickson (2010) that revealed uncertainty amongst academics regarding whether IFRS for SMEs would reduce the reporting burdens facing SMEs. In contrast, Dang-Duc (2011) clarifies some factors that do not directly affected the compliance with accounting standards by SMEs in Vietnam, such as: size; cost and benefit consideration; management and accounting skills; whilst the legal requirements and external users perception have an evident effect.

Another study conducted in South Africa was performed by Wyk and Rossouw (2009) that aims to: identify whether the exposure draft of IFRS for SMEs issued in 2007 will reduce the obstacles facing SMEs in terms of financial reporting practices; whether the target of 50 employees specified by IFRS for SMEs is consistent with representative SMEs in South Africa; whether there is a need for omitting additional topics from IFRS for SMEs; and determine several recognitions and measurements that could be simplified. In this study 242 questionnaires have been received by the preparers of financial statements of whom the majority of respondents were from public practice. This study revealed contrasting findings compared to Stainbank (2010) on several points such as, the doubt which existed among respondents regarding the ability of IFRS for SMEs to minimise the barriers associated with financial reporting, and the overestimation of the typical size of SMEs in terms of employees' number which has been specified by IASB for the standards to be targeted, it is far larger than the size of SMEs that operate in the South African business environment, and the inapplicability of several topics within this draft to SMEs which must be considered for omitting or further simplification such as: impairment of assets, related party disclosures, intangible assets, government grants, employees benefits, non-current assets held for sale and foreign exchange rates.

Albu et al. (2013), inspected the users' perceptions across four emerging economies that are: the Czech Republic; Hungary; Romania; and Turkey in respect to the potential adoption of the IFRS for SMEs. They revealed that the majority of the preparers preferred the convergence approach for the IFRS for SMEs. While, users favoured the mandatory implementation more than convergence approach.

2.17 SMEs in emerging economies and the nature of financial reporting

According to AL-Mahrouq (2010), small and medium size enterprises form an integral part of the private sector worldwide. Not only do they employ near enough 60 percent of the labour force in the world but they also directly influence the output. SME's have a considerable importance in providing employment, fulfilling social objectives and also drawing substantial foreign reserves into a country.

With references to (Rodney et al., 2009, OECD, 2002), SMEs have an important role in the development of economies in most countries. SMEs directly influence sales revenues, increasing the rate of employment and boosting export.

The implications of small and medium size enterprises are easily visible, mostly in developing countries. SMEs have a positive impact on economic growth whilst also enhancing technological processes, however they are also regarded as being more efficient than larger organisations in innovation and development (Mulhern, 1995, Carrier, 1994).

In the case of the Middle East and North Africa region (MENA), it is evident that SMEs are the driving force of employment creation, development, growth, and economic expansion. Over 85% of organisations in the MENA region are SMEs while more than 90% of these employ less than 50 workers. Consequently SMEs in the MENA region add to more than 2/3 of overall formal employment adding a sizeable share of value in GDP (60% GDP), which clearly shows how predominant SMEs are in MENA economies (Kandah, 2011).

On the other hand it has been argued by Arinaitwe (2006) that the likelihood of SMEs failing in developing countries is considerably higher than in other countries. Notwithstanding that it has been stated by Okpara and Kabongo (2009) that research shows that the growth of SMEs is obstructed for a number of reasons such as corruption, financial limitations and lack of managerial skills. Therefore, in order to have a sustainable economy in developing countries, it is essential to develop SMEs.

2.18 Financial reporting for developing countries

Developing countries are increasingly attempting to be a part of the global economy. This is due to the increase in multinational organisation exercises, economic co-operation and political unifications among developing countries which in turn requires more transparent financial information (Alp and Ustundag, 2009).

There has also been a significant increase in the adoption of the IFRS (International Financial Reporting Standards). This is mainly due to more interest in global accounting harmonisation. According to reports, there are approximately 100 countries that have a policy of convergence with IFRS. However there are still many countries, which do not adopt the International Financial Reporting Standards. The majority of these countries are developing countries (Bova, 2007).

The divergence of accounting in emerging and transitional economies was discussed at the recent IASB symposium where the attendees made a number of statements. For example it was stated that; *“emerging markets and transition economies should build up a clear concept about the international convergence of accounting and take active steps to develop a plan on convergence with IFRS; the international convergence of accounting is the irreversible trend and direction of development”* (Bova, 2007:1). The IASB continuously praises the positive effects that an internationally harmonised reporting system could have on mitigating information asymmetries in emerging economies.

This raises a number of questions; for example would the adoption of IFRS as a national standard be sufficient enough to create positive market effects? Questions such as this are integral when considering recent reports, which suggests that IFRS compliance levels following IFRS adoption are heterogeneous across firms (Street and Gray, 2001, Bryant et al., 1999).

Two important questions are highlighted with the existence of heterogeneity in IFRS compliance, *“What accounts for the heterogeneity? Does heterogeneity in IFRS* *compliance levels mute the benefits of IFRS adoption frequently lauded by the IASB"?* (Bova, 2007:1).

According to Haller and Eirle, (2008), it would not be cost effective in some developing countries to implement the same set of accounting standards to SMEs that are designed for listed companies, as this would inevitably involve increased expenditure in regards to the preparation of financial reports, which is mainly due to, the constraints set out for public companies. This is due to the IFRS's inability to address issues that are related to 'non listed' companies (Fearnley and Hines, 2007).

Tyrrall et al. (2007) have analysed the relevance of IFRS's to Kazakhstan. This had many positives and negatives, it was accepted that the implementation of IFRS's would offer better quality and comparability of financial information. However, on the other side there was the incapability of IFRS to meet the needs of the users, the array of complexities in their requirements and finally the lack of accounting staff all of which would most certainly challenge the adoption in developing countries.

There are many positives to adopt IFRS for developing countries, for example:

- There is an increased potential for enhancements on the quality of financial reports.
- To increase the understandablility, reliability and comparability of financial statement that result in increasing market efficiency in both international and domestic markets.
- There would be a significant reduction in costs associated with preparing financial statements (Nobes and Parker, 2006, Ashraf and Ghani, 2005).

The negatives of harmonising IFRS with developing countries are in relation to the implementation of accounting standards that are unrelated to national needs, which is also known as "standards overlap" (Choi and Mueller, 1984). This is due to the IFRS which exceeds organisational requirements and structure when businesses attempt to comply with them. In order to make the correct choice in regards to this it is essential that governmental authorities attempt to create an equilibrium regarding positives and negatives and evaluate the relevance of the IFRS to jurisdiction needs (Tyrrall et al., 2007).

Supporters of harmonisation have stated that comparability of such financial statements is actually essential in order to sustain capital markets' globalisation. In addition, others indicated that accounting harmonisation would further develop the level of quality of accounting practices worldwide and thus in turn would improve the reliability of financial information. The other end of the spectrum has seen arguments against harmonisation, where it has been stated that the variation found throughout the world in terms of taxation and legal system, may require a need to have differences in accounting standards (Al-Omari, 2010).

There are a number of issues that play an integral part in creating the regulation framework within developing countries. Zeghal and Mhedhbi (2006) in a study including 64 developing countries assessed five factors, which were: education level, level of economic openness, growth of the economy, cultural aspects and the nature of a capital market. They indicated that emerging economies that are described as having high literacy levels, a capital market, as well as what is deemed as an Anglo-American culture are more likely to have motivation to adopt international accounting standards.

There are a number of issues in developing countries for example the limited number of professional staff in accounting field, which in turn attracts better opportunities in other places, the relying on cash based accounting systems, inadequate management (inability to assess accounts), fraud and the corruption within government regarding funds (Halbouni, 2005).

In developing countries there is a limited number of qualified staff, the inability to use auditors effectively and a weak accounting system, which makes it highly impossible for auditors to examine and analyse. There are notable weaknesses in the education system where there are insufficient levels of qualified teaching staff, incompatible textbooks and training that may essentially be created for developed countries and would not meet the needs of developing countries (Halbouni, 2005).

The adopting accounting standards by SMEs has been a highly debated topic throughout the years. However, these debates have mainly concentrated on the growth and implementation of the international accounting standards by more developed countries rather than developing countries (Zeghal and Mhedhbi, 2006).

It has been highlighted by, Maseko and Manyani (2011) that more consideration needs to be given to nationwide supervisors, enabling them to focus on developing accounting guidelines for SMEs whilst also creating training opportunities for managers and staff within SMEs. This is essential due to their limited knowledge and skills within SME sectors. It is highly likely that developing countries will encounter difficulties during the implementation of the standards. However the need to create international harmonisation has been a key motivator (Al-Omari, 2010).

There has been a series of reactions from developing countries in regards to adopting a more harmonised accounting system so as to meet the needs of SMEs. This has resulted in a number of countries adopting IFRS for SMEs such as Sierra Leone, South Africa, Lebanon, Asia and Pacific, and Cambodia. These countries have either adopted such standards voluntarily or mandatorily without changes apart from Cambodia which has altered the content of a number of topics (Pacter, 2011b).

2.19 SMEs in Jordan:

2.19.1 Contribution to the economy

In Jordan, 98% of the economy is made up of SMEs. However the situation in Jordan is very different when compared to the rest of the Middle-East. Many Middle Eastern areas have vast amounts of natural resources that they can take advantage of unfortunately this is not the case for the Hashemite Kingdom of Jordan.

As a consequence, the Jordanian economy has had to concentrate on service sectors such as production (i.e. in the pharmaceutical area) and education. Jordan has a high number of university graduates and unemployment running at 14% which is parallel to the newer states of Germany. (DOS, 2010). Unfortunately the government has not implemented any support structures in regards to unemployment. Individuals that find themselves in that bracket have to find other means to support themselves or have their families support them. The main revenue of such support is to start-up SMEs, which is usually sufficient enough to provide income for the business and owners.

Even though there is no precise definition of SMEs by authorities like the European Commission or IASB in Jordan, they still account for 98% of the total registered establishments. According to department statistics they employ approximately 60% of the workforce and produce 1/3 of the production, which in turn contributes to just less than 50 % of GDP (DOS, 2007). They also generate up to 70% of new job opportunities in the economy; and account for 45% of exports.

The growth of SMEs has been one of the leading strategies for Jordanian economic development. As SMEs contribute to output, exports and employment, they are regarded with high importance in their economic structure (Lozi, 2008).

2.19.2 Classification of SMEs in Jordan

There are several types of SMEs in Jordan that can be classified based on many criteria such as economic sector or legal form. according to the Companies Control Department in Jordan, the economic sectors are divided into five categories that are: manufacturing; trade; agriculture; constructions; and the service sector (Companies Control Department, 2013).

In terms of legal form, the Companies Control Department classified companies into Public Shareholding, Limited Liability, Foreign Operative, Foreign Non-Operative, and Sole Proprietorship, General Partnership, Limited Partnership, Limited Partnership in Shareholding, Joint Arab, Offshore, Non-Profit, Civil, and Private shareholder (Companies Control Department, 2013).

The number of entities across all sectors and legal forms are shown below in Table 2.5. This table includes only the companies that have been considered in the scope of this study. Some legal forms companies have been excluded from the scope of study as explained in the Methodology section (3.13).

Table 2.5: numbers of firms according to economic sectors and legal form.

Economic sectors	Legal form	Number
Manufacturing	Limited Liability	**6620**
	General Partnership	**16752**
	Limited Partnership	**2546**
	Civil Companies	**9**
	Private Shareholder	**172**
Trade	Limited Liability	**13746**
	General Partnership	**53759**
	Limited Partnership	**9290**
	Civil Companies	**10**
	Private Shareholder	**210**
Agriculture	Limited Liability	**2503**
	General Partnership	**2056**
	Limited Partnership	**347**
	Civil Companies	**24**
	Private Shareholder	**177**
Construction	Limited Liability	**1130**
	General Partnership	**3483**
	Limited Partnership	**657**
	Civil Companies	**0**
	Private Shareholder	**33**
Service	Limited Liability	**10877**
	General Partnership	**32374**
	Limited Partnership	**4775**
	Civil Companies	**319**
	Private Shareholder	**385**
Total		**162272**

Table (2.5): numbers of firms according to economic sectors and legal form (Companies Control Department, 2013).

2.19.3 Legal system

Accounting systems are affected by legal systems, whilst countries have been deemed as either common law or code law countries (Salter and Doupnik, 1992). Common-law countries resolve disputes by preceding judicial resolutions that form their laws (Archambault and Archambault, 2003). They are associated with more transparent markets. The capital markets are a leading source of finance, which involves more need to protect investors. On the contrary, code law countries are highly dependent on legal scholars to establish and create their regulations. They have smaller capital markets and larger financing through lenders or banks (La Porta et al., 1997, La Porta et al., 1998).

Jordon is regarded as being more of a code-law country, as organisational financing has been mainly done through banks. Shareholder rights to contribute and vote at General meetings was non-existent and there was virtually no ownership registration. However recent developments in Jordan’s economic situation has resulted in privatisation, which has led the government to establish a framework for corporate governance. *“Incorporated in the 1997 Company Law and the 2002 Securities Law its framework focuses on the protection of the rights of shareholders, equitable treatment of shareholders and their role in corporate governance, and the board of directors' responsibilities”* (Al-Akra et al., 2009:174). In addition to this the passing of these laws necessitates for the adoption of the IAS/IFRS which will further develop the disclosure quality of the listed companies in Jordan. The level of accounting standards adopted in Jordan is high (Booth et al., 2001, Aivazian et al., 2003).

2.19.4 Accounting regime in Jordan

The first Company Law passed in 1964, Law number 12 was governed by the Ministry of Industry and Trade (Naser, 1998, Naser and Al-Khatib, 2000). This was inaccurately worded and imperfect in terms of scope (Rawashdeh, 2003). The Company Law was later revised and replaced with Law number 1 in 1989, which required organisations in Jordan to set up annual reports including income statements, financial position and some disclosure in addition to enclose auditors’ report in order to guarantee that preparation was according to JAS (Al-Akra et al., 2009). However, there was no set content for what information needed to be disclosed in the financial statements, except for the fact that they had to be in line with the GAAP, even though there were no instructions determining what constitutes the GAAP (Abu-Nassar and Rutherford, 1996).

IASB held the accountability of standards set on April 1, 2001 after its predecessor the International Accounting Standards Committee (IASC). It was the IASC that had to develop and issue International Accounting Standards (IAS) which lasted from 1973 to 2001. *"The IASB did not only develop International Financial Reporting Standards (IFRSs) but it also confronted new topics not yet addressed by the IASC in addition to adopting the previous set of IAS and either renamed them or developed them more in order to give them the new name under a new authority"* (Al-Omari, 2010:32).

It is important to highlight that Jordan was one of the earliest developing countries to implement International Accounting standards (IAS). They adopted them for public firms. This was recommended by the Jordanian Association of Certified Public Accountants (JACPA) in 1996. It replaced the existing Jordanian Accounting Standards (JAS), which were designed and developed by the Government Income Tax Department and the Amman Stock Exchange (ASE). The main reason for adopting IAS was that JAS did not provide appropriate guidance to prepare annual reports. Adopting IAS by listed companies particularly benefited investors through disclosing additional financial information in the annual reports (Rawashdeh, 2003).

JACPA does not have the legal influence to force Jordanian firms to adhere to its recommendations. It was the new Company Law 1997 that made it a requirement to adopt the IAS for all Jordanian accounting. Moreover, the Securities Commission Law (SCL) of 1997 required firms to adopt *"international accounting, auditing, and performance evaluation standards for all entities falling under the supervision of the Security Commission"* (SC) (Halbouni, 2005:74).

Prior to 1997, Jordan also did not have an official auditing body, and the growth of the accounting practice was entirely ruled by the government (Ministry of Industry and Trade) that incorporated a minor role for the private sector, JACPA. However, the absence of enforcement mechanism was evident by not including any punitive procedures to ensure the fulfilment of the disclosure requirements. It is also important to note that the accounting system in Jordan was limited to the poor recording of transactions, satisfying only the certified procedures of the redundant law requirements that had no set shape or substance for financial statements. Just like other developing countries Jordan's accounting system suffered from many weaknesses (Al-Akra et al., 2009).

Jordan has created a scheme to implement IFRS and the attempts to apply these standards. Jordan has adopted the full set of the IAS/IFRS without any alterations, this was integrated in the 1997 Company Law and the 2002 Securities Law that prescribed respectively by the Companies Control Department and Jordanian Securities Commission (Al-Akra et al., 2009). The government passed laws, arrangements with businesses were recognised, and associations were formed to ensure compliance with the standards. However, the introduction of IFRS faced many obstacles. Some parts of the Jordanian contextual made it to some extent too complex to attain complete compliance with the IAS/IFRS. These challenges were encountered in other Middle-Eastern countries (Al-Omari, 2010:42).

The current perception from leading international organisations such as the World Trade Organization (WTO), the Organization for Economic Development (OECD), the IMF and the World Bank is that *"measurement and reporting problems faced by accountants are the same throughout the world, but it may be naïve at the same time to presume that it is reasonable to have one single regulatory framework for "all financial reporting needs of all societies"* (Rodrigues and Craig, 2007:745).

The adoption of the IAS/IFRS is a significant stage in Jordan's commitment to the new Accountancy Profession Law, issued in 2003, which led to the formation of a "High Council for Accounting and Auditing" in 2004, which was controlled by the Minister of Industry and Trade, and the Jordanian Association of Certified Public Accountants (JACPA) (ROSC, 2004). Formerly, JACPA had been linked to the Public Auditing Profession Board; the Accountancy Profession Law bestowed new authority to JACPA, such as the responsibility to prepare their own regulations, corrective powers over its members, and the ability to examine working papers of its members. There are eight members on JACPA's board of directors as well as the president; JACPA is also regarded as being financially and administratively independent (ROSC, 2004). JACPA has had an integral responsibility in facilitating the adoption of IAS/IFRS, interpreting these standards and calling for their adoption (Al-Akra et al., 2009).

The accounting standards due process seek after the acceptance of accounting standards by calling for the comments and discussion from both government and the private sectors on the given proposal (Diga, 1996). The start of the due process in Jordan begins with the preparation of a draft of proposal by the governmental departments such as the Company Controller Department at the Ministry of Industry and Trade, and Jordan Securities Commission. The department initiates a few informal meeting between stakeholders and department officials. They then develop a draft with the department officials being assisted by experts from former departments, consultants from both the private, local and foreign sector. The drafting procedure is attentive and detailed. A number of consulting organizations are hired to assess the issues. The main aim is to create a number of alternative solutions for the key decision makers. The analysis includes also comparing the situation with other developing countries (Al-Akra et al., 2009).

An initial draft is then presented to the Ministry's Secretary General, who manages the technical aspects within the draft. Afterwards, consultative meetings are conducted within the ministry that involve other departments, which did not originally engage in the drafting process. The main purpose of these meetings is to generate comments or issues that can be taken into consideration. Subsequently, the amendments are made and the final draft is submitted to the minister for approval (Al-Akra et al., 2009).

After the minister gives authorisation, the outline draft is then presented to the Council of Ministers, as well as to the Cabinet. If the Cabinet accepts the proposed legislation, the draft is submitted to "*the Bureau of Legislation in the Prime Ministry. The Bureau is composed of a panel of legal counsels and senior officials with experience in legal formulations who put the draft of the legislation into a legal format that does not conflict with other existing laws or regulations"* (Al-Akra et al., 2009:183).

The cabinet in most cases certainly approves the draft once the Development Committee approves the draft. The final transcript of the projected law is then presented to the Parliament for consideration and authorisation. Finally, the accepted law is given to the King for approval, then the law will be published and mandatory (Al-Akra et al., 2009).

Implementation could be accomplished through the usage of “preventative and punitive methods”. The implementation of financial disclosures, predominantly punitive measures, is fundamentally the responsibility of governmental bodies like the Ministry of Industry and Trade by the Company Controller. Nevertheless, the current rigid reforms have authorised particular private-sector establishments such as the Jordanian Securities Commission JSC (Al-Akra et al., 2009).

There has also been great influence by the Tax Department on accounting practice by obligating companies to implement identical accounting policies for both financial reporting purposes and tax purposes. For that reason, the point of view of the tax authority is continuously essential before approving the proposed accounting standards (Al-Akra et al., 2009). In relation to the taxation system in Jordan, companies are obligated to attach a copy of their audited annual reports to the tax department according to Income Tax Law number 57 from 1985 and its alterations in 1989, 1992, 1995, and 2002. Furthermore, the taxation law indicated that all deductions should match the sums disclosed in the annual reports (Abu-Nassar and Rutherford, 1996).

There are numerous ‘cultural factors’ in Jordan that have predisposed the current accounting practices, such as *“the general attitude towards accounting, religion, language, the degree of secrecy, personal honour, extended family structure, and the increasing number of expatriates from other countries. These factors will ultimately result into the practicing of the accounting profession practices with some compliance variations”* (Al-Omari, 2010).

Several international institutions have contributed significantly in creating pressure to adopt IAS/IFRS in Jordan such as; *“the International Accounting Standards Board (IASB),the International Federation of Accountants (IFAC), the International*

Organization of Securities Commissions (IOSCO), the World Bank, and the International Monetary Fund(IMF)" (Al-Akra et al., 2009:178). This resulted in Jordan establishing an arrangement with the European Commission (EC), which obligated listed companies in Jordan to implement IAS/IFRS (Al-Akra et al., 2009).

There are a number of other factors that may influence a shift in a country's accounting culture for example colonisation. As Jordan's past was linked to that of the British Empire after independence, Jordan continued with monarchy ruling by the same family which was appointed by the British during their rule of Jordan. These relations prepared the shift of the British model in relation to the training of accountants and the establishment of the business (Sale et al., 2007). The accounting system in Jordan became extremely influenced by that of the British accounting system. This is evident through the recent adoption of IAS/IFRS (Al-Akra et al., 2009).

In terms of non-listed companies, both the amended Companies Law (22/1997) and Securities Law (23/1997) required the implementation of IASC accounting standards, which will promote and fulfil the users' needs of financial information in these companies. The Companies Law also obligates the public shareholding businesses, general partnerships, limited partnerships, limited liability companies, private shareholding companies, and foreign companies that are currently operating in Jordan to publish annual audited financial statements according to international financial accounting standards (Al-Omari, 2010).

This means that all businesses that are regulated under the Companies Law must maintain good accounting records and present annual audited financial statements, based on "internationally recognized accounting and auditing principles". The Companies Law also obligates the auditors to address several issues in their reports for example (Al-Omari, 2010):

1. The company keeps suitable accounting records.
2. All financial statements (profit and loss statement, financial position and cash flows statement) are presented according to "internationally recognized accounting and auditing principles".

As a result of compliance with the Companies Law that requires all entities operating in Jordan prepare annual audited financial statements in accordance with 'internationally recognized accounting and auditing principles, as well as the Jordanian Securities Commission which requires all public companies to follow full IFRSs, all companies in Jordan (listed and unlisted) follow IFRSs (Deloitte, 2010b).

However, there is an exception to implementing the prescribed standards under article 24, B from the Company Law, which requires its adoption for only those companies that registered capital of more than one hundred thousand JD, whereas a Public Shareholding Company, Limited Liability Company, Limited Partnership in Shareholding, and Private shareholder Company must adopt these standards regardless of their registered capital.

2.20 Theoretical lens for this study

In order to identify the theoretical lens and the position of this study in the literature, Figure 2.2 depict the main variables covered in this study, which show the framework of this study. Followed by Table 2.6 that include the references to a theoretical lens for each variable. Finally the gap in the literature is specified.

Figure 2.2: The study framework

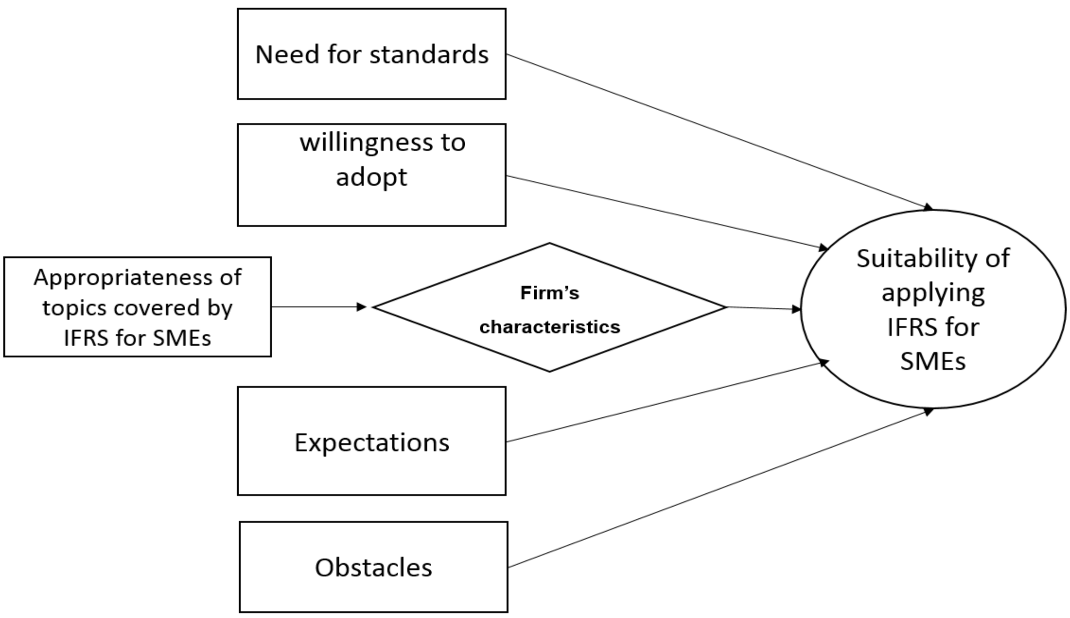


Table 2.6: Theoretical lens of the study.

Variable	Objective number in this study	Covered by other studies
Need for standards rather than full IFRS (problems caused by full IFRS)	Two	(Siam and Al-Daass, 2011; Gray et al., 1997; Trulsson, 1997; Okpara and Kabongo,2009; Minh Le, 2012; Tushabomwe-Kazooba, 2006; Lussier, 1996, Mahadea, 1996; Coskun and Altunisk, 2002; Collis et al., 2004; Ozer and Yamak, 2000; Dincer, 1996; Arrunada, 2008; Maseko and Manyani, 2011; Sian and Roberts, 2009; Haller and Eirle, 2008; Fearnley and Hines, 2007; Soderstrom and Sun, 2007; Harvey and Walton, 1996; Nerudova and Bohusova, 2008; Jermakowicz and Epstein, 2010; Sian and Roberts,2009; Taylor, 2009; Rennie and Senkow, 2009; Müllerova et al., 2010; Bohusova and Nerudova, 2007; Aboagye-Otchere and Agbeibor, 2012; Eierle and Haller, 2009).
Willingness to adopt IFRS for SMEs and agreement	Four	This variable has been investigated previously by the

regarding the general concepts of IFRS for SMEs			IASB within the Preliminary Views in 2004, the staff questionnaire in 2005 And the discussion paper in 2007, in addition, they were examined or indicated by some academic studies also such as (Koumanakos and Alexandrou, 2012; Ploybut, 2012; Evans et al., 2005; Quagli and Paoloni, 2012).
Appropriateness of topics covered by IFRS for SMEs	Economic sector	Three and seven	The association between economic sectors and the suitability of some accounting topics under IFRS for SMEs has been examined by (Aboagye-Otchere and Agbeibor, 2012).
	Legal form	Three and seven	The association between legal forms and the suitability of some accounting topics under IFRS for SMEs has been examined by (Aboagye-Otchere and Agbeibor, 2012).
	Size	Three and seven	The association between size and the suitability of some accounting topics under IFRS for SMEs has been examined by (Aboagye-Otchere and Agbeibor, 2012; Eierle and Haller, 2009; Shearer, 2007; Quagli and Paoloni, 2012; Dang-Duc, 2011).

	Management structure	Three and seven	The relationship between management structure and the suitability of some accounting topics under IFRS for SMEs has been examined by (Aboagye-Otchere and Agbeibor, 2012) and (Eierle and Haller, 2009).
Omitted topics from the content of IFRS for SMEs		Three and seven	(Christie and Brozovsky, 2010; McQuaid, 2009; Deloitte, 2009, Mackenzie et al., 2011; PWC, 2009; KPMG, 2010; Ernst & Young, 2010; Vasek, 2011; Deloitte, 2010; Patrec, 2008; Jermakowicz and Epstein, 2010, Veronica and Ionel, 2010, Christie et al., 2010, IASB, 2009).
Expectations from applying the IFRS for SMEs		Five	Some of these expectations have been investigated or highlighted by several studies such as (Siam and Al-Daass, 2011; Dang-Duc, 2011; Müllerova et al., 2010; Al-Sbatti and Abdul-Salaam, 2008; Siam, 2005; Elena et al., 2009).
Obstacles that may impede the effective application of IFSR for SMEs		Six	Several studies that underlined these obstacles when designing the questions for this dimension like (Strouhal et al., 2010; Albu et al., 2010; Matar and Noor,

		2008; Atteyah, 2008; Alavvnah, 2008; Dang-Duc, 2011; Okpara and Kabongo) 2009; Siam, 2005; Alexander and Servalh, 2009; Siam and Al-Daass, 2011).
Suitability and applicability of IFRS for SMEs in General that either include at least one of the above variable or include other variables.	None	(Vasek, 2011; Nguyen, 2010, Kılıç et al., 2014; Lozada Rivera, 2015; Toma, 2011; European Commission, 2009a; European Commission, 2010; Quagli and Paoloni, 2012; Eierle and Haller, 2009; Göransson, 2008; Kaya and Koch, 2015; Alver et al., 2014; Christie and Brozovsky, 2010; Deloitte, 2009b; Feleagă et al. , 2008; Veronica and Ionel , 2010; Albu et al. , 2010; Strouhal, 2012; Ploybut, 2012; Hasan et al., 2014; Lozada Rivera and Ríos Figueroa, 2014; Stainbank, 2010; Aboagye-Otchere and Agbeibor, 2012; Stephena and Dickson, 2010; Dang-Duc, 2011; Wyk and Rossouw, 2009; Albu et al., 2013)

Regarding the gap in the literature, to the best of the researcher's knowledge, research on the suitability of IFRS for SMEs is very limited and a study on assessing their relevance, importance and challenges from preparers' viewpoints is much needed particularly in emerging economies. Moreover, it is still significant be researched in the Jordanian and Middle Eastern context.

In addition, previous studies dealing with the suitability of IFRS for SMEs have a specific nature pertaining to the study context as they examine the suitability of IFRS for SMEs in the light of the applied accounting systems that vary across jurisdictions. Moreover, these studies would face some limitations, and criticism that must be overcome. For instance, Vasek (2011) investigates the suitability of IFRS for SMEs in numerous countries without giving any consideration to the various accounting regimes applied in those countries. The European Commission questionnaire was suitable for European countries although the number of SMEs financial statements users was very limited compared to preparers and auditors, while the main purpose of IFRS for SMEs is to tailor the need of SMEs financial statements users and the number of respondents were different among countries with significant domination in weight by Germany. Additionally, Quagli and Paoloni (2012) criticise the European Commission questionnaire in ignoring the direct expression of the preference to apply IFRS for SMEs.

Eierle and Haller (2009), examined the suitability of IFRS for SMEs in the form of ED instead of the last issue of IFRS for SMEs. Consequently, for the same reason, research conducted by Wyk and Rossouw (2009) and Stainbank (2010) could be criticised.

Regarding the study carried out in U.S by Christie and Brozovsky (2010) and Deloitte (2009b), these studies have a specific nature as they examined the suitability of IFRS for SMEs within the private companies that apply U.S GAAP. In the same fashion, the studies conducted in Romania by Veronica and Ionel (2010) and Albu et al. (2010) analyse the prospective advantages and disadvantages of implementing IFRS for SMEs by comparing it with the applied accounting standards in Romania (OMFP 1752).

In fact, Jordanian company law requires all registered companies either listed or unlisted to submit an audited report in accordance with IFRSs except the micro companies whose capital is less than one hundred thousand Dinars as stated by Article 24 (b) in the Company Law (Ministry of Industry and Trade, 2005, Deloitte, 2010c, Deloitte, 2010b). Therefore, the investigation of the applicability of IFRS for

SMEs will be worthwhile undertaking especially with the absence of previous studies on the same topic being performed in the context of Jordan. In addition to that, this study will overcome the limitations identified in the previous studies and examine the suitability of IFRS for SMEs in the light of full IFRS.

Moreover, this study unlike the other studies investigate the relevance of topics within the content of IFRS for SMEs to Jordanian context and then evaluate the suitability of those relevant topics to SMEs in Jordan by taking also the effects of firms' characteristics on the suitability of those topics that have not been covered by other studies.

The study will present the findings which determine whether the adoption of IFRS for SMEs will mitigate the problems facing SMEs as well as the appropriate mechanism for adoption and the action to be taken to boost the effective implementation. Moreover, this study will enable further research in Jordan and other developing countries to investigate the relevance and applicability of IFRS for SMEs.

2.21 Summary

The literature review chapter has covered the conceptual framework for financial reporting with a focus on SMEs' needs as well as the costs and benefits of these financial reporting to SMEs.

Obviously, SMEs are significant to the economy of countries, including Jordan. The SME sector compromises the majority of all companies and contributes substantially in the development of the economy. Many jurisdictions, including Jordan attempts to enhance SMEs. Reducing the complexity of financial standards and making them more relevant for SMEs is a vital part of this plan. Yet, the absence of clear definition across countries is manifest.

The literature has presented the concepts constitutes the decision usefulness and stewardship functions as the main objectives of financial reports. There are several problems in some contexts facing SMEs in terms of the use and preparation of financial reports. The extent to which users of SMEs use the financial statements is varied across groups whereas their needs significantly differ from those of listed firms. The literature was relatively limited, and pertained mainly to: management, government authorities and banks.

Regarding the IFRS for SMEs, although there are several factors which could impede the effective application of these standards as highlighted in the literature, these standards might contribute positively in enhancing the accounting practice and mitigate the problems that face SMEs, because it may propose simpler options than the full IFRS as indicated in the comparisons made between the two set of standards. The next chapter presents the methodology and methods adopted in this study alongside the rationale behind using them.

Chapter 3 : Research Methodology and Methods.

3.1 Introduction:

The main purpose of this chapter is to discuss the research design as well as the methods adopted to answer the research questions, to obtain and analyse the results of the current study.

Generally, this chapter will start with the research aim followed by a discussion of the various methodology concepts in order to frame the ontological and epistemological choices that underpinned the methods adopted in this research. The next section will outline the research objectives and questions. Subsequently, describing the approaches, methods and instruments used, this involves including the rationale for adopting each one, the process of developing these instruments, sample characteristics, and administering the instrument of data collected. Finally, the statistical tests utilised to analyse the data are explained followed by reliability and validity statistical test, namely Cronbach Alpha and Factor Analysis.

3.2 Aim of the investigation:

This study aims to investigate the suitability of IFRS for SMEs in Jordan. It will also analyse the current problems and the challenges faced by Jordanian SMEs in the light of applying IFRS. Furthermore, the expected benefits from applying IFRS for SMEs will be assessed.

Investigating the suitability of IFRS for SMEs is deemed a worthwhile undertaking, given that the IFRS is already in place and thus forms a real alternative. Hence, the purpose is to conduct an empirical examination of the perceptions of existing prepares of SMEs' accounting information regarding the possibility of implementing the IFRS for SMEs, and whether similar or different views emerge on the level of importance of the IFRSs for SMEs.

3.4 Philosophical Assumptions and Research Methodology.

Saunders et al. (2009) point out that establishing a robust research design is vital for the purpose of increasing the credibility of the obtained results, and selecting the proper research philosophy that enhances the analytical process of the idea pertaining to the research topic.

The central debates amongst researchers are associated with the matters of two assumptions that are: ontology and epistemology (Easterby-Smith et al., 2012). *"Ontology concerned with the nature of realities"* (Saunders et al., 2009:110), while epistemology *"concerns what constitutes acceptable knowledge in a field of study"* (Saunders et al., 2009:112). Other assumptions also have been discussed by several researchers like (Easterby-Smith et al., 2012, Saunders et al., 2009, Collis and Hussey, 2003), these assumptions also include methodology that is attributed to the research process reflecting the techniques utilised to inquire, and axiology that pertains to the view of the researcher with respect to the role of value.

The ontology included two aspects that are: objectivism and subjectivism (Saunders et al., 2009). Objectivism reflect that the social entities are positioned externally from the social actors while the reality of social phenomena under the subjectivism is created by the perceptions and actions of the social actors as the reality exists in individuals' consciousness (Saunders et al., 2009). More precisely, Easterby-Smith et al. (2012) divided the ontology into four categories as presented in table (3.2).

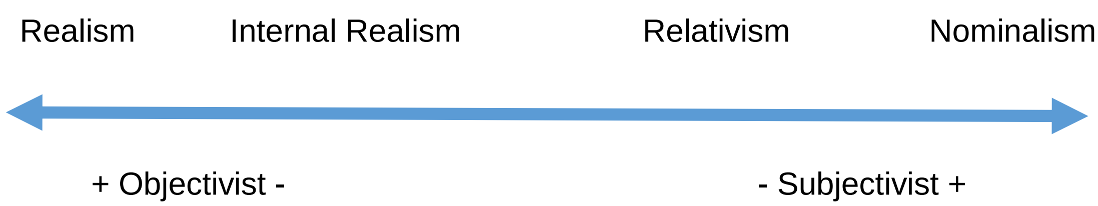
Table 3.1: Four different ontology

Ontology	**Realism**	**Internal Realism**	**Relativism**	**Nominalism**
Truth	Single truth.	Truth exists, but is obscure.	There are many truths.	There is no truth.
Fact	Facts exist and can be revealed.	Facts are concrete, but cannot be accessed directly.	Facts depend on viewpoint of observer.	Facts are all human creation.

Source: adopted from *(Easterby-Smith et al., 2012:19)*

Burrell and Morgan (1979) correlate the two division mentioned by (Saunders et al., 2009) and (Easterby-Smith et al., 2012), the objectivism is associated with realism while the subjectivism is associated with nominalism. Accordingly, figure (3.1) shows the relationship between the two classifications.

Figure 3.1: Ontology classification.



Regarding the epistemology, the nature of knowledge in the social science research can be established by relying on either positivism or social constructionism position (Easterby-Smith et al., 2012). To avoid confusion, researchers have similar explanations for both positions, but the terminology used is varied especially for the social constructionism position, which can be also be anti-positivism, interpretivism, and phenomenology (Collis and Hussey, 2003, Burrell and Morgan, 1979, Saunders et al., 2009). Moreover, some of these researchers like (Easterby-Smith et al., 2012, Collis and Hussey, 2003) subdivided each position into many positions. For instance, Easterby-Smith et al. (2012) considered the research's epistemology assumption to vary in terms of philosophy from strong positivism, positivism, constructionism, or strong constructionism.

A positivist philosophy that is objectivist claims that knowledge could only result from observation, as the researchers intend to clarify and forecast what occurred within the social world by *"searching for regularities and casual relationships between the events being investigated"* (Burrell and Morgan, 1979:5), which is typically performed by developing as well as testing hypotheses (Burrell and Morgan, 1979).

The anti-positivism that is subjectivist contends that knowledge can only be obtained by relying on personal experience (Burrell and Morgan, 1979). It contradicts the concept of observers' independence as well as the idea that social science could *"create objective knowledge of any kind"* because a researcher *"can only understand by occupying the frame of reference of the participant in action"* (Burrell and Morgan, 1979:5). To express it differently, individuals have to *"understand from the inside rather than the outside"* (Burrell and Morgan, 1979:5).

In this context, Collis and Hussey (2003) summarised the main feathers of both epistemology positions as presented in table (3.2).

Table 3.2: Features of the main two epistemology positions.

Positivistic	Phenomenological
Tends to produce quantitative data	Tends to produce qualitative data
Use large sample	Use small sample
Concerned with hypothesis testing	Concerned with generating theories
Data is highly specific and precise	Data is rich and subjective
The location is artificial	The location is natural
Reliability is high	Reliability is low
Validity is low	Validity is high
Generalise from sample to population	Generalise from setting to another

Source: adopted from (Collis and Hussey, 2003:55).

Axiology reflects the position whether the views of researcher in terms of the value's role is free or laden (Saunders et al., 2009). If the research is value-free, the research would be more positivist where *"the researcher is independent of data and maintains an objective stance"* (Saunders et al., 2009:119). This is associated with quantitative methods (Collis and Hussey, 2003, Creswell, 1994). On the other hand, if the values are laden, the researcher will be biased by the view of the world (Creswell, 1994, Collis and Hussey, 2003). The researcher is not independent and more interpretivist and holds a subjective stance due to the fact that the research is value bound (Saunders et al., 2009).

Methodology indicates how the knowledge pertaining to the world has been acquired as well as how the whole research process has been conducted (Burrell and Morgan, 1979). It reflects the mission that must be accomplished in order to inspect the methods, so as to provide knowledge regarding the world in addition to rationalisation behind the choice of particular methods among others (Burrell and Morgan, 1979, Creswell, 1994). This includes approaches, research strategies, context, purpose, reliability and validity (Collis and Hussey, 2003, Creswell, 1994).

In order to combine the aforementioned assumptions for the purpose of determining the position of research in these assumptions, some authors divided them into paradigms as presented in the tables below.

Table 3.3: Assumptions of the two main paradigms.

Assumption	Question	Objectivism	Subjectivism
Ontological	What is the nature of reality?	Reality is objective and singular, apart from researcher.	Reality is subjective and multiple as seen by participants in a study.
Epistemological	What is the relationship of the researcher to that researched?	Researcher is independent from that being researched.	Researcher interacts with that being researched.
Axiological	What is the role of values?	Value-free and unbiased.	Value-laden and biased.
Rhetorical	What is the language of research?	Formal based on set definitions.	Informal Evolving decision.
		Impersonal voice use of accepted quantitative words.	Personal voice, use of accepted qualitative words.
Methodological	What is the process of research?	Deductive process.	Inductive process.
		Case and effect.	Mutual simultaneous shaping of factors.
		Static design-categories isolated before study.	Emerging design-categories identified during research process.
		Context-free	Context-bound
		Generalisations leading to prediction, explanation and understanding.	Pattern, theories developed for understanding.

		Accurate and reliable through validity and reliability.	Accurate and reliable trough verification.

Source: adopted from (Creswell, 1994:5)

Another explanation for these assumptions and how correlate with each other by (Easterby-Smith et al., 2012), as shown in table (3.4).

Table 3.4: methodological implications of different epistemology.

Ontology	**Realism**	**Internal Realism**	**Relativism**	**Nominalism**
Epistemology / Methodology	**Strong Positivism**	**Positivism**	**Constructivism**	**Strong Constructivism**
Aims	Discovery	Exposure	Convergence	Invention
Starting point	Hypotheses	Propositions	Questions	Critique
Design	Experiment	Large survey; multi cases	Cases and survey	Engagement and reflexivity
Data type	Number and facts	Number and words	Number and words	Discourse and experiences
Analysis/ interpretation	Verifications/ falsification	Correlation and regression	Triangulation and comparison	Sense-making; understanding
Outcomes	Confirmation of theories	Theory testing and generation	Theory generation	New insights and actions

Source: adopted from (Easterby-Smith et al., 2012:25)

Alternatively, Burrell and Morgan (1979) suggest that these paradigms are linked to the nature of society in terms of objectivism and subjectivism. There are two types of a range curve advanced in terms of assumptions pertaining to the way in structuring that are: regulation and radical change sociology. The former pursues to deliver explanations regarding the way of which society is held together, It principally stresses the *"need for regulation in human affairs"* and tends to *"explain why society tends to hold together rather than fall apart"* (Burrell and Morgan, 1979:17).

On the contrary, radical change sociology leans towards explaining the manners of control as well as conflict that describes the society based on those who enhance this view, it is anxious with looking for liberation from the *"structures which limit and stunt... [The] potential for development"* (Burrell and Morgan, 1979:17).

In other words, the regulatory perspective attempts to explain how the organisational aspects are regulated and provide proposals regarding how these aspects can be improved within the framework of what have been achieved to those aspects till present. While the radical change approach tends to overturn the status quo of the existed aspects to solve the organisational problem without referring to what has been done in present (Burrell and Morgan, 1979, Saunders et al., 2009).

To simplify the decision regarding assumptions pertaining to the nature of science and society, Burrell and Morgan (1979) produced a matrix table to clarify the epistemology and ontology in the light of the nature of society that is either radical change or regulation. This matrix as illustrated in table (3.5) emerged four different paradigms. Whereas subjectivist and objectivist refer to the ontology that is respectively either nominalism or realism while respectively related to epistemology that are either interpertism or positivism.

Table 3.5: Four paradigms for the analysis of social theory.

	Radical change		
Subjectivist	Radical humanist	Radical structuralist	Objectivist
	Interpretive	Functionalist	
	Regulation		

Source: adopted from (Burrell and Morgan, 1979:5)

According to the matrix above, Radical humanists are located within radical change and subjectivism. Radical stracturalists are situated within radical change and objectivism. Interpretive paradigm sited in subjectivism and regulation while functionalists are within objectivism and the regulation.

3.5 Research objective and the choice of research philosophy.

The key objective of the current study is to investigate the suitability of IFRS for SMEs in Jordan. More explicitly, this study assesses the appropriateness of several accounting topics within the content of IFRS for SMEs that are applicable in the Jordanian context, in addition to identify the expectation and obstacles pertaining to these standards. This is accomplished through an investigation of the suitability of these topics compared to those under full IFRS, which are the current applied Standards. Moreover, it also covers the problems facing SMEs in the light of the applied standards. This investigation is conducted by pursuing the perceptions of preparers and auditors obtained through data via questionnaire. In addition, the researcher conducted some interviews that were mainly for the purpose of developing the questionnaire instrument.

The researcher’s philosophical viewpoint is discussed based on the objective and by referring to several authors to provide several alternative paradigms. Regarding the nature of reality, the researcher presumes that the social entities are positioned in reality externally from the social actors. Hence, a realism standpoint is assumed regarding the ontology spectrum when considering the points of views of both (Burrell and Morgan, 1979) and (Saunders et al., 2009). When taking the views of (Creswell, 1994) and (Collis and Hussy, 2003) the reality is objectivist due to adopting a quantitative questionnaire. By referring to (Easterby-Smith et al., 2012), the ontology spectrum is located in internal realism as this study used a large sample of *“inferential survey”* (Easterby-Smith et al., 2012: 43), in addition to adopt *“handmaid”* design for collecting data (Easterby-Smith et al., 2012: 61), which considered the questionnaire survey as dominant while the interviews are mainly to assist the researcher in designing and developing the questionnaire for the purpose of gathering verified reliable data. Therefore, by referring to table (3.4) the ontology position is internal realism due to mentioned reason as well as that the purpose of research is to expose reality by testing theories rather than confirming or generating theory.

The ontological and epistemological assumptions is completely attached to each other as a one unit. thus, a positivist paradigm that is objectivist is adopted as the knowledge about the suitability of IFRS for SMEs could only result from observation, as the researcher intends to clarify and forecast what occurred within the social world that referred to the knowledge pertaining to the current applied full IFRS and make a prediction regarding the possible impacts resulting from IFRS for SMEs. Thus, positivism is the paradigm adopted for this study (Burrell and Morgan, 1979). From different angle that resulted from linking these assumptions to methodology, this study tends to produce quantitative data by using a large sample via inferential survey and aims to test theories, which makes the position of this study to be positivism according to (Collis and Hussy, 2003) and (Easterby-Smith et al., 2012). Moreover, Creswell, (1994) considered these types of study that relies upon quantitative methods to be positivist as the researcher is considered independent from what is being researched.

In considering the nature of society in the light of both ontology and epistemology for this study, following the recommendation by Burrell and Morgan (1979), the proposed research is mainly located in the functionalist paradigm, which assumes the system status quo as given and seeks to investigate the effect of the system on its actors and provides suggestions for the purpose of improving the affairs to what have been done in present, which make the nature of society as regulation and not radical change (Burrell and Morgan, 1979, Saunders et al., 2009). The objectivism that is attached to positivism are associated with quantitative research to formulate social science theories, including accounting. The implication for this study regarding this matter is obvious as the current study intends to inspect the current situation by highlighting the problems pertaining to applying the full IFRS and providing suggestions to improve the current accounting practice by investigation of the suitability of IFRS for SMEs, which could contribute in solving or mitigating the mentioned problems if it has been adopted or at least producing recommendations to what suits companies compared to full IFRS.

In terms of Axiological, this research is value-free and the researcher was independent from what is being researched, the research would be more positivist where *“the researcher is independent of data and maintains an objective stance”*

(Saunders et al., 2009, Creswell, 1994). By referring to (Creswell, 1994), the Rhetorical in this study was more positivist and objectivist as quantitative method is adopted that utilise formal language based on set definitions, whereas the impersonal voice is displayed to use appropriate quantitative words. The methodology assumption will be covered in detail in the next sections as they are associated with research processes.

3.6 Research approach.

As Mouton (2008) points out, generalisation of theory can be undertaken following the systematic study of responses gathered using a quantitative method. Data that are quantitative can be considered as either numerical or categorical data; research involving the former concerning the analysis of numbers, and research relating to the latter involving clustering into descriptive data and ranking within particular forms or orders (Saunders et al., 2009). The quantitative technique utilised by the researcher in this study, however, will involve both numerical and categorical data as the attribute types will be measured and given scores. The research will, therefore, lean to take an approach that is deductive as it will involve theory testing, rather than an inductive approach that involves the building up of theory (Saunders et al, 2009). In general, deduction involves moving from theory to data, with explanation of the relationships that may exist amongst different variables, or it may involve data generalisation with the researcher independent of the phenomena that are under study (Saunders et al, 2009). Induction, on the other hand, has an orientation that is more towards research where greater understanding is required, with the researcher part of the process of the research in grounding or generating a theory (Saunders et al, 2009). As there are already a sufficient number of theories within the field of study in question, rather than the generation of further theories, there is more need to undertake more testing.

This is also confirmed by (Creswell, 1994) who deemed that the deductive approach is applicable to the quantitative study that is associated with positivist assumption. However, the researcher conducted several interviews in order to gain an understanding of the relevance of some accounting topics to SMEs in Jordanian context in order to assist the researcher in developing the questionnaire, which referred to using the handmaid design for collecting data as described by (Easterby-

Smith et al., 2012). Thus, using questionnaire alongside interviews in this study is not deemed as combination of the two approaches due to use the handmaid strategy. Using the deductive approach that is highly structured necessitates collecting a large sample of cases to generalise conclusion, *“researcher independent from what is being researched”*, and ensuring validity of data (Saunders et al, 2009).

3.7 Research design.

In this section two layers: research strategies and time horizons will be covered as a process pertaining to methodology. Those layers are considered as concentrating on the procedure of research design that is converting the research objectives or questions into a research project (Robson, 2002). Saunders et al. (2009) point out that the research question is influenced by both philosophy and approach, this research question is consequently update the selection of research strategy, data collection techniques as well as analysis processes, and then the time horizon.

The research design reflects the overall plan regarding the way of answering the research question (Saunders et al., 2009). It covers clear aims, resulting from the research question, determines the sources used to collect data, and deliberates the limitations that are inevitably faced. For instance, access, time, location and cost in addition to cover ethical matters (Saunders et al., 2009). As a starting point, the research purpose must be identified so as to find a suitable research strategy for answering the research question. In this study, the research purpose is deemed as exploratory and descriptive. It is exploratory because the researcher attempts to obtain new insights regarding the relevance and suitability of several accounting topics to Jordanian SMEs whereas the researcher carries out a search of literature as well as conducting interviews with auditors who are experts in this field. On the other hand, it is deemed also as descriptive because this study is concerned with *“to portray an accurate profile of persons, events or situation”* (Robson, 2002:59). As descriptive study, it is an extension in some objective to explanatory research. Whereas the objectives presumed a relationship between categorical and numerical variable, which makes this study is viewed as Descripto-explanatory study (Saunders et al., 2009).

A questionnaire survey strategy, which are strongly linked to deductive approach has been mainly adopted in this study as it the most common strategy is being used for both exploratory and descriptive studies. By using this strategy the results would be possibly generalised if the sampling was used, especially where the appropriate sampling technique was utilised that significantly ensures making the sample as representative as possible to the entire population (Saunders et al., 2009).

The inferential survey design was adopted as it is aimed to constitute a relationship between variables that are in this study categorical and continuous variables. *“Inferential surveys generally assume an internal realist ontology, although epistemology they involve a weaker form of positivism than experiment”* (Easterby-Smith et al., 2012:43).

In addition, as the researcher also relied relatively during the early stage of research on inductive approach by using interviews to specify the relevance and suitability accounting topics to SMEs in Jordan, so that the researcher can clearly develop the questionnaire. Thus, a handmaid design that pertains to the methods used to collect the data has been adopted. The handmaid design is considered as one type of mixed method whereas “*qualitative pilot study based on interviews or direct observations, which is used to develop, and maybe test, the items for the main study, which involves a questionnaire survey*”, it is obvious that the questionnaire is dominant and the interview is only for helping researcher to develop the questionnaire (Easterby-Smith et al., 2012:43).

Regarding the time horizon, this study is considered as cross-sectional study as it is using the questionnaire survey to investigate the suitability of IFRS for SMEs at a particular time that corresponds to the period of this study and more precisely the period in which the data were collected. The cross-sectional study enables the researcher to collect data from different groups of people and companies at the same time (Collis and Hussy, 2003).

In order to link the methods used to collect and analyse the data of the research objectives, the aim of investigation and research objectives are highlighted in next two sections followed by deeper explanation about the methods used in this study alongside their association with each objective.

3.8 Research objectives:

1. To identify the main SMEs' financial accounting information users.
2. To identify the problems facing SMEs in Jordan regarding the preparation and use of financial information.
3. To assess the relevance of some accounting topics within the content of IFRS for SMEs to Jordanian context based on auditors' views. Moreover, to evaluate the perceptions of financial managers and auditors regarding the suitability of those relevant topics within the content of IFRS for SMEs based on their differences from the Full IFRS (omitted topics, measurement, recognition, presentation, and disclosure).
4. To empirically examine the perceptions of SMEs' accounting information preparers regarding the general concepts of the IFRS for SMEs as well as their willingness to adopt the IFRS for SMEs.
5. To determine whether the IFRS for SMEs can influence positively or negatively SMEs' accounting practices.
6. To identify the obstacles that may impede the effective application of the IFRS for SMEs.
7. To identify the differences and similarities of perceptions based on size, ownership structures, legal form, and economic sector with respect to Objective 3.

3.9 Research methods:

In the current study, the mixed methods through handmaid design was selected. Both quantitative and qualitative data were gathered respectively by questionnaires and semi-structured interviews, analysed independently and finally have been incorporated within the interpretation stage. These methods are generally attributed to other research dimensions as shown in table (3.6) whereas the left side dimension is generally associated with each other and vice versus. The position of my study is mainly located in the left side and down lined.

Table 3.6: The association amongst different research dimensions.

Left side	Research dimension	Right side
Objectivism, realism, or internal realism.	Ontology	Subjectivism, relativism, or nominalism
Strong positivism, or positivism	Epistemology	Strong constructionism, constructionism, Anti-Positivism, or interpretivism
Value-free and researcher is independent.	Axiology	Not value-free and researcher is not independent.
Formal and impersonal voice	Rhetoric	Informal and personal voice
Functionalist	Paradigm if the nature of society was regulated	Interpretive
Radical structuralist	Paradigm if the nature of society was radical change	Radical humanist
Deductive	Approach	Inductive at the early stage
Experiment, survey, or case study.	Strategy	Action research, grounded theory, ethnography, archival research, or case study.
Quantitative	Method	Qualitative
Structured interview, structured questionnaire survey, structured observation.	Instrument for data collection.	Semi-structured interview, open questionnaire, unstructured observation.

Quantitatively through statistical test.	Analysis	Qualitatively through content analysis.

Source: Developed by present researcher.

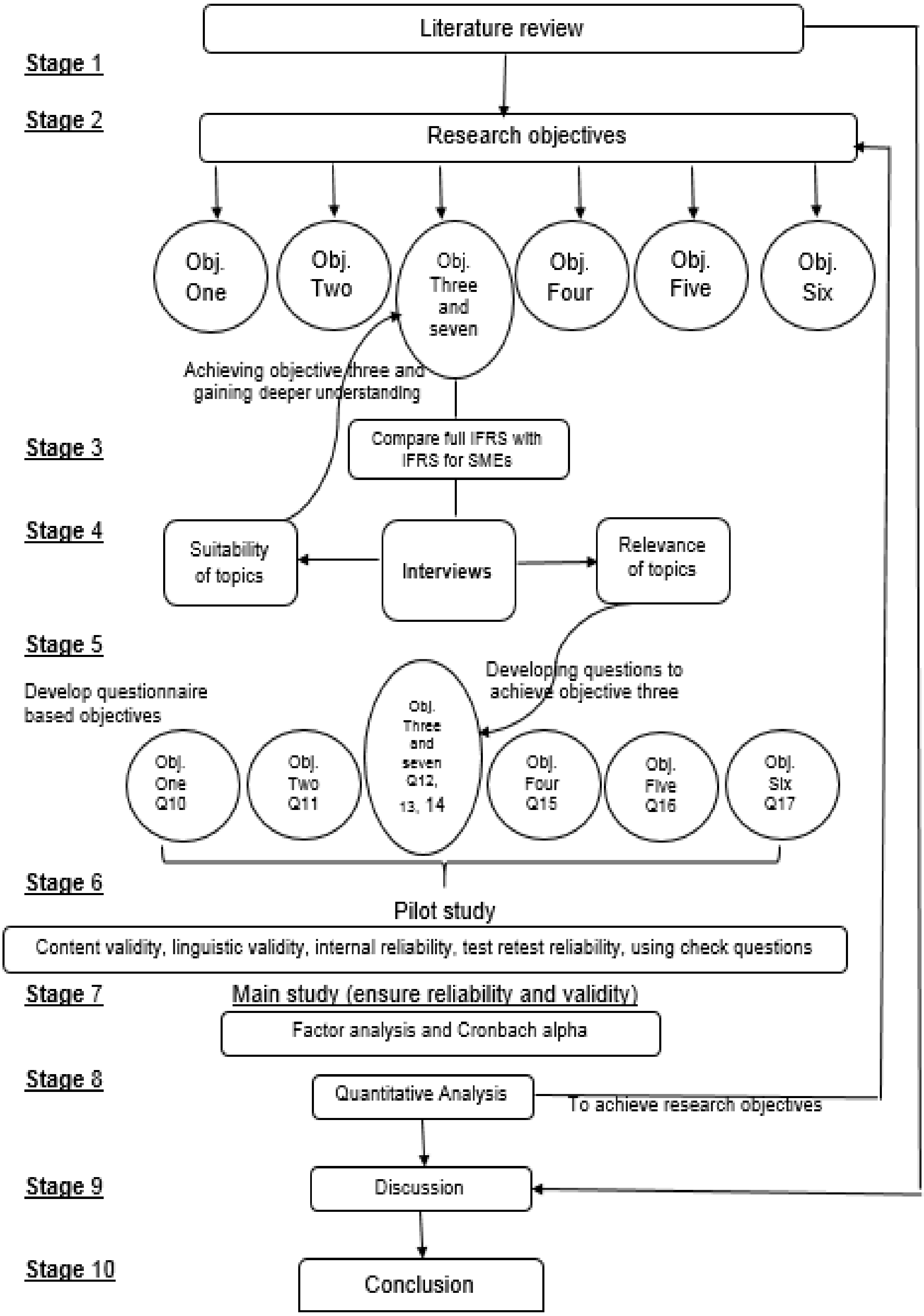
Before discussing the rationale of adopting both quantitative questionnaire and semi-structured interview in this study, it might be beneficial to show what method/s has been selected to achieve each objective as illustrated in table (3.7). Taking into consideration that objective seven is treated alongside objective three.

Table 3.7: How the objectives were approached throughout research stages.

Phase	Objective one	Objective two	Objective three	Objective four	Objective five	Objective six
Qualitative data	Not applicable	Not applicable	Semi-structured interviews.	Not applicable	Not applicable	Not applicable
Analysis of interview to develop questionnaire						
Collecting quantitative data	questionnaire					
Analysis	Statistical analysis					

The research design and processes that followed the philosophical underpinning that is positivist are depicted in Figure 3.1.

Figure 3.1Conceptual diagram for research design.



3.10 Semi-structured interview:

The rationale for using interviews is to adopt handmaid design for objective three only in order to enable the researcher to develop the questionnaire as the researcher investigate the suitability of accounting topics in the IFRS for SMEs after comparing them with the full IFRS. Due to the unawareness of participants in the content of IFRS for SMEs, the researcher identified the differences between IFRS for SMEs and full IFRS by referring to several professional firms such as KPMG, Deloitte, Ernst and Young, and PWC as well as another book like (Mackenzie et al., 2011), and then conducted qualitative semi-structured interviews with auditors to specify which of the topics regarding the differences are applicable and relevant to SMEs in Jordan. By performing the steps the researcher can reasonably guarantee that only the relevant topics to Jordanian SMEs have been included in the questionnaire and the respondents will understand the questions regarding these topics as the questions about these topics will be in light of their differences to the full IFRS, which are the current applied standards in Jordan.

In addition the suitability of these topics to SMEs in Jordan, questions will be asked of respondents so as to obtain deeper understanding by determining the pros and cons of each topic in comparison to full IFRS.

Ten interviews were undertaken with external auditors. The reason for selecting only the auditor group is that this group has a broader view regarding the accounting topics compared to managers as the auditors deal with these topics for all types of entities whilst managers deal only with the topics that are relevant to their entities, whereas the likelihood of non-occurrence of some of these topics in some entities is considerable.

A purposive sample technique was implemented that gives the researcher the option to judge what the suitable number of responses is. In approaching the respondents, numerous methods were used for the purpose of contacting target interviewees. For instance, telephone calls, postal or email request letters.

Getting access to the targeted respondents was relatively difficult and time-consuming in comparison to what was expected.

All interviews were directed face-to-face. The interview commenced with the study aim alongside informing them that confidentiality and anonymity are guaranteed. The interviews were undertaken in Arabic language and diverse in length, ranging from 40 to 90 minutes. The researcher did make translation to English. All ethical issues will be covered in section (3.12.4).

Analysing these interviews were divided based on accounting topics by indicating the relevance of the pertinent topic as well as its suitability to SMEs in Jordan. This allows the researcher to understand *"what is happening, how thing are done, why and when organization members do what they do, and how component parts (people, organizational units, etc.) interact"* before utilising the questionnaire for the main study (Parker and Roffey, 1997:241). The questions as well as respondents profile are presented in the next chapter.

3.11 Questionnaire Survey:

Denscombe (2003:236) defined the use of quantitative data as retaining to an *"aura of scientific respectability" as it "conveys a sense of solid, objective research"* by relying on numbers as well as presenting them by using graphs and tables.

In fact, there is a number of advantages of using quantitative methods. For instance, quantitative data can be tested by many kinds of statistical tests and the subsequent interpretation is more objective compared to qualitative data that depend on the researcher point of view in analysing data (Denscombe, 2003). Furthermore, quantitative methods provide a logical basis for description, analysis and interpretations as results are interpreted by measuring quantities rather than impressions, which is possible to be verified by others for authenticity (Denscombe, 2003).

In addition to that, Mouton (2008) points out, generalisation of theory can be undertaken following the systematic study of responses gathered using a quantitative method. Data that are quantitative can be considered as either numerical or categorical data; research involving the former involving the analysis of numbers, and research involving the latter involving clustering into descriptive data and ranking within particular forms or orders (Saunders et al., 2009). The quantitative technique utilised by the researcher in this study, however, will involve both numerical and categorical data as the attribute types will be ordered and given scores. The quantitative methods are associated with objectivism and positivism assumptions as already shown in table (3.6) above.

The inferential survey instrument was utilised as a quantitative method, which are predominant in business research (Easterby-Smith et al, 2012). The questionnaire is mainly used for descriptive and explanatory studies. Descriptive study tends to use the questionnaire to obtain opinions and determine the organisation practices or identifying issues pertaining to these organisation (Saunders et al., 2009), which is the case in this study. While the explanatory studies use surveys to collect data which the researcher can test and explain the relationship between variables (Saunders et al., 2009), which is the relationship between categorical variables and continuous variable for objective three in this study. The questionnaires were distributed to financial managers as well as external auditors.

Therefore, there were two different questionnaires distributed to financial managers and external auditors. However, those questionnaire were the same in all questions except the demographic questions.

In order to avoid confusion when comparing the two questionnaires, the measure questions' numbers from one questionnaire that match with those from the other are shown based on objectives in Table 3.8. In addition, the number of questions used in the analysis are based on those abbreviation presented in appendix D as mentioned in Section 5.2.2.

Likert-scale was adopted, the rating questionnaire was designed with six categories of responses. It includes the option of “impossible to say” or “not applicable” in order to enhance the accuracy of findings by using this unforced scale as it was supported by (Malhotra, 2008). The other five categories start from strongly disagree to strongly agree for most questions as there are several questions start from no applicability or no relevance to very high applicability or very high relevance.

The next sections will cover questionnaire development processes, population and sample techniques used, questionnaire administration and responses, analysing of quantitative data, and finally factors analysis and Cronbach alpha.

3.12 Development of questionnaire:

The questionnaires were distributed to both financial managers and external auditors, the reason behind choosing those groups among others, is that they have better expertise in technical matters compared to other stakeholders.

3.12.1 Questionnaire design.

Both internal validity and reliability of data collected as well as the rate of response are associated with the questionnaire design, its structure and the robustness of the pilot study (Saunders et al., 2009). One of the main elements in designing questionnaire that has been implemented in this study, is the cover letter that reflects the aim of study, the importance of response, the estimated time needed to complete the questionnaire, promise from the researcher that the information provided will be treated in strictest confidence and anonymous, and the researcher contact details. The cover letter of this study's questionnaire is shown in appendix (B, C) alongside the questionnaire.

The questionnaire consists of two parts. The first part covers the questions regarding the respondents' demographic profile while the second part includes questions seeking the respondents' opinions in order to achieve the study objectives.

The respondents profile information were approached by using category questions design whilst the other questions were designed in the rating questions form. The rating questions are usually used to gather perceptions and opinion data (Saunders et al., 2009), that is the case of current study. Because using different set of response categories will confuse the respondents especially where a series of statements are presented (Dillman, 2007), researcher has implemented the same categories for all rating questions that adopt Likert-scale whereas respondents are being asked to present their agreement on each statement starting from strongly agree to strongly disagree with exception to the first three questions as these questions investigate the likelihood of occurrence rather than seeking the respondents agreements.

Although Likert-scale was implemented, the rating questionnaire in this study was designed with six categories of responses. It includes the option of “impossible to say” or “not applicable” in order to enhance the accuracy of findings by using this unforced scale as it was supported by (Malhotra, 2008). This kind of questionnaire style is known as non-forced scale (Malhotra, 2008). This type of questionnaire provide the respondents with another option in case they were not sure about their answer instead of clicking the neutral option as this affects the statistical results. The “impossible to say” or “not applicable” options will be statistically considered as a missing answer.

In terms of questions’ wording, there are several points emphasised by (Saunders et al., 2009) were ensured when designing the survey for the current study such as; using clear academic wordings instead of Jargon or abbreviation; avoiding using offensive or embarrassed words that may result in biased responses; avoiding asking two questions into one question (loaded questions); avoiding using words that imply different meaning or can be misunderstood; avoiding leading questions to ensure obtaining unbiased responses; and simplify the instructions given to select the answer.

Regarding the questionnaire structure, the questions were divided into three categories that are: adopted from other studies; adapted from other studies with amendments to suit the context of the study; and developed by the researcher.

Table 3.8 presents the dimensions covered in questionnaire.

Table 3.8: Dimensions covered in questionnaire.

Dimension	Explanation	Questions number		Objective
		Managers	Auditors	
First	Demographic questions pertaining to respondents; knowledge of full IFRS; experience; and whether auditors have audited SMEs accounts or not. In addition some demographic questions pertaining to companies that respondent belong to such as; whether company apply full IFRS or not; number of employees; range of turnover and total assets; and whether the companies are managed directly by its owners or not.	Q1 –Q9	Q1-Q3	Assist in making comparison among groups for objective three. This will lead to achieve objective seven.
Second	Questions regarding how often the specified users use your enterprise's financial information.	Q10	Q4	Objective one
Third	Questions as to problems facing SMEs that pertain to accounting information.	Q11	Q5	Objective two
Fourth	Questions about the relevance of some accounting topics that are included in the content of full IFRS but omitted from the content of IFRS for SMEs.	Q12	Q6	Objective three

Fifth	Questions to financial managers about whether some topics or methods have been subjected to accounting treatment or used during respondent's employment period or not.	Q13	Not applicable	Help in making comparison with respect to objective three between respondent who have met the accounting treatments of these topic and who did not.
Sixth	Questions regarding the suitability of some measurements, recognitions, and presentation under the IFRS for SMEs in comparison to their treatments under the full IFRS.	Q14	Q7	Objective three
Seventh	Questions pertaining to respondents' willingness to adopt IFRS for SMEs as well as their agreement on the general concepts of IFRS for SMEs.	Q15	Q8	Objective four
Eighth	Questions regarding respondents expectations if the IFRS for SMEs has been adopted.	Q16	Q9	Objective five
Ninth	Questions regarding potential obstacles that might impede the effective adoption of IFRS for SMEs.	Q17	Q10	Objective six

In terms of questions' source, the questions were prepared according to a critical review of several studies' instruments and results concluded in other studies. Table (3.9) illustrates the sources of each dimension.

Table 3.9: the source of all question.

Dimension		Group	Source
First	Knowledge of full IFRS	Both	This question has been asked by IASB in 2005 within the staff questionnaire in order to highlight the characteristics of sample selected.
	Experience	Both	This question has been asked by several authors such as (Eierle and Haller, 2009) and (Siam and Al-Daass, 2011) in order to highlight the characteristics of sample selected.
	Audit SMEs or not	Auditor	Developed by researcher to discard the questionnaire if the auditor does not audit SMEs account.
	Economic sector	Manager	Specified by researcher based on the classification of the Companies Control Department in Jordan(Companies Control Department, 2013) as the association between economic sectors and the suitability of some accounting topics under IFRS for SMEs has been examined by (Aboagye-Otchere and Agbeibor, 2012).
	Legal form	Manager	Specified by researcher based on the classification of the Companies Control Department in Jordan (Companies Control Department, 2013) as the association between legal forms and the suitability of some accounting topics under IFRS for SMEs has been examined by (Aboagye-Otchere and Agbeibor, 2012).
	Adopt IFRS or not	Manager	Developed by researcher to discard the questionnaire if the company does not adopt the full IFRS.

	Employee number, turnover, and total assets	Manager	Specified by researcher based on the classification of the European Commission (European Commission, 2005) as the association between size and the suitability of some accounting topics under IFRS for SMEs has been examined by (Aboagye-Otchere and Agbeibor, 2012) and (Eierle and Haller, 2009).
	Whether the owners are involved in management.	Manager	Adopted from (Eierle and Haller, 2009) that asks respondents about this dimension, it was also examined by (Aboagye-Otchere and Agbeibor, 2012) to specify the relationship between management structure and the suitability of some accounting topics under IFRS for SMEs.
Second		Both	Adopted from (Alsaqa, 2012) and (Ploybut, 2011).
Third		Both	Some question have been adopted from (Siam and Al-Daass, 2011) with some changes to avoid loaded questions as directed by the panel of experts through content validity. Moreover, researcher added other questions that have been investigated or highlighted by several studies such as (Gray et al., 1997; Trulsson, 1997; Okpara and Kabongo,2009; Minh Le, 2012; Tushabomwe-Kazooba, 2006; Lussier, 1996, Mahadea, 1996; Coskun and Altunisk, 2002; Collis et al., 2004; Ozer and Yamak, 2000; Dincer, 1996; Arrunada, 2008; Maseko and Manyani, 2011; Sian and Roberts, 2009; Haller and Eirle, 2008; Fearnley and Hines, 2007; Soderstrom and Sun, 2007; Harvey and Walton, 1996; Nerudova and Bohusova,

		2008; Jermakowicz and Epstein, 2010; Sian and Roberts,2009; Taylor, 2009; Rennie and Senkow, 2009; Müllerova et al., 2010; Bohusova and Nerudova, 2007).
Fourth	Both	The omitted topics has been specified by many professional articles as well as academic studies such as (Christie and Brozovsky, 2010; McQuaid, 2009; Deloitte, 2009, Mackenzie et al., 2011; PWC, 2009; KPMG, 2010; Ernst & Young, 2010; Vasek, 2011; Deloitte, 2010; Patrec, 2008; (Jermakowicz and Epstein, 2010, Veronica and Ionel, 2010, Christie et al., 2010, IASB, 2009).
Fifth	Manager	The development of this dimension is achieved as a result from developing questions in dimension six, as explained in next section (step six).
Sixth	Both	The development of this dimension is explained in detail in the next section.
Seventh	Both	These questions have been investigated previously by the IASB within the Preliminary Views in 2004, the staff questionnaire in 2005 And the discussion paper in 2007, in addition, the researcher referred mainly to the content of IFRS for SMEs to specify the main concepts pertaining to these standards. Also some questions were examined or indicated by some academic studies also such as (Koumanakos and Alexandrou, 2012; Ploybut, 2012; Evans et al., 2005).

Eighth	Both	Similar to third dimension, some question have been adopted from (Siam and Al-Daass, 2011) with several modification to avoid loaded questions as suggested by experts through content validity. Moreover, researcher added other questions as some of them have been reformulated from the third dimension as expected contribution instead of problem in order to enable the researcher in making correlation between the specified problems in third dimension and this dimension to reflect the potential role of IFRS for SMEs in solving or mitigating the aforementioned problems if they existed. Furthermore, some of these effects have been investigated or highlighted by several studies such as (Dang-Duc, 2011; Müllerova et al., 2010; Al-Sbatti and Abdul-Salaam, 2008; Siam, 2005; Elena et al., 2009).
Ninth	Both	Similar to third and eight dimensions, some questions have been adapted from (Siam and Al-Daass, 2011) with numerous adjustments to avoid loaded questions as proposed by experts through content validity. In addition to that, the researcher referred to several studies that underlined these obstacles when designing the questions for this dimension like (Strouhal et al., 2010; Albu et al., 2010; Matar and Noor, 2008; Atteyah, 2008 ; Alavvnah, 2008 ; Dang-Duc, 2011 ; Okpara and Kabongo) 2009; Siam, 2005; Alexander and Servalh, 2009).

3.12.2 The inclusion and exclusion criteria used to develop questions regarding dimension five and six.

As noticed in table (3.9), the researcher developed these questions by undertaking several steps as follow:

Step one: the researcher adopts the notion of Eierle and Haller, (2009) in investigating the suitability of IFRS for SMEs to German SMEs by comparing the topics under IFRS for SMEs with those under German law. Similar design has been implemented by (Aboagye-Otchere and Agbeibor, 2012), however, the latter study examines the effect of economic sectors, legal form, size, and management structure on the suitability of accounting treatments under IFRS for SMEs in Ghana.

Step two: the researcher identified the differences between IFRS for SMEs and full IFRS by referring to several professional works that determined these differences such as KPMG, Deloitte, Ernst and Young, and PWC as well as another source like (Mackenzie et al., 2011). These differences are illustrated in appendix (A).

Step three: discard topics that include option by IFRS for SMEs to use either the full IFRS or the IFRS for SMEs. This includes only the financial instruments standard (IAS.39) providing that the disclosure must be prepared according to section 12 under IFRS for SMEs. The reason is that this will not make any difference from the current adoption by the preparers' perspectives. This idea has been supported by a panel of academics through content validity.

Step four: conducting interviews with external auditors to determine the relevance of each topic specified by the research to Jordanian SMEs as will be explained in more detail within chapter four. By accomplishing this task, the researcher included only the relevant topics in the content of the questionnaire while the irrelevant topics were excluded from the investigation of this study.

Step five: those topics were organised in the form of questions by presenting the proposal of IFRS for SMEs for each topic in comparison with full IFRS, which is the current applied standards. Then these questions were reviewed by a panel of academics and professionals through content validity as will be explained in the next section. The majority of them suggest that these questions must seek only the respondent agreements on those topics without linking them to their effect on cost or benefit at the same question. The reason behind this as they pointed out that include the questions regarding the effects of each proposed topic under IFRS for SMEs will make the questions too complex and reduce understandibilty. They proposed instead, to ask respondents about effects on separate questions to identify the overall effect instead of the individual effect of each topic. Their suggestions were followed by researcher, whereas the potential effects of each topic independently has been carried out by conducting interviews.

Step six: after specifying the questions to be included in dimension six, the relevance of the topics covering these questions to companies was being asked to financial managers as this will enable researcher to compare the points of views regarding the suitability of the proposals under IFRS for SMEs (dimension six) between adopter and non-adopter to each topic independently.

Step seven: conducting a pilot study to ensure the validity and reliability of these questions as explained in next section.

Step eight: after collecting the data for the main study, the researcher performed some statistical tests in order to ensure the validity and reliability of all questions in the questionnaire, by deleting the questions that are unreliable based on Cronbach alpha or have a small loading under the factor analysis, which mean that the deleted questions do not belong to factors specified within each dimension, as they may measure something different from the rest of question within dimension. All of these procedures are explained in details in section (3.16).

3.12.3 Validity and reliability of questionnaire:

Validity: indicates the extent to which the questionnaire reflects the reality as it will measure what the researcher intends to measure. Therefore, a number of aspects must be considered to assess the validity of the questionnaire which can be summarised as follow:

- Content validity: it refers to the extent to which the questionnaire reflects accurate results for the questions being investigated. That could be made by assessing the questionnaire from a panel of individual in order to evaluate whether the questions are essential and useful or not (Saunders et al., 2009).

The questionnaire of this study has been validated by a panel of academics in several universities as well as by a group of auditors in one of the big four international accounting companies.

- Linguistic validity: relates to the questions wording that requires careful consideration to avoid misunderstanding the questions by respondents (Saunders et al., 2009). Therefore, an assessment of questionnaire wording before and after translation was performed by academics and practitioners to ensure that all the words have the proper experiential meaning; this panel also judged the content validity. As the questionnaires were allocated in another language (Arabic) rather than English, a translation has been undertaken by three independent translators to ensure that all respondents will understand the questions in the same way.
- A pilot study has been conducted to ensure the validity of questionnaire.
- Factor analysis was performed to ensure the construct validity (Field, 2009).
- All respondents have been asked in the questionnaire whether they could understand the questions or have any comment on the questionnaire.

Reliability: refers to the consistency of the findings over time and under various situations, for instance, by a different group of respondents (Field, 2009). In this study, the following actions in brief that have been performed to test the reliability throughout the pilot study:

- Test re-test: refers to the consistency of findings of the same respondent at different time and under the same conditions (Saunders et al., 2009, Field, 2009). Hence, the same questionnaires were allocated to the same respondents (two respondents from each group of sample who are: auditors, financial managers) after three months from the initial responses and a Cronbach's alpha test was undertaken to measure the consistency of their answers. This task has been achieved in the pilot study.
- Internal consistency: refers to the correlation of a single question in the questionnaire to the other questions across the questionnaire. Hence, the consistency of each response across all questions in the questionnaire or across each subscale questions must be measured, The most frequently used method to measure the internal consistency is Cronbach's alpha (Field,

2009, Saunders et al., 2009). That will be discussed in details in the pilot study section, as it has been performed in the pilot study.

- Check questions: the researcher included some check questions to ensure that respondents were serious in answering the questions (Saunders et al., 2009). In case of the answers of the same questions (check questions) were significantly different, the case will be not included in the data set.
- A pilot study has been conducted to ensure the reliability of questionnaire.

3.12.4 Ethical Considerations.

Research ethics is associated with appropriateness of researcher's procedures and behaviours regarding the right of participants, particularly in relation to formulating questions, designing research, obtaining access, collecting data, analysing data, and storing the data as well as presenting the finding in moral and proper way (Saunders et al., 2009).

The ethical issues of this study has been evaluated by the research ethics committee by Liverpool John Moores University based on, ethical codes of practise guide in this university. Gaining ethical approval by this committee is required before collecting the data for either pilot or main study, which has been approved for this study. Taking the ethical issues into consideration will enhance the reliability as well as credibility of study (Saunders et al., 2009), as it maximises the trust level between the researcher and participant (Jankowicz, 2000).

The main issues regarding ethics have been performed by researcher and approved by the research ethics committee are: the privacy of actual and potential participants; whether the participation was voluntary or not; obtaining consent from participants; confidentiality of data and ensuring anonymity; avoiding harming, embarrassing, stressing or discomforting participants by any means (Saunders et al., 2009).

In this context, verbal consent from each individual participant was sought before collecting the data, participants were informed about the nature of the study and how their answers are important to the study contribution, and they have been given the option to withdraw from research without explaining the reason at any time. They also have been informed that their participation is voluntary and the confidentiality of data and anonymity are guaranteed as the information they provided will be treated in strictest confidence, and stored in LJMU computer protected by passwords known by the researcher only. In addition, the wording of questions used were ensured to avoid any harming, embarrassing, stressing or discomforting participants.

3.12.5 Pilot study.

A pilot study is considered as a part of a good research strategy that tests the feasibility of the instruments used by detecting the associated deficiencies in either the proposed instruments or in the intended procedures. As a result, any problems can be addressed in order to enhance the quality and the feasibility of instruments before proceeding to the main study that is targeted to large sample. Therefore, a pilot study is always concerned about the validity and reliability of the instruments as it is generally involves fewer respondents compared to main study.

As the pilot study did not point towards any material amendment in the instruments, the findings considered to be appropriate to be incorporated into the findings of the main study. However, the researcher have not included them in the main study.

3.12.5.1 Data collection and sample technique for pilot study:

The sample information was obtained from various websites of governmental institutions in Jordan such as, Companies control department (2006) and (Department of Statistics, 2011, Ministry of Industry and Trade, 2011). Initially, for the purpose of pilot study a random sampling technique for the main study will be used (Saunders et al., 2009).

The questionnaires were distributed to auditors, and financial managers who works within SMEs that match the definition of IASB.

For the purpose of pilot study the following numbers of questionnaires have been distributed to each sample group as illustrated in table (3.10):

Table 3.10: number of questionnaires distributed and returned in the pilot study.

groups	No. of questionnaires distributed	No. of questionnaires returned	Percentage
Financial managers	32	21	65.6%
Auditors	30	21	70%

Note:

Two questionnaires from financial managers have been not included as the companies converted to public companies.

Table (1) does not include the retested questionnaires.

3.12.5.2 Validity and reliability in the pilot study.

The same procedure in section (3.12.3) have been undertaken to ensure both validity and reliability of questionnaire except those attributed to factor analysis as this statistical test requires a large sample (Field, 2009).

Regarding the reliability that refers to the consistency of the findings over time and under various situations, for instance, different group of respondents (Saunders et al., 2009, Field, 2009), Cronbach's Alpha test was undertaken to measure the internal reliability, the results are summarised in table (3.11).

Table 3.11: results of Cronbach Alpha in the pilot study.

Question	Cronbach's Alpha	No of Items	Note
All questions to managers	.913	118	
All questions to auditors	.913	118	
Question about how the users use your enterprise's financial information that is common between groups.	.701	8	Three questions have been deleted to increase the reliability from .629 to .701.

Question about the problems facing SMEs that is common between groups.	.967	24	
Question about the agreement of the general concept of IFRS for SMEs that is common between groups.	.728	3	
Question about the relevance of omitted topics, this question is common between managers and auditors.	.88	8	
Question about the differences between IFRS for SMEs and full IFRS that is common between managers and auditors.	.874	21	
Question about the probable contribution of IFRS for SMEs that is common between groups.	.917	37	
Question about obstacles that are likely to impede the effective implementation of IFRS for SMEs. This question is common between groups.	.923	12	
Question about obstacles that could result from the differences between Jordan and advanced countries that probably hinder the effective implementation of IFRS for SMEs. This question is common between groups.	.935	6	

Notes:

1. The test has been performed to each individual question (construct) separately in order to ensure their reliability before conducting the test for all questions across groups of sample.

2. Because of using different questions across groups, reliability test has been conducted for each group separately, and also for only common questions among groups when performing this test for more than one group.
3. Retest responses have not included in cases when internal consistency has been tested by using Cronbach's alpha. The reason is that to enable comparison for each group between the internal consistency results and test-retest result after replacing the former cases with the retested responses for the same respondents.

Although Cronbach's Alpha is not robust when there is a major amount of missing data, it is considered as the most widely used test to estimate reliability which is a coefficient for internal consistency. The cut-off point of .7 and more is appropriate and indicates good reliability (Field, 2009). According to the above table, the instruments (questionnaires) are reliable for targeted groups of sample, all Alpha scores for all groups and all constructs were more than .7 and for most constructs and groups, they exceed .90 which indicates excellent reliability.

Regarding the test re-test reliability, the same questionnaires were allocated to the same respondents after three months from the initial responses (two respondents from each group of sample) and a Cronbach's Alpha test was undertaken to measure the answers' consistency of the same questionnaire allocated twice to same respondents.
As the number of retested questionnaires is small, the method used to achieve this purpose was performed by comparing the result illustrated in table (1) that are associated to internal reliability with the results obtained after replacing the former answers with the new answers for the same cases. The outputs of test-retest reliability are shown in table (3.12) below.

Table 3.12: results of Cronbach Alpha to reflect to chick the reliability through test re-test reliability.

Questions	Cronbach's alpha for internal consistency	Cronbach's alpha for retest after replacing the cases	N of items	differences
All questions to managers	.913	.914	118	.001
All questions to auditors	.913	.917	118	.004

According to table (1), there are slight differences between results before and after conducting the same questionnaire one more time for same randomly selected respondents. This indicates that the recompleted questionnaires after three months from the same respondents demonstrate a high degree of answers' consistency. Therefore, the test-retest reliability has been recognized.

3.13 Data collection and sampling.

This part of the research explains a field-based study in Jordan. Two groups of preparers of annual reports will be targeted which include external auditors and financial managers. The rationale for choosing those groups among others is tracked back to that they have more knowledge in technical matters compared to other stakeholders. This view was based on the view of Van Wyk (2005) who noticed that considerable number of answers were missing and the response rate was low in the questionnaire due to technical questions facing external users of financial statements in comparison with preparers' response rate. Similarly, the IASB always allocated the questionnaire in 2005 and 2007, regarding the SMEs standards to preparers and particularly to audit firms as well as the standards bodies across jurisdictions due to their knowledge in standards and technical matters with respect to measurements, presentation, recognition, and disclosure. Moreover, Sarapaivanich and Kotey (2006), indicate that the users can identify the benefits and not cost, as they are not in the position of preparing accounts and evaluating the benefits in the light of cost incurred or efforts spent. Thus, including the preparers only is justified due to their capability in analysing the cost and benefits. The exclusion of regulators from the scope of this study is due to the need for obtaining perceptions from those are involved with preparing and reviewing financial statements based on international standards rather than the latter group who is only in charge to prescribe the rules.

Regarding the population and sample technique used, the reliability of results and the possibility of generalising those results are associated with selecting the proper sample from the population of study. This mission can be only accomplished by adopting the suitable sampling technique as well as making the sample as representative as possible to the targeted population (Saunders et al., 2009).

Therefore, the researcher performed the following procedures subsequently in order to achieve the above goal.

1. The researcher considered each group as an independent population due to the differences between them in their objective regarding the financial report, as the financial managers are responsible for preparing the financial reports while auditors are in charge of auditing these reports to give an independent opinion.

2. The number of cases in each population has been determined as follows:

A- The number of entities which the financial managers belong, the classification of entities alongside their number were obtained by referring to the Jordanian Companies Control Department database (Companies Control Department, 2013), as illustrated in table (3.13). However, because this study is interested in investigating the suitability of IFRS for SMEs to Jordanian context, the scope of entities included in this study is specified based on the definition used within the content of IFRS for SMEs (section 1.2-1.5). By applying this definition and referring to the Jordanian Company Law article 24. B, only the general partnership, limited partnership and civil companies that its registered capital more than one hundred thousand JD are included as they were required to appoint external auditors to audit the financial reports of these companies, in accordance with internationally recognized accounting principles, which is the IFRS in Jordan (Deloitte, 2010b). Whereas Public Shareholding Company, Limited Liability Company, Limited Partnership in Shareholding, and Private shareholder Company must adopt these standards regardless of their registered capital. Thus, the number of both limited liability and private shareholder companies will not differ between third and fourth columns in table (3.13). While it differs for the other types of legal forms due to the above reason.

Due to the unavailability of cross tabulation data among the economic sectors, legal forms and the registered capital amount within the Jordanian Companies Control Department database, the researcher obtained these numbers from two managers in the Companies Control Department, as they have special uses enabling them to filter these kind of data. Consequently, the number of entities that match the definition of IFRS for SMEs, is based on legal form across all economic sectors are determined in the fourth columns in table (3.13).

Table 3.13: Numbers of firms according to economic sectors and legal form as well as Number of entities that conforming with the IFRS for SMEs conditions.

Economic sectors	Legal form	Number	Number of entities that conforming with the IFRS for SMEs conditions.
Manufacturing	Limited Liability	6620	**6620**
	General Partnership	16752	**885**
	Limited Partnership	2546	**217**
	Civil Companies	9	**1**
	Private Shareholder	172	**172**
Trade	Limited Liability	13746	**13746**
	General Partnership	53759	**2840**
	Limited Partnership	9290	**791**
	Civil Companies	10	**1**
	Private Shareholder	210	**210**
Agriculture	Limited Liability	2503	**2503**
	General Partnership	2056	**109**
	Limited Partnership	347	**30**
	Civil Companies	24	**1**
	Private Shareholder	177	**177**
Construction	Limited Liability	1130	**1130**
	General Partnership	3483	**184**
	Limited Partnership	657	**58**
	Civil Companies	0	**0**
	Private Shareholder	33	**33**
Service	Limited Liability	10877	**10877**
	General Partnership	32374	**1710**
	Limited Partnership	4775	**407**
	Civil Companies	319	**11**
	Private Shareholder	385	**385**
Total		162272	**43098**
Source: (Companies Control Department, 2013).			

B- The auditors' number was obtained by (Jordan Association of Certified Public Accountants, 2012), which indicates that the registered auditors number is 600 auditors.

3. For the purpose of calculating the required sample size for each group, Yamane formula that is widely used in social sciences, has been adopted (Yamane, 1967). This formula is as follows:

$$n = \frac{N}{1 + N * (e)^2}$$

n - the sample size
N - the population size
e - the acceptable sampling error

* *95% confidence level and p = 0.5 are assumed*

By applying this formula, the sample size of each population will be as follow:

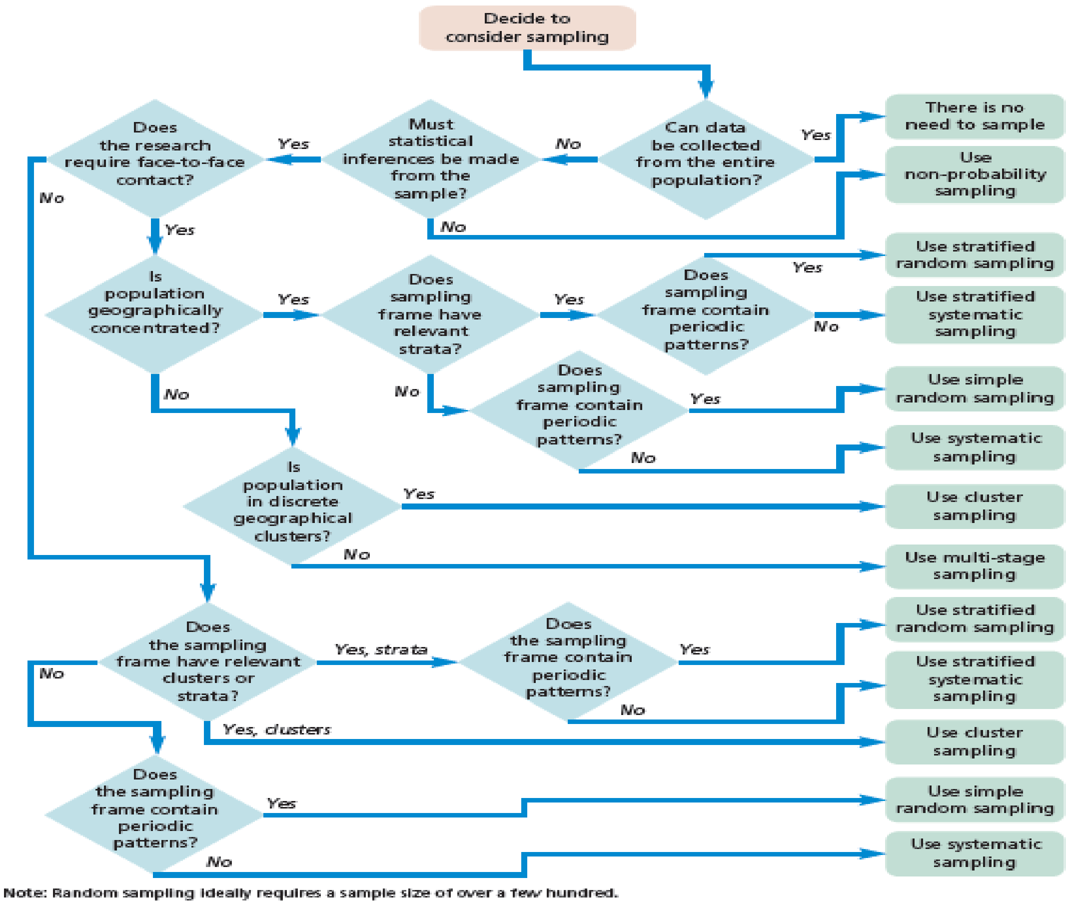
- Financial managers
  n = 43098 / 1 + 43098 * (.0025) = 396. 32 which is approximate 397 cases required to be collected. The researcher collected 448 questionnaires.
- Auditors

n = 600 / 1 + 600 * (.0025) = 240 cases required to be collected. However, because the researcher encountered some difficulties in getting the required number of responses, the confidence level has been reduced from 95% to 93%, which reduce the number from 240 to 152 cases to be collected. The researcher collected 157 responses.

4. Specifying the appropriate sample technique for each group. Due to the nature of population of both group that can be framed and determined by also refer to study objectives, the probability sampling is used, whereas making the sample representative is deemed possible under probability sampling (Saunders et al., 2009). Regarding the sample techniques under probability sampling, stratified random sampling technique was implemented for

manager group as the sample frame (SMEs) includes relevant strata and geographically concentrated (Saunders et al., 2009). While the auditor group does not have relevant strata, which makes the random sample technique more suitable for auditors group (Saunders et al., 2009). The conditions that researcher depended on, for selecting the proper techniques are illustrated in Figure 3.1.

Figure 3.2: Selecting a probability sample.



Source: adopted from (Saunders et al., 2009).

5. In order to ensure that the sample is representative, the researcher paid considerable attention to collecting responses from each category based on its percentage in the population. With respect to financial managers, researcher divided the population into five economic sectors and then divided each economic sectors into five legal forms. The responses from each legal form will be based on its percentage within each economic sectors independently as shown in table (3.14), which also exhibits the number of questionnaire distributed and returned.

The number of questionnaires that must be collected from each category of legal form within each economic sectors can be calculated by applying this formula.

$$\text{The number of questionnaires} = 397 * \frac{\text{number of entities within each legal form}}{\text{Total number of entities}}$$

However, the researcher intended to collect at least five questionnaires from each category to make the statistical results more meaningful in specifying trends, unless the number of these cases in the category was less than five cases. In this case the whole cases will be targeted. This can be justified because the majority of cases belong to limited liability and general partnership companies particularly in both trade and service sectors which make the weight of other cases considerably small.

Table 3.14: Questionnaire distributed and collected facts.

Economic sectors	Legal form	Number of entities that conform with the IFRS for SMEs conditions.	Number of responses that must be collected	Distributed	Returned after discarding invalid or extra responses
Manufacturing	Limited Liability	6620	61	85	**62**
	General Partnership	885	9	16	**9**
	Limited Partnership	217	5	8	**5**
	Civil Companies	1	1	1	**1**
	Private Shareholder	172	5	5	**5**
Trade	Limited Liability	13746	127	167	**128**
	General Partnership	2840	27	33	**28**
	Limited Partnership	791	8	10	**8**
	Civil Companies	1	1	1	**0**
	Private Shareholder	210	5	9	**5**

Agriculture	Limited Liability	2503	23	30	**24**
	General Partnership	109	5	6	**5**
	Limited Partnership	30	5	7	**5**
	Civil Companies	1	1	1	**1**
	Private Shareholder	177	5	8	**5**
Construction	Limited Liability	1130	11	18	**11**
	General Partnership	184	5	8	**5**
	Limited Partnership	58	5	9	**5**
	Civil Companies	0	0	0	**0**
	Private Shareholder	33	5	8	**5**
Service	Limited Liability	10877	101	144	**101**
	General Partnership	1710	16	23	**16**
	Limited Partnership	407	5	8	**5**
	Civil Companies	11	5	6	**5**
	Private Shareholder	385	5	8	**5**
Total		43098	446	619	**448**

Regarding the auditors' group, as this population does not have strata, there is no need for dividing the population into several categories. Hence, by using random sample technique, the researcher distributed 265 questionnaires and the returned valid questionnaires were 157. The response rate was higher within financial managers' group that was 72.4% compared to auditors' group reaching 59.2%.

There are 46 questionnaires have been excluded. Those questionnaires fall into two categories: extra questionnaires and invalid questionnaires. The 28 extra questionnaires were discarded to make the data as strongly representative to population as possible as explained already. The criterion used to exclude the extra responses was based on eliminating those with considerable amount of missing answers compared to those retained. While the criteria used to discard the invalid questionnaires that were 18 questionnaires are illustrated in table (3.15).

Table 3.15: Disqualification criteria of questionnaire.

Criterion	Action	Number
Missing entire dimension in questionnaire.	Discard	1
Select more than answer for many questions.	Discard	2
The auditor does not audit SMEs account.	Discard	1
The company does not apply IFRS.	Discard	8
Missing answers in demographic questions.	Discard	4
The company has public accountability.	Discard	0
The answers of check questions significantly different.	Discard	2

3.14 Administration of questionnaire.

As the researcher designed the questionnaire properly and ensured the validity and reliability through pilot study, the questionnaire became ready to be distributed for the main study. Allocating questionnaires and collecting them consumed a considerable amount of time exceeding five months, because this study sought to collect questionnaires from the targeted groups predetermined to make the sample representative as explained in section (3.13).

The information about entities in terms of economic sectors, legal forms, purposes and addresses were gained from Companies Control Department's database (Company Control Department, 2013). The respondents were approached firstly by contacting them via telephone, so that researcher can gain verbal consent before distributing questionnaires. This procedure facilitates the mission to obtain access to the pertinent entities.

To ensure the high response rate, the questionnaires were distributed by using delivery and collection questionnaires (Saunders et al., 2009). As the postal questionnaire technique is very hard to be applied due to the cost incurred especially with the ineffective post system in Jordan compared to developed countries. Utilising this type of questionnaire enables the researcher (most of the time) to collect the questionnaire on the same day as delivery, which enhanced the response rate (Saunders et al., 2009), unless the respondent ask the researcher to collect it at a different time. In this case, the follow-up is used via telephone in the specified time by respondent.

For the purpose of maximising the response rate also, a proper cover letter was printed and attached to each questionnaire and the collecting box was ready, which reflects the purpose of study, the importance of their response in enriching the study, the expected time to complete the questionnaire, the importance of answering questions subsequently, stress that the response is voluntary, and the information provided will be treated in strictest confidence and anonymous, and the right to withdraw from participation even though the verbal consent has been given. The same procedures were undertaken when conducting the interviews.

3.15 Statistical tests employed.

In order to answer the questions raised from the literature review and drawing a meaningful conclusion, a large sample of all groups is required at first, as the small sample will not lead to appropriate analysis as well as the inability of generalization. Determining the suitable statistical tests to be used is crucial matter as these tests underpin the results that eventually lead to actual accurate conclusion. These tests however, rely mainly on the objectives of study. Thus, these tests are linked to each objective independently as presented in table (3.16).

Table 3.16: Statistical tests and objectives of study.

Statistical test	Reasons for using the particular test.	Objective
Descriptive analysis	To describe the trend of results using simple statistical model such as mean (Field, 2009).	For all objectives
Two-Sample T-Test (independent sample t-test).	To compare the mean of two groups from sample with each other (Field, 2009, Wooldridge, 2005).	For all objectives to compare the perceptions of financial managers and auditors

Anova	To examine differences among the means for several various groups as whole (more than three, as independent t-test is used for two groups) (Field, 2009).	For objective three to compare the perceptions of financial managers across different economic sectors, legal forms, sizes, and management structures.
Person correlation's coefficient	To express the relationships between variables (Field, 2009).	For objective five to make a correlation between problems and expected contributions result from using IFRS for SMEs, in order to identify the role of IFRS for SMEs in mitigating or solving problems.

After performing Cronbach Alpha for reliability and factor analysis for validity, choosing these tests was according to the nature of both outcome variables (dependent) and the predictor variable (independent) as well as the number of each one of them (Field, 2009). As outcome variable was continuous for all objectives and the predictor variable was categorical, independent sample t-test to make a comparison between two groups and one-way Anova test to compare the perception among more than two groups are specified to be the most appropriate tests to achieve the objectives in addition to some descriptive analysis by using mean (Field, 2009). The Parson correlation's coefficient is conducted to express the relationship between two continuous variables that are between dimension three and eight. Post-hoc comparisons within Anova are conducted to specify the place that make the differences among groups (Field, 2009).

Because factor analysis has been performed, all these tests were executed based on factors determined, whereas each factor comprises a number of questions within each dimension as explained in the next section. Analyzing data based factors facilitate the analysis processes and make the data more digestible instead of investigating each question in the questionnaire separately (Field, 2009; Pallant, 2011).

Conducting these tests can only be performed if the assumption of normality of distribution and homogeneity of variance are met. For this purpose, the researcher took action to ensure these assumptions as explained below.

3.15.1 Normality of distribution.

Due to using a large sample, ensuring the normality by relying upon significant tests of Skew and Kurtosis is deemed ineffective *"because they are likely to be significant even when skew and kurtosis are not too different from normal"* (Field, 2009:138). Similarly, The Shapiro–Wilk test in large samples *"can be significant even when the scores are only slightly different from a normal distribution."* (Field, 2009:148). Therefore, the central limit theorem regarding the normality of distribution has been applied that *"demonstrated that as samples get large (usually defined as greater than 30), the sampling distribution has a normal distribution with a mean equal to the population mean"* (Field, 2009:42).

3.15.2 Homogeneity of variance.

It is referred to *"that the variances of one variable should be stable at all level of other variables"* (Field, 2009:149). The homogeneity of variance can be tested by using Leven's test whereas the significant result means that the homogeneity of variance has been violated and vice versa for non-significant result from Leven's test (Field, 2009:342, Pallant, 2011). This test has been conducted in this study for each factor determined by factor analysis within each dimension.

The results of Leven's test for each factor are presented in the analysis chapter. With this respect, if the result of significance of Leven's test is more than .05, which means that homogeneity of variance assumption is met. In this case the listed tests in table (3.16) above can be executed to the pertinent factor. However, if the result of this test is significant, the researcher reports the result in different way within the same test as illustrated in table (3.17).

Table 3.17: Alternative reports according to the homogeneity of variance results.

Test	If the homogeneity of variance is met.	If the homogeneity of variance is doubtful.	Reference
Two-Sample T-Test (independent sample t-test).	Report the result *"at the row in the table labelled Equal variances assumed",* which is the first row in the table.	Report the result *"at the row in the table labelled Equal variances not assumed",* which is the second row in the table.	(Field, 2009:342, Pallant, 2011).
One-way Anova	Report the result in the *"table labelled ANOVA".*	Report the result in the *"table labelled Robust Tests of Equality of Means",* through wetch Anova.	(Field, 2009:388, Pallant, 2011).
Procedures for Post-hoc comparisons within Anova	Tukey's HSD and Hochberg's GT2 procedures. As the size of groups could be either similarly equalized or differed.	Games–Howell procedure, as the homogeneity of variance is doubtful.	(Field, 2009).
Correlation	Parson correlation's coefficient.	Spearman's correlation coefficient.	(Field, 2009, Pallant, 2011).

Using the aforementioned reporting within the parametric test instead of applying non-parametric test such as the Chi-Square Test, Wilcoxon rank-sum test and/or Mann-Whitney test, and the Kruskal-Wallis test, can be justified as follow:

1. *"In large samples Levene's test can be significant even when group variances are not very different"* (Field, 2009:152). Thus, the violation of homogeneity of variance is doubtful.
2. As the researcher performed Levene's test for each factor within each dimension independently in order to increase the accuracy of result instead of taking the overall variances in one sum, reporting the results from the same test by using alternative reporting provided in the same test for different

variances assumption would increase the consistency and constancy of interpreting the results. Especially the majority of factors across dimensions satisfied the homogeneity of variance assumption.

3. Using parametric tests is deemed more robust than use of non-parametric test.

3.16 Factor analysis and reliability

The validity and reliability of research instruments are vital for the purpose of ensuring the consistency of results over time and under various situations, for instance, by a different group of respondents (Field, 2009), as well as confirming that the measurements are more likely to measure what they intend to measure and reflect the reality (Saunders et al., 2009). Therefore, numeric procedures have been undertaken, which were already covered in section (3.12.3). In addition to the aforementioned techniques, factor analysis and Cronbach's alpha test are also performed to confirm validity and reliability respectively.

3.16.1 Process of conducting Factor analysis and Cronbach's alpha tests:

The procedures followed by the researcher to perform both tests are explained below coupled with justifications for decisions to embrace particular offered options within these tests or set aside other options.

1) Conducting Cronbach's Alpha test for all questions in order to confirm the robustness and reliability of each data set, so as to delete any question that may undermine the overall consistency of responses for all questions before running the factor analysis.
2) Performing the factor analysis: as a result of collecting a considerable number of responses, the primary assessment of suitability of each data set for performing factor analysis has been met as the total number of responses was 605 valid responses. This number is deemed sufficient owing to exceed 300 cases that is preferable, whilst is inferior for a sample size of fewer than 150 cases, unless the solutions include numeric high loading marker for variables that should be more than (.8) (Tabachnich and Fidell, 2007).

   In this respect, factor analysis has been carried out independently for each prearranged or proposed scale construct due to the nature of these constructs that do not generally overlap with each other, In other words, each proposed construct or subscale has specific particularity that makes it evidently distinct from other constructs, for instance, technical questions regarding standards (measurement, recognition, and presentation) are different from those associated with the possible positive contributions from applying these standards or the obstacles that may hinder the adoption of such standards, which make it unfeasible to run the factor analysis for all these questions in one sum. Thus, factor analysis is performed for each construct separately by taking the following steps and selecting a particular option as follows:

a. Selecting Principal Components Analysis (PCA) when undertaking factor extraction without determining the number of desirable factors as this mission would be accomplished after completing parallel analysis test as well as analysing the scree plot. The key justification for choosing Principal Components Analysis rather than using Principal Axis Factoring or Imaging Factoring is attributed to the simplicity of this technique compared to other methods as well as its main purpose that focuses on establishing certain linear components within each data set and indicating how each particular variable contributes to each component if any (Field, 2009). While other techniques are concerned more with establishing a mathematical model for those factors that have been estimated (Field, 2009). Theoretically, both techniques may differ slightly if the number of variables exceeds 30 underlying variables with communality of (0.7) and more, whilst, the output could obviously differ if the variable number is less than 20 and the communality for those variables below (0.4) as those techniques are distinct in estimating the communality (Stevens, 2002). In addition to that, PCA bears several similarities to discriminant analysis (Field, 2009).
b. Choosing direct oblimin for factor rotation, which belongs to oblique rotation method. This can be traced back to the nature of factors that may be correlated whereas this correlation is not permitted under orthogonal rotation methods such as varimax, quartimac or equamax (Tabachnich and Fidell, 2007, Field, 2009). However, to avoid high correlation among factors, delta value within this rotation has been set at zero value (Field, 2009). Although the interpretation by relying on orthogonal rotation is easier compared to the interpretation result from using oblique technique as the latter allows correlation among factors (Tabachnich and Fidell,

2007), some researchers such as Pallant (2011) evidently recommended starting primarily applying the oblique technique so as the level of correlation among factors can be detected by analysis of the component correlation matrix and by using both the pattern and structure matrix in determining the factors of inspected variables. Hence, if the factors in the component correlation matrix were slightly correlated, both rotation techniques would present very similar outputs. While it is not the case if the correlations were significantly high, which support the need of reporting these factors via oblique technique (Pallant, 2011, Field, 2009).Thus, in this study, the component correlation matrix will be analysed in order to present whether the high correlation among factors has occurred or not.

c. Selecting the option of excluding the missing values listwise that is deemed the safest approach for dealing with missing value compared to others such as pairwise; or replace with mean unless it produces enormous loss of data as the missing value of a case in particular variable will be excluded from the entire analysis whilst the missing score in pairwise option is excluded from analysis of that variable in which the missing value belongs to, which make the former option extensively safer (Field, 2009).

d. The suppress absolute values are set to be (.3) in order to command SPSS to present only the factor loading of .3 and more. Due to the fact that the absolute value of factor loading depends essentially on sample size as the larger the sample size, the smaller the loading that is acceptable to produce meaningful statistical analysis (Field, 2009). Some researchers like Stevens (2002) established a table of the probable sample size against the preferable loading score, which was (.21) for a sample size exceeding 600 cases. The sample size in this study totalled 605 cases. Therefore, the predetermined absolute value of (.3) is more than the required absolute value of (.21) that indicates applying more conservatism pertaining to factor loading.

e. Running factor analysis so as to examine the suitability of factor analysis to the data set by testing the factorability via two key statistical tests, which are Bartlett's test for sphericity that must be significant with ***P*** value less than (.05) (Bartlett, 1954) and the Kaiser – Meyer – Olkin test (KMO) for measuring the sample adequacy (Kaiser, 1970). Taking into consideration that the range of KOM's index is 0 to 1 with essential preference for the score to be more than (.6) (Tabachnich and Fidell, 2007). However, Kaiser (1974) believes that (.5) for KOM is barely acceptable, while lesser value leads to either gathering more data or reconsidering the inclusion of certain variables. In this respect Hutcheson and Sofroniou (1999) constitute pertinent directions indicating that KOM value between .5 and .7 is mediocre, and those ranged from .7 to .8 are good while the vales between .8 and .9 are great and finally above .9 are considered to be superb.

f. Checking communality is important for performing the factor analysis that measure the common variance which points to how the variable is shared with other variables that ranges from 0 to 1 (Field, 2009). In this extreme, MacCallum et al. (1999) asserts that the level of communality importance is negatively associated with sample size. Hence, the latter study classified that with sample size lower than 100 cases, the communality score must exceed (.6) and above (.5) for the sample size of 100 to 200 cases. While it is tolerable to be below (.5) with large sample that surpasses 500 cases especially if the number of underlying factors was large (Field, 2009).

g. Identifying the number of factors revealed and to what extent each factor contributes in explaining the variances by referring to Total Variance Explained table as shown for instance in appendix (E, table 2), which presents the Initial Eigenvalues Extraction, the Sums of Squared Loadings, and Rotation Sums of Squared Loadings. By default, SPSS implements Kaiser's criterion of holding factors with Eigenvalues more than 1 that is shown in the first column in the Initial Eigenvalues Extraction (Field, 2009). Despite this, Kaiser's criterion has been criticised for retaining too many numbers of factors in numerous conditions (Pallant, 2011), which may entail going further test to confirm the number of factors such as Parallel analysis or scree test as explained below (Pallant, 2011). The second column illustrated the Sums of Squared Loadings that represent the variances explained by each specific linear factor whereas generally the first factor explained the highest portion of variances that may equal the portions explained by others' retaining factors, which reflects the importance of referring to the Rotation Sums of Squared Loadings in the third column. This mitigates this problem as the major reason for rotation is to optimise the factor structure, which consequently results in decreasing the differences among factors pertaining to variances explained by each factor when making comparison with those before rotation (Field, 2009).

h. Performing scree plots analysis and parallel analysis is to ensure the number of factors to be retained (Pallant, 2011). This is owing to the fact that the Kaiser Criterion tends generally to overestimate the retained factors' number (Field, 2009). A scree plot analysis that is also known as Cattell's scree test, is performed by depicting a straight line, which summarises the vertical side of plot that represents eigenvalue as well as summarises the horizontal side to represent the number of components (Field, 2009), and then find the point in which the shape of the curve changes its direction to be horizontal and count the number of factors above this point in other words, the number of factors above the elbow or cross point of both drawn lines (Field, 2009, Pallant, 2011, Cattell, 1966). Scree plot is deemed to be reliable for factors or components selection when the sample size exceeds 200 cases (Stevens, 2002). Parallel analysis that is also known as Horn's Parallel analysis (Horn, 1965), is the superior test for factor selection especially in social science (Choi et al., 2001, Stober, 1998, Pallant, 2011). This test retains the only factors with eigenvalues that exceed the matching value of the randomly generated data set from the same sample size (Pallant, 2011). The latter test is considered more accurate for identifying the number of retained factors compared to other methods such as Kaiser's criterion or Cattell's scree test, which tend to overestimate the number of retained factors (Zwick and Velicer, 1986, Hubbard and Allen, 1987). Thus, as Parallel analysis and scree plot are conducted in this study to either confirm or reduce the number of components driven by Kaiser's criterion, it is merely useful after determining the number of retained factors to rerun factor analysis providing that stipulating SPSS to extract the number of retained factors results from the aforementioned tests (Field, 2009). For this reason, factor analysis will be rerun but as already mentioned with determining the number of factors to be extracted.

i. Using mainly the pattern matrix and in the second place of priority the structure matrix as shown for instance in table (5.2), for the purpose of establishing the underling variables that constitute each construct or factor. This because it is quite necessary to report both matrixes so as to show the loading of each variable within each factor (Pallant, 2011, Field, 2009). Moreover, referring to these matrixes assist in excluding the variables with low loading (Field, 2009).

3) Cronbach's Alpha test is conducted for all questions in the questionnaire and for each factor separately in order to ensure the consistency of responses as already mentioned (Field, 2009, Saunders et al., 2009, Pallant, 2011). Although Cronbach's Alpha is not robust when there is a major amount of missing data, it is considered as the most widely used test to estimate reliability which is a coefficient for internal consistency. The cut-off point of .7 and more is appropriate and indicates a good reliability (Filed, 2009).By executing this test, the question that undermined the reliability within either all questions or each construct will be deleted to boost the overall or construct's reliability (Field, 2009, Pallant, 2011).
4) Finally, rerun factor analysis again on the side of caution by performing also parallel analysis as well as scree plot as already done to the end that warrants all factors are still held in the same structure after deleting some questions (Field, 2009).

The outputs of factor analysis and Cronbach alpha test are illustrated in the analysis chapter section (5.2.2).

3.17 Summary

This chapter justifies the research methodology and methods for the purpose of achieving the research objectives. A mixed-method approach was selected based on the nature of the study and the research objectives. The qualitative and quantitative data were gathered and analysed independently. Then were combined in the discussion chapter.

A total of 10 semi-structured interviews were conducted with external auditors to determine the relevance and the suitability of some topics under the IFRS for SMEs to the Jordanian context. Questionnaire surveys were also distributed to financial managers and auditors. A total of 605 valid responses were returned. Probability sample techniques were implemented to collect the data. In addition, the validity and reliability of the questionnaire were ensured by performing both qualitative and quantitative procedures. The data from the questionnaire were analysed by using parametric statistical tests. The following chapter presents the qualitative analysis of semi-structured interviews.

Chapter 4 : Interview Analysis

4.1 Introduction

This chapter presents and discusses the findings obtained from the interview exercise undertaken with ten external auditors. As indicated in the previous chapter when introducing the methodology adopted to achieve the research objectives (Section 3.10), the purpose of conducting interviews was to determine the level of relevance of numerous accounting topics for SMEs as perceived by practitioners, such that the research instrument could be developed precisely with questions pertaining to these topics, and that it would be a focused questionnaire designed to obtain maximum relevant data.

Ten semi-structured interviews with external auditors, therefore took place in order to identify the relevance and suitability of topics under IFRS for SMEs based on the differences between them and the Full IFRS. A large number of such differences were in fact, highlighted by the interviewees as irrelevant, leaving the researcher with the need to impose a hierarchy in terms of the topics that were most relevant to SMEs, in order to design a questionnaire of a suitable length and which would yield the desired data.

The profiles of the interviewees are presented at the start of the chapter, and thereafter the interviewees' responses regarding the relevance and suitability of certain topics within the proposed IFRS for SMEs, are discussed. Each topic is considered initially in terms of its relevance for SMEs, and secondly in respect of its suitability for these enterprises. The chapter finishes with a short summary.

It should be noted in regard to the development of the questionnaire arising from the interviewees' contributions that since the Full IFRS have already been adopted by Jordanian companies, the topics to be investigated were specified according to the differences between Full IFRS and the proposed IFRS for SMEs. This strategy was assumed as a means of ensuring that the questionnaire respondents were able to completely understand the questions, and appreciate their relevance, and that they were not presented with irrelevant questions which might distract them, and waste their time in completion of the instrument. The questionnaire was designed such that respondents were asked to reflect their opinion regarding the suitability of each of the topics for inclusion within the proposed IFRS for SMEs (i.e. whether these topics were indeed appropriate for implementation in the context of small to medium-sized enterprises). In formulating the questionnaire, it was decided not to include the differences between the IFRS for SMEs and the Full IFRS regarding financial instruments, as under Section 11 of the IFRS for SMEs, preparers are provided with the option of using either the IFRS for SMEs or IAS.39.

4.2 Interviewee Profile

As indicated in Chapter Three, all Jordanian auditors must pass the JCPA in order to practise, and as the Full IFRS are in use, it is presumed that they are all capable and knowledgeable in terms of the Full IFRS. Moreover, the nature of the work undertaken by auditors is such that they are involved in auditing a wide range of companies, thereby providing them with comprehensive viewpoints, denied to financial managers who deal only with transactions that fall within the scope of one company. The profiles of the ten interviewees are presented in Table 4.1.

Table 4.1: Interviewee Profile

Group	Experiences	Qualification	Code to be used
Partner auditor	16 years	JCPA, ACCA	EY1
Auditor	9 years	JCPA	EY2
Auditor	8 years	JCPA	EY3
Auditor	8 years	JCPA, CMA	EY4
Auditor	6 years	JCPA	EY5
Auditor	7 years	JCPA	A1
Auditor	12 years	JCPA, CMA	A2
Auditor	11 years	JCPA	A3
Auditor, Tax agent	13 years	JCPA	AF1
Auditor, Tax agent	9 years	JCPA	AF2

4.3 Analysis of Responses

The responses are analysed thematically according to major differences.

4.3.1 Differences between the IFRS for SMEs and the Full IFRS regarding the presentation of financial statements

1- Number of comparative periods to be included in the statement of financial position

All interviewees stated that the inclusion of two comparative periods in the statement of financial position is necessary because this is a requirement according to IAS 1.10, and hence, there can be no waiving of this.

However, in respect of the suggestion under the IFRS for SMEs to include only one comparative period in the statement of financial position, EY2, EY3, EY4, and A3 welcomed this as they believed that the change would simplify the presentation process. The remaining six interviewees believed otherwise, considering that the proposed change would reduce the benefit of financial information by undermining the internal comparability. AF2 indicated that some stakeholders, particularly investors, prefer to compare the financial information throughout periods.

2- Exemption from preparing consolidated financial statements

All interviewees indicated that consolidated financial statements are not applicable to SMEs as these statements must be prepared by the Holding Company (parent), and SMEs do not have parent companies. Company Law Article (204a) states: *"A Holding Company is a Public Shareholding Company which has financial and administrative control over one or more Companies called subsidiary companies"*. This clearly does not apply to SMEs, and hence, this issue does not feature within the questionnaire.

3- Assets held for sales and disposal groups

All interviewees stated that assets held for sales were not relevant to the SME context.

4- Whether a combined statement of income and retained earnings is permitted or not

All interviewees stated that making a combined statement of income and retained earnings is prohibited under the Full IFRS.

Regarding the proposal under the IFRS for SMEs to permit a combined statement in circumstances where a change in equity during the financial year was caused by profit or loss, payment of dividends, correction of prior period errors, or changes in accounting Policy [IFRS for SMEs 3.17-3.18 and 6.4-6.5], only EY3, A2, and AF2 showed their willingness for this proposal to be included. In their opinion, this change would significantly simplify the preparation of these statements. However, the rest of the interviewees rejected this proposal as it is not suitable if the entity has any other comprehensive income, which may lead to reduction in the comparability among the same size entities whereas some entities prepared the combined statement while other do not, as it is impractical if the company has other comprehensive income.

5- Investment property that is accounted as PPE.

The majority of interviewees considered this issue to be applicable within the SME context, although A1 and AF1 indicated that companies rarely disclose the fair value of these investments.

With regard to the suggestions under the IFRS for SMEs to exempt companies from this requirement, although all respondents agreed on the proposal due to the substantial simplification and the reduction in effort, time, and cost (as the fair value cannot be determined reliably without incurring undue cost and effort), EY2, EY3, EY5, A2, and AF2 expressed some concern about the reliability of financial information, which they thought had the potential to be reduced by the change, and which they thought would be a worry for investors. Thus, EY2, EY3, and A2 preferred to maintain a reasonable balance between cost and benefit that would involve disclosing the fair value if only that value could be determined reliably without undue cost and effort.

6- Disclosing the accounting policy pertaining to government grants

All interviewees referred to the fact that in general, the Jordanian government does not donate to business in the form of grants, and that as this is unlikely to occur, they preferred to exclude reference to government grants from the content of standards applying to SMEs. Accordingly, this issue was excluded from the questionnaire.

7- Disclosure regarding the effect of changes in standards already issued but not yet effective

This issue was deemed as relevant to SMEs by the interviewees. Only AF1 agreed with the proposal under the IFRS for SMEs to exempt SMEs from disclosing these effects on the grounds that it would reduce the amount of unnecessary disclosures, and thereby save both effort and cost. On the other hand, even though the remaining interviewees rejected this suggestion, they did consider it necessary as a means of enhancing the adequacy and reliability of financial information. EY1, A2, AF1, and AF2 were concerned about two issues pertaining to the cost and benefit trade-off as well as the balance between reliability and understandability, since their belief was that some stakeholders would not be able to understand the disclosure.

8- Dividends declared after the end of the reporting period

As highlighted by the majority of interviewees, this issue is relevant to some SMEs that are formed as limited liability companies, or private shareholder companies. However, both A1 and A2 stated that this issue had low relevance within the SME context.

Regarding the suggestion under the IFRS for SMEs not to recognise these dividends as a liability, but to present the amount of dividends separately in retained earnings, all interviewees, with three exceptions, perceived this as increasing the transparency of financial information. However, EY1, EY4, and A2 preferred to comply with the Full IFRS in which the dividends are neither recognised as a liability, nor presented separately in retained earnings, as they believed this would increase the difficulties in preparing the retained earnings statement

4.3.2 Differences between the IFRS for SMEs and the Full IFRS regarding the simplification of options, measurements and recognitions

4.3.2.1 First: Joint venture, associate, and business combination

All of the topics pertaining to joint venture, associate, and business combination were described by all the interviewees as being irrelevant in the context of Jordanian SMEs.

4.3.2.2 Second: Employees' benefits

Likewise, all interviewees indicated this topic as being irrelevant since all companies participate in the Jordanian social insurance scheme. EY1, EY2, and EY5 added that as a result of the absence of an effective labour union in Jordan, companies are compelled to present the details relating to employee benefit, and because they comply with the local social insurance requirement, they do not adhere to the requirement under the Full IFRS. Additionally, they stated that only the Arab Potash Company which is a public company, and some banks comply with the requirement of the Full IFRS regarding employee benefits. Consequently, all the issues pertaining to employee benefits, such as deferral of actuarial gain and losses of defined benefit pension plan, the use of the projected unit credit method for defined benefit obligations and related expenses, discounting for defined contribution benefit, and spreading the past service cost over many periods, were deemed inappropriate for the questionnaire and therefore, not included.

4.3.2.3 Third: Other elements making up the statement of financial position

1- Share based payment

All interviewees emphasised this as an irrelevant topic in the Jordanian SME context, and hence, there were no questions concerning it on the questionnaire.

2- Exemptions for transactions related to combination or acquiring goods or services under a contract

Similarly, all interviewees considered this an irrelevancy in respect of Jordanian SMEs and, therefore, there were no questions about this suggestion on the questionnaire.

3- Measuring investment property

In the case of measuring investment property, all the interviewees perceived this as relevant to SMEs. With respect to the suggestion under the IFRS for SMEs to do this according to circumstances which might compel them one way or the other, rather than to allow SMEs the choice irrespective of the circumstances, of using the cost or fair value model, it was believed that the fair value model should only be used in the profit or loss account if the fair value can be measured without undue cost or effort, otherwise, the cost-depreciation-impairment method should be used [IFRS for SMEs 16.7-16.8]. This was considered to be preferable to measuring the investment property either by the cost or fair value model [IAS 40.30]. The majority of interviewees believed that the common practice was to measure these investments based on the cost model, and hence, that the introduction of the ability to use the fair value model would decrease comparability and simultaneously involve high costs. However, both A1 and A3 stated that as this suggestion provides companies with the option to use either model, it is pointless reducing the options because entities can give more priority to measuring these investments based on fair value if this is possible, before proceeding to the cost model option, and this strategy would ultimately enhance the reliability of accounting information.

4- Property, plant, and equipment measurement and recognition

All interviewees indicated the relevance of this topic to Jordanian SMEs. Regarding the suggestion under the IFRS for SMEs to use the cost model instead of the option to use either the revaluation model or the cost model under the Full IFRS, interviewees A1, A3, and EY3 expressed their preference not to restrict the preparers and reduce the options given to companies on the grounds that this would undermine the reliability of accounting information. They also believed that a fair value assessment of non-current assets provides relevant information to stakeholders if analysed prudently, as this reflects to some extent, the ability of companies to convert such assets into cash. A3 also added that some managers might prefer to use the revaluation model when the value of property increases dramatically. EY3 indicated a preference to recognise a reasonable balance between cost and benefit. The remaining interviewees said that the common practice was to measure these investments using the cost model and therefore, the use of the fair value approach would decrease comparability and be much more costly. The same outcome also emerged in respect of intangible assets. In this case, EY1 stated that whilst the use of the revaluation model is more beneficial for stakeholders, the cost of its implementation is extremely high since an valuer firm is required to actually re-evaluate the assets. He also added that companies should only invoke the revaluation model if there is an indication of impairment, since this approach would protect the shareholders and at the same time, maintain due prudence by only using the cost model when the fair value of assets exceeds the cost paid to acquire them. However, EY1 also expressed concern about the use of the cost model for intangible assets as is later highlighted when discussing the issue of these assets. EY2 considered the revaluation model as cost-intensive even though the market price is determined. He further added that this proposal would enhance the consistency across periods.

5- Assets that depreciate separately

All interviewees indicated the relevance of this topic to SMEs in Jordan, and most agreed with the suggestion under the IFRS for SMEs to account for assets with different patterns of expected economic benefit consumption, rather than presenting the significant cost of assets compared to total assets. However, two interviewees (A1, and A2) rejected this proposal as they believed that its implementation would be difficult for SMEs and extremely burdensome as it is characterised by subjectivity, rather than relying on numbers to determine the significant cost as required under the Full IFRS. That said, the remaining (and a significant majority) interviewees expressed the opinion that adherence to the Full IFRS involves using the component depreciation and that adds to the costs faced by SMEs. Moreover, AF2, A1, and A3 showed that the suggestion in the IFRS for SMEs to mirror the taxation requirement by Jordanian tax law, will eventually reduce the likelihood of creating either deferred tax assets or liability. EY3 stated that this could suit those companies whose assets share the same pattern of expected economic benefit (as for example, construction companies).

6- Measuring intangible assets

The interviewees' opinions fell into two definite groups in this respect. The first group, including EY1, EY2, EY3, EY4, EY5, and A2 considered the intangible assets to be relevant to SMEs in Jordan, and especially to manufacturing entities. The second group, however, believed this to be something that rarely happened in Jordanian SMEs. In terms of the suggestion under the IFRS for SMEs to measure those intangible assets according to the cost model instead of giving SMEs the option to choose between the cost or revaluation model, EY2, EY4, EY5, A1, A2, AF1, and AF3 indicated that the usual practice is to use the cost model as the revaluation approach is costly and not one that makes for an accurate determination of the value. These interviewees therefore agreed with the proposal under the IFRS for SMEs. In particular, EY2 and EY4 pointed out that the implementation of this proposal would simplify preparation, enhance comparability, and reduce the information asymmetry. Furthermore, EY2 believed that consistency throughout the period would be boosted. However, A1, A3, and EY3 stated that whilst the usual practice was to use the cost model, this was partly because the revaluation model involves undue costs and effort to revalue these assets, and hence, it was not a wise move to restrict the preparers of financial statements, and remove the options for companies. These interviewees preferred instead, to analyse the costs and benefits when considering which model to use, whilst simultaneously aiming to enhance the reliability of accounting information. Interviewee YE1 supported the viewpoint expressed by the former group, but believed that the measurement of intangible assets developed internally (rather than being purchased) according to cost would not be favoured by management. However, he stated that a cost-benefit analysis of the model reveals that the cost model is much simpler and does not imply incurring extra costs to determine the fair value. Y5 added that there was no need for companies to use the fair value model, especially in cases where they did not intend to sell their assets. Furthermore, EY2 considered there to be an evident degree of uncertainty pertaining to intangible assets, particularly regarding SMEs that rely on a single line of service or on a single major product line, since in these circumstances it is a challenge to differentiate the intangible assets from the original goodwill. Thus, he claimed that the uncertainty regarding revaluation outweighed the advantages obtained by external users from a presentation of the revalued numbers.

7- Some issues pertaining to intangible assets other than goodwill

Given that the proposals regarding intangible assets were deemed relevant to SMEs in Jordan as already mentioned, the suitability of certain topics pertaining to SMEs in Jordan was investigated, as follows:

A- The useful life of intangible assets

The majority of interviewees agreed with the proposal under the IFRS for SMEs to presume the life of intangible assets to be ten years, rather than to leave this fluid (i.e. not to specify any lifespan) as is the case in the Full IFRS. This agreement was based on the need for implicit simplification of the methods used to allocate the cost of these assets. Interviewee A2 also asserted that this could help in avoiding estimations, and thereby exercise more control over management. On the other hand, both EY2 and AF2 regarded this as an unwise strategy to adopt as intangible assets vary in their lifespan. Furthermore, EY2 stated that this would create secret reserves (as is explained in point C).

B- The potential infinite use of intangible assets

The finding was the same as with point A. Interviewees EY2 and AF2 indicated that some intangible assets would be infinite and hence, there was no point in attempting to amortise them, whereas the remaining interviewees (the large majority) indicated a preference for simplification, with most of them wanting to regard intangible assets as being of low relevance to SMEs in Jordan, a viewpoint which allows for the removal of the need for more sophisticated estimations and regular impairment tests.

C- Impairment of other-than-goodwill indefinite-life intangible assets

The IFRS for SMEs propose the amortisation of such assets over ten years and the need to test for impairment only when there is an indication of impairment, instead of testing for impairment annually. This suggestion was welcomed by all interviewees except EY2 and AF2, whose arguments against were centred on the fact that the preparation of accounts would be simpler and involve savings resulting from the relaxation in the testing of these assets annually for impairment since this is a burdensome activity for SMEs that necessitates the substantial exercise of judgment. EY3 stated that the amortisation of intangible assets would not deprive SMEs' stakeholders of the financial information needed to evaluate cash flows. However, EY2 and AF2 believed that the implementation of this proposal would enhance the chances of SMEs creating secret reserves as well as decreasing profit and the value of assets, particularly if there were no impairment of these assets.

AF2 was also concerned about the reduction in the amount of valuable information contained within the financial statements, believing this to be unacceptable both to shareholders and users.

8- Annual review of useful life, residual value and depreciation, and amortisation methods

The proposal within the IFRS for SMEs is to exempt these enterprises from the annual review of the above items, unless it becomes apparent during the year that there is considerable variance between the current and last reported value. All interviewees with the exception of EY2, A1, and AF2 agreed with this proposal, since they believed that the requirement to review these estimations annually was costly, complicated, and extremely time and effort-consuming for SMEs in Jordan. In addition, interviewees stated that companies tend to escape such review in order to avoid the creation of any deferred tax assets or liabilities as they try to be in line with the tax department's estimations that specify the estimation according to the nature of the asset. However, the three interviewees who disagreed with the proposals (EY2, A1, and AF2) claimed that these assets should be regularly reviewed due to rapid developments, especially in technology, since only through such regular review can the most recent information enabling the avoidance of any over- or underestimation of these assets be obtained.

9- Assessment of leased assets' impairment

The IFRS for SMEs propose that the impairment of leased assets must be reviewed every reporting date, although this not a requirement under the Full IFRS. On the grounds that the implementation of such assessment would increase the burdens facing Jordanian SMEs, the majority of interviewees expressed disagreement with this proposal, but EY2, EY4, A2, and AF2 reported different views. They argued that the review as proposed within the IFRS for SMEs would increase the reliability of accounting information and would not represent a burden in terms of effort, time and cost.

10- Recognition of the cost incurred by manufacturers or dealers in arranging or negating leases

This topic was considered relevant to Jordanian SMEs as indicated by some interviewees who agreed with the suggestion embodied within the IFRS for SMEs to expense the costs incurred by manufacturers or dealers in arranging and negating leases, instead of capitalising them. In this respect, EY1, EY2, EY4, A1, A2, and A3 showed their preference to implement this proposal as they believed it represents a major simplification of the current process. However, EY3 and AF1 remained neutral in their opinions, welcoming the simplification on the one hand, but simultaneously sharing the opinions expressed by both EY5 and AF2 who rejected the idea on the grounds that they preferred not to charge such expenses to one financial period, but to allocate them to several periods when being capitalised. Additionally they were anxious about the inevitable decrease in the amounts of both profit and assets in the first period were these costs to be expensed instead of capitalised. AF2 expressed the concern that this may result in the creation of a deferred tax account, which is not a welcome situation for companies, and especially if this cost is material.

11- Operating lease payment when payments are organised to rise in line with anticipated inflation

Interviewees indicated that the operating lease topic is indeed relevant to Jordanian SMEs. The proposed IFRS for SMEs include exemption from using the straight-line method when payments are organised to rise in line with anticipated inflation, unlike in the Full IFRS which does not make such exemption available. Six interviewees rejected this proposal in the belief that it would simplify the preparation of financial statements, and would also reduce the reliability of accounting information for forecasting, because the elimination of the straight-line method would also remove any reflection of inflation. In contrast, however, EY3, A2, AF1, and AF2 considered this proposal to represent a major simplification, which did not imply any negative impact upon reliability as the information reduced is immaterial, as noted by A2.

12- Using the fair value method in accounting for agriculture

All interviewees agreed on the proposal within the IFRS for SMEs to reduce the use of fair value through profit or loss for SMEs in agriculture. They believed this to be especially pertinent when fair value cannot be determined without undue cost or effort, a situation which is not catered for under the Full IFRS that presume fair value can be reliably measured. The reason for such agreement was that the use of the fair value approach is still available for companies providing that the fair value can be determined without incurring cost or effort. Hence, the reliability of accounting information can be reached without any cost or the cost method can be exercised. However, Y1 and AF2 suggest that the fair value options must be suspended to ensure consistency across periods, and among assets themselves.

13- Exploration expenditure in extractive industries

This topic was perceived by all interviewees as having no relevance to SMEs in Jordan. In particular, EY1 stated that there are no companies whatsoever working in this field as only government entities are involved such industry.

14- Using the most recent purchase price to approximate the cost of inventories

All interviewees stated that this was not permitted under the Full IFSR. However, regarding the proposal to include this practice within the IFRS for SMEs, seven interviewees indicated a willingness to support the idea, believing it to provide stakeholders with the most recent information. EY3 argued that it would enhance the liquidity position of a company, particularly if the price exceeded the cost value. EY2 also pointed out that this value can be reliably determined easier than that of any other kind of non-current asset that may need appraisal to establish its value. So, a reasonable balance between simplification and the reliability of the financial information can be recognised by this standard. Conversely, EY5, A1, and A2 were apprehensive regarding the possible undermining of prudence as well as the potential effort needed to make adjustments to report the change in the most recent prices.

15- Indicator for impairment when net assets of an entity are more than its market capitalisation.

Six interviewees agreed with the proposal to discard the indication of impairment in cases where the net assets of an entity exceed its market capitalisation. In the Full IFRS, such an excess is considered as an indication for impairment. However, these interviewees indicated their agreement for the new proposal because of their preference for the greater simplification of the audit that would result from not having to perform the impairment test as this in itself is complex and too sophisticated for SME employees who do not possess accounting expertise. In contrast, however, interviewees EY2, A1, A2, and AF2 believe that the removal of the regulation would decrease SMEs' capability to protect their shareholders and apply the prudence constraint.

4.3.2.4 Elements making up the statements of income and other comprehensive income

1- Research and development costs

All interviewees believed that the degree of relevance of this topic to SMEs in Jordan was low since as stated by some participants, very few companies recognise these costs. Those that do are chemical companies, electronics companies, and other manufacturing companies, but rarely is this practice found in other sectors.

Similar to the suggestions in point 10, interviewees EY1, EY2, EY4, A1, A2, and A3 preferred to expense the development costs rather than capitalising them as the process is greatly simplified by so doing. Nevertheless, EY3, EY5, AF1 and AF2 who rejected this proposal felt that it was not appropriate to charge these expenses to one financial period and that they preferred instead to allocate them to several periods when being capitalised. Additionally they expressed concern about the decrease in profit and assets in the first period. Moreover, A2 indicated that this would enhance users' ability to understand and compare the accounts as under the Full IFRS the total values are capitalised and thereafter the depreciation pertains only to the development cost as the research cost is expensed.

2- Capitalise the borrowing cost

The interviewees confirmed that this topic does have relevance for SMEs, and particularly for real estate, and construction companies. Their evaluation of the suitability of the proposal in the IFRS for SMEs to expense the borrowing costs instead of capitalising them was the same as with their perceptions regarding the proposal under this standard regarding R&D. In addition, EY1 specified that this must be adopted for all borrowings like inventory, which is constructed internally with the funds that have been borrowed. EY4 also indicated that capitalising these costs involves more burdensome administration and entails the use of sophisticated systems, neither of which benefits preparers or users. However, EY3 preferred to retain the capitalisation approach as it satisfies the needs of particular SMEs, such as for instance, when valuing stock in activities throughout a long cycle of production.

3- Exchange differences in monetary items that form part of a net investment in the foreign operation

As stated by the majority of interviewees, this topic is moderately applicable to SMEs in Jordan, and especially for those engaged in foreign activities. However, a minority did say that this issue rarely arises within the general context of SMEs. All interviewees agreed on the proposal under IFRS for SMEs as it introduces a significant simplification.

4.3.2.5 Issues Not Addressed in the Standards

Under the Full IFRS, it is permitted to make reference to other standards-setting bodies. However, the proposal under the IFRS for SMEs is to disallow any such reference, other than to the guidance provided by the Full IFRS. This proposal was rejected by the interviewees. In this connection, EY4, and A2 argued that it would decrease the flexibility permitted within the Full IFRS. Interviewees EY1, EY3, and AF1 preferred to strike a balance between establishing the new standards in a standalone format, and permitting reference to other standards-setting institutions in respect of certain topics such as financial instruments. The remaining interviewees favoured the idea of making the IFRS for SMEs a completely standalone document with some exceptions to refer to the guidance of the Full IFRS in areas where the IFRS for SMEs had been silent and hence, left some topics uncovered. AF2 believed that this would reduce the information asymmetry and provide the standards with greater focus.

It is obvious that those series of interviews with a small sample of preparers of SMEs' financial information were useful and rich in assisting the researcher in developing the questionnaire survey particularly the questions pertaining to the differences between IFRS for SMEs and full IFRS as it was important to determine the level of adoption of each topic in Jordanian SMEs context. In addition, they were useful to gain deeper understanding regarding the suitability of those relevant topics. This enable the researcher reasonably guarantee that only the relevant topics to Jordanian SMEs have been included in the questionnaire and the respondents will understand the questions regarding these topics

In order to simplify the linkage between interviews' results and questionnaires' questions, Table 4.2 summarises the findings from interviews and provides the reference to the questions in the questionnaires according to appendix (D).

Table 4.2 : The findings of the interviews.

Topic	Relevance to Jordanian SMEs	Percentage of respondents who found the proposal under IFRS for SMEs suitable and why.	Percentage of respondents who found the proposal under IFRS for SMEs not suitable and why.	Question's number in the questionnaire
Number of comparative periods	Yes	40%, as it simplify the presentation.	60%, undermining the internal comparability.	14.1
Consolidated financial statements	No			
Assets held for sale	No			

Combined statement of income and retained earnings	Yes	30%, simplify the preparation of these statements.	70%, it is not suitable if the entity has any other comprehensive income, which may lead to reduction in the comparability among the same size entities.	14.2
Investment property that is accounted as PPE	Yes	100%, because of the simplification and the reduction in effort, time, and cost (as the fair value cannot be determined reliably without incurring undue cost and effort). However, 50% expressed some concern about the reliability of financial information.		14.4
Government grant	No			
Disclosure regarding the effect of changes in standards	Yes	10%, it reduces the amount of unnecessary disclosures, and thereby save both effort and cost.	90%, enhancing the adequacy and reliability of financial information.	14.5
Dividends declared after the end of the	Yes	70%, increasing the transparency of financial information.	30%, increase the difficulties in preparing the retained earnings statement.	14.6

reporting period				
Joint venture, associate, and business combination	No			
Employees' benefits	No			
Share based payment	No			
Combination or acquiring goods or services under a contract	No			
Measuring investment property	Yes	80%, the common practice is to measure these investments based on the cost model, and the introduction of the ability to use the fair value model would decrease comparability.	20%, it is pointless reducing the options and this may lead to undermine the reliability of accounting information.	14.7
Property, plant, and equipment measureme	Yes	70%, the common practice is to use the cost model and therefore, the use of	30%, do not prefer to restrict the preparers and reduce the options given to companies on	14.8

nt and recognition		the fair value approach would decrease comparability and be much more costly.	the grounds that this would undermine the reliability of accounting information.	
Assets that depreciate separately	Yes	80%, reduce the cost and burdens face SMEs.	20%, implementation would be difficult for SMEs and extremely burdensome as it is characterised by subjectivity.	14.9
Measuring intangible assets	Yes	70%, the common practice is to use the cost model as the revaluation approach is costly and not one that makes for an accurate determination of the fair value without incurring undo cost or efforts.	30%, it is not a wise to restrict the preparers of financial statements, They were aiming to enhance the reliability of accounting information.	14.12
The useful life of intangible assets	Yes	80%, implicit simplification of the methods used to allocate the cost of these assets and could help in avoiding estimations.	20%, assets vary in their lifespan. And it could lead to create secret reserves.	14.13
The potential infinite use of intangible assets	Yes Yes	80%, more simplification and avoid subjectivity.	20%, indicated that some intangible assets would be infinite.	14.11 14.10

Impairment of other-than-goodwill indefinite-life intangible assets		80%, preparation is simpler and involve savings resulting from the relaxation in the testing of these assets annually for impairment since this is a burdensome activity for SMEs that necessitates the exercise of judgment.	20%, may create secret reserves as well as decrease profit and the value of assets, particularly if there were no impairment of these assets. Also it may result in reduction in the amount of valuable information.	
Annual review of useful life, residual value and depreciation, and amortisation methods	Yes	70%, annual review is costly, complicated, and extremely time and effort-consuming.	30%, should be regularly reviewed due to rapid developments, especially in technology, since only through such regular review can the most recent information enabling the avoidance of any over- or underestimation of these assets be obtained.	14.14
Assessment of leased assets' impairment	Yes	40%, would increase the reliability of accounting information.	60%, represent a burden in terms of effort, time and cost.	14.15
Recognition of the cost incurred by manufacturers or dealers	Yes	60%, represents a major simplification of the current process. 20%, neutral in their opinions (share the	20%, they preferred not to charge such expenses to one financial period, but to allocate them to	14.16

in arranging or negating leases.		two side points of view).	several periods when being capitalised.	
Operating lease payment when payments are organised to rise in line with anticipated inflation.	Yes	40%, introduce major simplification	60%, reduce the reliability of accounting information.	14.17
Using the fair value method in accounting for agriculture	Yes	80%, fair value cannot be determined without undue cost or effort.	20%, fair value options must be suspended to ensure consistency across periods, and among assets themselves.	14.18
Exploration expenditure in extractive industries	No			
Using the most recent purchase price to approximate the cost of inventories	Yes	70%, provides stakeholders with the most recent information.	30%, undermining of prudence as well as the potential effort needed to make adjustments to report the change in the most recent prices.	14.19

Indicator for impairment when net assets of an entity are more than its market capitalisation	Yes	60%, more simplification resulting from not having to perform the impairment test as this in itself is complex and too sophisticated for SME employees.	40%, decrease SMEs' capability to protect their shareholders and apply the prudence.	14.20
Research and developmen t costs	Yes	60%, simpler	40%, do not prefer to charge these expenses to one financial period and that they preferred instead to allocate them to several periods when being capitalised	14.22
Capitalise the borrowing cost	Yes	60%, greater simplification.	40%, capitalising these costs involves more burdensome administration and entails the use of sophisticated systems. And do not prefer to charge these expenses to one financial period.	14.21
Exchange differences in monetary items that form part of	Yes	100%, it introduces a significant simplification.		14.23

a net investment in the foreign operation				
Issues Not Addressed in the Standards	Yes	10%, reduce the information asymmetry and provide the standards with greater focus. 70% prefer to maintain a balance between being a completely standalone document and allowing the references to other stander setters.	20%, decrease the flexibility	14.24

4.4 Summary

This chapter has considered the feedback obtained from the ten auditors who were interviewed prior to the development of the questionnaire. Their opinions were sought essentially on the differences between the two sets of standards – the Full IFRS with which they were all familiar, as required by the JACP of which they must be members to practice – and the proposed standards for small and medium-sized enterprises, the IFRS for SMEs. It has been shown in the chapter that much variation in the two sets of standards is evident, and that differing opinions were provided by the auditors. Nonetheless, on the basis of the information obtained, it was possible to construct a questionnaire which, being informed by the engagement of experts (auditors) can be said to be a reliable and valid instrument. In the following chapter, the results obtained from questionnaire are analyzed.

Chapter 5 : Analysis of questionnaire

5.1 Introduction:

In this chapter, the results of questionnaire survey related to financial managers of SMEs and auditors are analysed. This chapter begins with the outputs from factor analysis and Cronbach Alpha test followed by the characteristics of the sample respondents' profile and firms' characteristics. In turn, each pre-set objective is independently analysed in sequence order. The analysis is comprised of two main parts; descriptive and comparative statistical analysis.

5.2 Factor analysis and Reliability

The validity and reliability of research instruments are vital for the purpose of ensuring the consistency of results over time and under various situations, for instance, by a different group of respondents (Field, 2009), as well as confirming that the measurements are more likely to measure what they intend to measure and reflect the reality (Saunders et al., 2009). Therefore, numeric procedures have been undertaken, which were already covered in section (3.12.3). In addition to the aforementioned techniques, factor analysis and Cronbach's alpha test are also performed to confirm validity and reliability respectively.

Factor analysis is performed in order to minimise the number of variables to a manageable number of variables and allocate them into suitable constructs or a certain subscale including underlying variables that are considerably easier to digest and interpret, while the Cronbach's alpha test refers to the correlation of a single question in the questionnaire to the other questions across the questionnaire or across each subscale within the questionnaire, which reveals the consistency of responses (Field, 2009, Saunders et al., 2009).

5.2.2 The output of Factor analysis and Cronbach's Alpha tests:

Owing to the need for abbreviating the questions in order to minimise the number of words and simplify the view and analysis, appendix (D) exhibits the numbers used instead of words of entire questions. These numbers consist of the main construct's number as well as the fraction that represents the number of the particular questions within the pertinent construct. For example, question 10 that is how often the following users use your enterprise's financial information are replaced by Q10 and all categories within question 10 are fractionized according to their classification separately, like replacing manager within this question with Q10.4.

As aforementioned regarding the particularity of the predetermined constructs by the researcher, each construct was subjected to PAC independently. The result of both factor analysis and Cronbach's alpha tests for each construct are presented below as follow:

Construct one: that represents question number 11, which encompasses potential problems that might face SMEs' financial information users.

As exhibited in appendix (E), PCA was conducted on the 19 questions with oblique rotation (Direct Oblimin) using SPSS 21 software. The Kaiser–Meyer–Olkin measure confirmed the adequacy of sample for the factor analysis, KMO equal.842 ('great' based on Field (2009), Hutcheson and Sofroniou (1999), moreover, all values of KMO for all separate questions were > .699 whereas only 3 values out of 19 were below .8 that is deemed well above both preferable cut off point of .6 (Tabachnich and Fidell, 2007) as well as the acceptable limit of .5 (Field, 2009, Kaiser, 1974). Bartlett's test for sphericity χ^2 (171) = 4919.396, $p < .000$, showed that correlations among questions were sufficiently great for PCA. A preliminary analysis has been run to present eigenvalues for each factor in the construct. Four components had eigenvalues more than Kaiser's criterion of 1 whereas these components explained cumulatively 60.57% of the variance as shown in appendix (E, table 2).

After depicting scree plot as shown in appendix (E, Graph 1), an obvious break was detected after the fourth component. Thus, (Cattell, 1966) scree test was implemented, which results in retaining four components. Correspondingly, Parallel Analysis confirms the obtained results by both Kaiser's criterion and Cattell's scree plot, which revealed that only four factors with eigenvalues of more than 1, were exceeding the matching criterion values for random generated data matrix (from parallel analysis) for the same sample size as illustrated in table (5.1). The result of parallel analysis can be displayed in a graph as shown in appendix (E, graph 2), taking into account that the points above the horizontal line represent the components to be retained.

Table 5.1: summary of parallel analysis

Component number	Actual eigenvalues from PCA	criterion values from parallel analysis	Decision
1	5.576622	1.386865	Accept
2	3.090679	1.312162	Accept
3	1.611815	1.254715	Accept
4	1.229236	1.213171	Accept
5	.959517	1.173408	Reject

The pattern matrix and structure matrix are presented in table (5.2). In addition the eigenvalues for each component alongside the Cronbach's alpha score for each construct.

Table 5.2: Pattern and Structure Matrix for PCA with Oblimin Rotation of four Factor Solution.

	Pattern matrix			
question	factor one	factor two	factor three	factor four
Q11.17	**.833**			
Q11.5	**.768**			
Q11.16	**.745**			
Q11.19	**.682**			
Q11.2	**.666**			
Q11.1	**.574**			
Q11.6	**.556**			-.342
Q11.18	**.544**			
Q11.12	**.487**			-.348
Q11.10	**.399**			
Q11.15		**.775**		
Q11.13		**.755**		
Q11.14		**.754**		
Q11.11		**-.720**		
Q11.7		**.619**		
Q11.9			**.837**	
Q11.8			**.811**	
Q11.3				**-.839**
Q11.4				**-.811**
Eigenvalues	4.9	3	2.2	3.2
α	.868	.357	.774	.858
	Structure matrix			
question	factor one	factor two	factor three	factor four

Q11.5	**.777**			-.327
Q11.17	**.767**			
Q11.2	**.728**			-.426
Q11.19	**.696**			-.345
Q11.16	**.690**		.327	
Q11.6	**.689**			-.549
Q11.1	**.653**			-.456
Q11.12	**.629**			-.536
Q11.18	**.595**			-.364
Q11.10	**.431**		.332	
Q11.15		**.804**		
Q11.14		**.787**		
Q11.13		**.783**		
Q11.11		**-.682**		
Q11.7		**.591**		
Q11.9			**.847**	
Q11.8			**.839**	
Q11.3	.359			**-.872**
Q11.4	.355			**-.854**
Eigenvalues	4.9	3	2.2	3.2
α	.868	.357	.774	.858

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.

The overall reliability of second factor indicates bad internal consistency that is .357. By deleting Q11.11 as show in appendix (E, table 3) the overall reliability of this factor increased to .777 that exceeds the acceptable level of .7. Thereupon, factor analysis and parallel analysis have been performed again for the purpose of ensuring the suitability of data for factor analysis, confirming the number of factors, and ensuring whether the structure of factors are changed or not after deleting Q11.11. The results were almost invariable. The scree plot test as shown in appendix (E, graph 3) specifies four components to be retained that match the result obtained by parallel analysis as shown in table (5.3) and appendix (E, graph 4).

Table 5.3: summary of parallel analysis

Component number	Actual eigenvalues from PCA	criterion values from parallel analysis	Decision
1	5.561951	1.372797	Accept
2	2.780756	1.300875	Accept
3	1.510191	1.246816	Accept
4	1.206587	1.201109	Accept
5	.954050	1.163805	Reject

Identically, running PCA determines four components had eigenvalues more than Kaiser's criterion of 1 whereas these components explained cumulatively 61.44% of the variance.

The Kaiser–Meyer–Olkin measure is .838 that is great. Bartlett's test for sphericity χ^2 (153) = 4692.329, $p < .000$, revealed that correlations amongst questions were sufficiently great for PCA as appeared in appendix (E, table 4). The average communality for all 18 items was 0.614, which is considered as a high level of communality especially with this large sample size of 605 cases (Field, 2009).

The pattern matrix and structure matrix are presented in table (5.4). In addition the eigenvalues for each component alongside Cronbach's alpha score for each construct.

Table 5.4: Pattern and Structure Matrix for PCA with Oblimin Rotation of four Factor Solution.

	Pattern matrix			
question	factor one	factor two	factor three	factor four
Q11.17	**.831**			
Q11.16	**.768**			
Q11.5	**.736**			
Q11.19	**.653**			
Q11.2	**.643**			
Q11.1	**.550**			-.339
Q11.18	**.510**	.304		
Q11.6	**.506**			-.406
Q11.12	**.436**			-.415
Q11.10	**.429**			
Q11.15		**.817**		
Q11.13		**.792**		
Q11.14		**.790**		
Q11.7		**.623**	.314	
Q11.9			**-.830**	
Q11.8			**-.799**	
Q11.3				**-.869**
Q11.4				**-.821**
Eigenvalues	4.74	2.83	2.04	3.4
α	.868	.777	.774	.858

question	Structure matrix			
	factor one	factor two	factor three	factor four
Q11.17	**.776**			
Q11.5	**.766**			-.378
Q11.2	**.722**			-.474
Q11.16	**.708**		-.312	
Q11.19	**.688**			-.386
Q11.6	**.667**			-.603
Q11.1	**.644**			-.496
Q11.12	**.605**			-.589
Q11.18	**.580**	.352		-.387
Q11.10	**.444**		-.305	
Q11.15		**.835**		
Q11.13		**.819**		
Q11.14		**.813**		
Q11.7		**.579**		
Q11.9			**-.846**	
Q11.8			**-.829**	
Q11.3	.322			**-.878**
Q11.4	.316			**-.849**
Eigenvalues	4.74	2.83	2.04	3.4
α	.868	.777	.774	.858

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.

It is evident that the factors encompass the same structure after deleting Q11.11, the questions which cluster on the same factor suggest that factor 1 represents problems associated with lack of expertise and financial information uses, factor 2 is attributed to problems regarding preparation of financial report, factor 3 complexity of measurement and recognition, and finally factor 4 represents the costs of both bookkeeping and audit.

Construct two: that represents question number 14, which indicates the perceptions of managers and auditors regarding their agreements on several proposed topics under IFRS for SMEs in comparison with full IFRS.

In view of facilitating the reading, all results before and after deleting any item if any will be presented into tables as follows:

Table 5.5: primary factor analysis results.

Test		result	Note and (justification if there is a need)	Appendix E
Assessing the Suitability of data for PAC	KMO	.727	Good	(table 6)
	Bartlett's test for sphericity	χ^2 (276) = 4821.695, $p < .000$	Significant	(table 6)
	Average of communality	.624	Above the preferable level of .6	
Number of factors based on Kaiser's criterion		7	Tend to overestimate the number of factors to be retained (Zwick and Velicer, 1986, Hubbard and Allen, 1986)	(table 7)
% variances by all factor		62.418%		(table 7)
Number of factors based on scree plot		5		(graph 5)
Number of factor based parallel analysis		5	Also refer to table (3.23)	(graph 6)

Table 5.6: summary of parallel analysis

Component number	Actual eigenvalues from PCA	criterion values from parallel analysis	Decision
1	3.851462	1.451721	Accept
2	3.267060	1.375157	Accept
3	2.061931	1.321347	Accept
4	1.941803	1.277055	Accept
5	1.661807	1.237769	Accept
6	1.147858	1.202445	Reject

Consequently, factor analysis will be rerun, but with determining the number of components to be extracted, which is 5 factors as specified by both scree plot and parallel analysis. The outputs as to assessing the suitability of data for PAC will be exactly invariable except the average communality that became 0.53, which still exceeds the acceptable level especially with this large sample size. On the other hand, the total variances explained reduced to 53.267% due to waiving the last two factors that their eigenvalues were low compared to other retained five factors as shown in appendix (E, table 8).

The pattern matrix and structure matrix are presented in table (5.7). In addition the eigenvalues for each component alongside the Cronbach's alpha score for each construct.

Table 5.7: Pattern and Structure Matrix for PCA with Oblimin Rotation of four Factor Solution.

	Pattern matrix				
question	factor one	factor two	factor three	Factor four	factor five
Q14.2	.896				
Q14.1	.893				
Q14.3	.794				
Q14.4	.720				
Q14.23					
Q14.22		.825			
Q14.21		.802			
Q14.16		.743			
Q14.5		.703			
Q14.24		.532			
Q14.17		.529			
Q14.12			.863		
Q14.8			.858		
Q14.7			.720		
Q14.19			.415		
Q14.11				.821	
Q14.13				.819	
Q14.10				.780	
Q14.6					
Q14.20					-.834
Q14.14					-.771
Q14.9					-.691
Q14.15					.393
Q14.18					
Eigenvalues	3.14	3.22	2.62	2.23	2.164
α	.865	.789	.712	.771	.311
	Structure matrix				
question	factor one	factor two	factor three	Factor four	factor five
Q14.1	.886				
Q14.2	.883				
Q14.3	.809				

Q14.4	.736				
Q14.23					
Q14.22		.798			
Q14.21		.771			
Q14.16		.732			
Q14.5		.714			
Q14.17		.567			
Q14.24		.543			
Q14.6		-.342		.305	
Q14.8			.858		
Q14.12			.842		
Q14.7			.719		
Q14.19			.434		
Q14.11				.830	
Q14.13				.821	
Q14.10				.784	
Q14.20					-.831
Q14.14					-.743
Q14.9					-.720
Q14.15					.420
Q14.18					
Eigenvalues	3.14	3.22	2.62	2.23	2.164
α	.865	.789	.712	.771	.311

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.

The overall reliability of fifth factor indicates weak consistency that is .311. By deleting Q14.15 as show in appendix (E, table 9) the overall reliability of this factor increased to .708 that is above.7. Thereupon, factor analysis and parallel analysis have been performed again for the purpose of ensuring the suitability of data for factor analysis, confirming the number of factors, and ensuring whether the structure of factors are changed or not after deleting Q14.15, Q14.18, Q14.23, and Q14.6 as the later three items are not correlated with other items within any factor as presented in table (5.7).

The results were almost invariable. The scree plot test as shown in appendix (graph 7) determined also five components to be retained that match the result obtained by parallel analysis as shown in table (5.8) and appendix (E, graph 8).

Table 5.8: parallel analysis

Component number	Actual eigenvalues from PCA	criterion values from parallel analysis	Decision
1	3.749361	1.404023	Accept
2	3.124453	1.327132	Accept
3	2.043779	1.272962	Accept
4	1.909890	1.228307	Accept
5	1.599854	1.191075	Accept
6	.934719	1.153122	Reject

The results after deleting the aforementioned items are presented in table (5.9), also the pattern matrix and structure matrix are presented in table (5.10).

Table 5.9: factor analysis results after deleting items.

	Test	result	Note and (justification if there is a need)	Appendix E
Assessing the Suitability of data for PAC	KMO	.73	Good	(table 10)
	Bartlett's test for sphericity	χ^2 (190) = 4581.251, $p < .000$	Significant	(table 10)
	Average of communality	0.593375	Above the acceptable level of .5	
	Number of factors based on Kaiser's criterion	5	Tend to overestimate the number of factors to be retained (Zwick and Velicer, 1986, Hubbard and Allen, 1986)	(table 11)
	% variances by all factor	62.137%		(table 11)
	Number of factors based on scree plot	5		(graph 7)
	Number of factor based parallel analysis	5	Also refer to table (3.25)	(graph 8)

Table 5.10: Pattern and Structure Matrix for PCA with Oblimin Rotation of four Factor Solution.

	Pattern matrix				
question	factor one	factor two	factor three	Factor four	factor five
Q14.2	.899				
Q14.1	.897				
Q14.3	.806				
Q14.4	.722				
Q14.22		.838			
Q14.21		.808			
Q14.16		.749			
Q14.5		.708			
Q14.17		.545			
Q14.24		.483			
Q14.12			.857		
Q14.8			.857		
Q14.7			.714		
Q14.19			.415		
Q14.13				.835	
Q14.11				.830	
Q14.10				.791	
Q14.20					-.850
Q14.14					-.820
Q14.9					-.682
Eigenvalues	3.16	3.1	2.6	2.22	2.19
α	.865	.789	.712	.771	.708
	Structure matrix				
question	factor one	factor two	factor three	Factor four	factor five
Q14.1	.904				
Q14.2	.898				
Q14.3	.814				
Q14.4	.735				
Q14.22		.805			
Q14.21		.783			
Q14.16		.744			
Q14.5		.720			
Q14.17		.574			
Q14.24		.521			
Q14.8			.863		
Q14.12			.843		
Q14.7			.712		
Q14.19			.433		

Q14.11				.844	
Q14.13				.827	
Q14.10				.793	
Q14.20					-.859
Q14.14					-.774
Q14.9					-.722
Eigenvalues	3.16	3.1	2.6	2.22	2.19
α	.865	.789	.712	.771	.708

It is obvious that the factors include the same structure after deleting Q14.6, Q14.15, Q14.18, and Q14.23.

The items that cluster on the same factor suggest that factor 1 represents presentation issues, factor 2 is attributed to expensing instead of capitalising, lease accounting, and standards issues, factor 3 the choice for measuring assets, and factor 4 represents intangible assets issues, while factor 5 is related to other issues such as estimations, impairment, and depreciation.

Construct three: that represents question number 15, which indicates the perceptions of managers and auditors regarding their agreements on the main concept of IFRS for SMEs and their willingness to adopt IFRS for SMEs.

PAC was conducted on 7 items and the primary results is displayed in table (5.11).

Table 5.11: primary factor analysis results.

Test		**result**	**Note and (justification if there is a need)**	**Appendix E**
Assessing the Suitability of data for PAC	KMO	.581	Above the acceptable level of .5 which is considered to be mediocre (Hutcheson and Sofroniou,1999)(field, 2009)	(table 12)
	Bartlett's test for sphericity	χ^2 (21) = 1870.154, $p < .000$	Significant	(table 12)
	Average of communality	0.776	Above the preferable level of .6	

Number of factors based on Kaiser's criterion	3	Tend to overestimate the number of factors to be retained (Zwick and Velicer, 1986, Hubbard and Allen, 1986)	(table 13)
% variances by all factor	77.56%		(table 13)
Number of factors based on scree plot	2		(graph 9)
Number of factor based parallel analysis	2	Also refer to table (3.29)	(graph 10)

Table 5.12: summary of parallel analysis

Component number	Actual eigenvalues from PCA	criterion values from parallel analysis	Decision
1	2.475799	1.209207	Accept
2	1.935811	1.130672	Accept
3	1.017825	1.073009	Reject

Consequently, factor analysis will be rerun, but with determining the number of components to be extracted, which is 2 factors as specified by both scree plot and parallel analysis. The results regarding assessing the suitability of data for PAC will be exactly invariable except the average communality that became 0.63, which is still exceeds the preferable level. However, the total variances explained reduced to 63.023% due to waiving the last factors that do not explain the high numbers as other retained two factors as shown in appendix (E, table 15).

The pattern matrix and structure matrix are presented in table (5.13). In addition the eigenvalues for each component alongside the Cronbach's alpha score for each construct.

Table 5.13: Pattern and Structure Matrix for PCA with Oblimin Rotation of four Factor Solution.

	Pattern matrix		Structure matrix	
question	factor one	factor two	factor one	factor two
Q15.7	**.818**		**.813**	
Q15.6	**.800**		**.804**	
Q15.5	**.761**		**.760**	
Q15.3	**.713**		**.715**	
Q15.4		**.953**		**.940**
Q15.2		**.945**		**.939**
Q15.1		**.464**		**.475**
Eigenvalues	2.43	2.03	2.43	2.03
α	.777	.715	.777	.715

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.

The overall reliability of the fifth factor indicates good internal consistency (Field, 2009). Thus, there is no need to rerun the factor analysis again since all items were strongly correlated into factors and indicate good reliability.

The items cluster on two factors whereas factor 1 was pertaining to willingness to adopt IFRS for SMEs while factor two was attributed with their level of agreement with general concepts regarding IFRS for SMEs.

Construct four: that represents question number 16, which indicates the perceptions of managers and auditors regarding the potential positive contributions resulted from adopting IFRS for SMEs.

The primary factor analysis' results are presented below in table (5.14):

Table 5.14: primary factor analysis results.

	Test	result	Note and (justification if there is a need)	Appendix E
Assessing the Suitability of data for PAC	KMO	.918	superb	(table 16)
	Bartlett's test for sphericity	χ^2 (351) = 12619.195, p < .000	Significant	(table 16)
	Average of communality	0.727	Above the preferable level of .6	

Number of factors based on Kaiser's criterion	6	Tend to overestimate the number of factors to be retained (Zwick and Velicer, 1986, Hubbard and Allen, 1986)	(table 17)
% variances by all factor	72.667%		(table 17)
Number of factors based on scree plot	5		(graph 11)
Number of factor based parallel analysis	5	Also refer to table (3.32)	(graph 12)

Table 5.15: summary of parallel analysis

Component number	Actual eigenvalues from PCA	criterion values from parallel analysis	Decision
1	10.629527	1.464739	Accept
2	3.305448	1.391857	Accept
3	1.799672	1.341009	Accept
4	1.504693	1.296529	Accept
5	1.275017	1.260895	Accept
6	1.105792	1.226088	Reject

As a result, performing factor analysis one more time is vital with specifying the number of components to be extracted, which are 5 factors as indicated by both scree plot and parallel analysis. The outputs as to assessing the suitability of data for PAC were the same except the average communality that decreased to 0.686, which still exceeds the preferable level of .6, see appendix (E, table 18). By the same token, the total variances explained slightly reduced to 68.57% due to not including the last factor as its eigenvalue value was relatively low compared to the other retained five factors. In addition it explains less than other factors regarding total variances as shown in appendix (E, table 19).

The pattern matrix and structure matrix are presented in table (5.16). In addition the eigenvalues for each component alongside the Cronbach's alpha score for each construct.

Table 5.16: Pattern and Structure Matrix for PCA with Oblimin Rotation of four Factor Solution.

	Pattern matrix				
Question	factor one	factor two	factor three	factor four	Factor five
Q16.4	**.944**				
Q16.12	**.942**				
Q16.7	**.916**				
Q16.26	**.840**				
Q16.13	**.765**				
Q16.16	**.688**				
Q16.17	**.633**				
Q16.15	**.417**			.333	
Q16.24		**-.921**			
Q16.5		**-.902**			
Q16.25		**-.892**			
Q16.6		**-.861**			
Q16.14		**-.828**			
Q16.10		**-.794**			
Q16.1		**-.717**			
Q16.11		**-.713**			
Q16.28			**.816**		
Q16.27			**.792**		
Q16.18				**.768**	
Q16.8				**.760**	
Q16.9				**.740**	
Q16.21			.403	**.409**	
Q16.22				**.337**	.306
Q16.19					**.683**
Q16.2					**.638**
Q16.3				-.301	**.637**
Q16.20			-.308		**.613**
Eigenvalues	8.03	8.45	2.37	3.97	3.28
α	.925	.945	.811	.756	.754
	Structure matrix				
Question	factor one	factor two	factor three	factor four	
Q16.4	**.907**	-.413			
Q16.12	**.896**	-.400			
Q16.7	**.874**	-.419			
Q16.26	**.843**	-.416		.305	

Q16.13	**.796**	-.431			
Q16.16	**.768**	-.404		.417	
Q16.17	**.703**	-.360		.398	
Q16.15	**.644**	-.485		.514	
Q16.24	.423	**-.919**			.350
Q16.25	.422	**-.903**			.368
Q16.6	.447	**-.890**			.350
Q16.5	.378	**-.888**			.359
Q16.14	.431	**-.863**			.352
Q16.10	.402	**-.813**			
Q16.11	.462	**-.748**			
Q16.1	.448	**-.737**			
Q16.28			**.849**		
Q16.27	.311	-.301	**.830**		
Q16.18	.537	-.353		**.862**	
Q16.8	.500	-.354		**.838**	
Q16.9	.518	-.319		**.831**	
Q16.21			.469	**.476**	
Q16.22				**.345**	
Q16.2		-.518	.307		**.734**
Q16.19		-.372			**.730**
Q16.3		-.442			**.701**
Q16.20	.368	-.428			**.684**
Eigenvalues	8.03	8.45	2.37	3.97	3.28
α	.925	.945	.811	.756	.754

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.

The overall Cronbach's Alpha of the five retained factors indicates good internal consistency (Field, 2009). Hence, rerun PAC again is meaningless because of the acceptable loading of all 27 items within the five factors as well as the good internal reliability of all factors, which waives the need for eliminating items that consequently does not entail performing PAC again.

The 27 items that represent this construct are clustered on four factors whereas factor 1 was pertaining as to how IFRS for SMEs contributes in simplifying preparation and uses of financial information while factor two was attributed with their level of agreements regarding the ability of financial information in enhancing control and decision process, factor 3 is related to developing standards for Jordan, factor 4 was associated with cost incurred by companies, and lastly factor 5 was linked to using financial information for either comparability purposes or financing decisions.

Construct five: that represents question number 17 that examines the perceptions of managers and auditors regarding the obstacles may hinder the effective application of IFRS for SMEs. The primary factor analysis' results are presented below in table (5.17):

Table 5.17: primary factor analysis results.

Test		result	Note and (justification if there is a need)	Appendix E
Assessing the Suitability of data for PAC	KMO	.753	good	(table 20)
	Bartlett's test for sphericity	χ^2 (153) = 4800.622, p < .000	Significant	(table 20)
	Average of communality	0.68	Above the preferable level of .6	
Number of factors based on Kaiser's criterion		5	Tend to overestimate the number of factors to be retained (Zwick and Velicer, 1986, Hubbard and Allen, 1986)	(table 21)
% variances by all factor		68.07%		(table 21)
Number of factors based on scree plot		5		(graph 13)
Number of factor based parallel analysis		5	Also refer to table (3.35)	(graph 14)

Table 5.18: summary of parallel analysis

Component number	Actual eigenvalues from PCA	criterion values from parallel analysis	Decision
1	4.441906	1.373631	Accept
2	2.503671	1.295150	Accept
3	2.154196	1.243131	Accept
4	1.617319	1.200168	Accept
5	1.535135	1.161045	Accept
6	.946251	1.128370	Reject

As a result of the equalization of the number of factors according to all methods, all result will not differ when performing the PAC with determining the number of factors to be extracted, which is 5 factors.

The pattern matrix and structure matrix are presented in table (5.19). In addition the eigenvalues for each component alongside the Cronbach's alpha score for each construct.

Table 5.19: Pattern and Structure Matrix for PCA with Oblimin Rotation of four Factor Solution.

	Pattern matrix				
question	factor one	factor two	factor three	Factor four	factor five
Q17.14	**.810**				
Q17.15	**.766**				
Q17.3	**.729**				
Q17.16	**.723**				
Q17.13	**.709**				
Q17.8	**.670**	-.306			
Q17.7	**.659**				.347
Q17.6		**.933**			
Q17.17		**.912**			
Q17.5		**.794**			
Q17.2			**.828**		
Q17.4			**.802**		
Q17.1			**.636**		
Q17.10			**.537**		
Q17.12				**.928**	
Q17.11				**.926**	
Q17.18					**-.799**
Q17.9					**-.789**
Eigenvalues	4.06	2.71	2.34	2.11	1.86
α	.858	.868	.700	.868	.720
	Structure matrix				
question	factor one	factor two	factor three	Factor four	factor five
Q17.15	**.808**				-.325
Q17.14	**.807**				
Q17.3	**.742**		.344		
Q17.16	**.727**				-.305
Q17.13	**.721**				

Q17.8	**.685**	-.414			
Q17.7	**.647**		.317		
Q17.6		**.928**			
Q17.17		**.904**			
Q17.5		**.811**			
Q17.2			**.826**		
Q17.4			**.780**		
Q17.1			**.642**		
Q17.10			**.545**		
Q17.11				**.931**	
Q17.12				**.930**	
Q17.18					**-.799**
Q17.9					**-.795**
Eigenvalues	4.06	2.71	2.34	2.11	1.86
α	.858	.868	.700	.868	.720

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.

The overall Cronbach's alpha of the five retained factors presents good internal consistency (Field, 2009). Hence, rerun PAC again is meaningless because of the acceptable loading of all 18 items within the five factors as well as the good internal reliability of all factors as discussed in the later construct.

The cluster of those five factors suggested, factor 1 was pertaining to characteristics outside the scope of the firm's decisions, factor 2 was attributed with funding difficulties such as; the limited financial resources; the lack of guarantee; and finance difficulties, factor 3 was associated with lack of skills, factor 4 was linked to taxation issues, and finally factor 5 represents some law or legislative issues.

5.3 Demographic data:

As in discussed in the methodology chapter section (3.13), the researcher has implemented the proportion stratified random sampling technique was selected for the purpose of making the sample as representative as possible. Moreover, the participants' firms (managers) must be eligible to adopt IFRS for SMEs as indicated in content of these standards section (1.2 - 1.6) within these standards, willing to provide access and participate in this study. Regarding the auditors, in addition to the last condition, the auditor must have previously audited or prepared an account for SME. Taking these factors into account the demographic data are presented as follows:

5.3.1 Respondents' profiles

The following presented tables and graphs summarising the characteristics of respondents' profiles:

Table 5.20: Groups of respondents

group	Frequency	Percent%
Manager	448	74.0
Auditor	157	26.0
Total	**605**	**100.0**

As shown in table (5.1) the vast majority of respondents were financial managers. The main reason for this is that the number of firms within the whole population is greater than the number of auditors, which are 43099 companies and 600 auditors. The researcher implemented the Yamane formula for each group separately as they have different characteristic in term of purpose.

Table 5.21: The respondents' Level of knowledge of full IFRS

Level of knowledge in full IFRS.	Frequency	Percent%
Slight	123	20.3
Reasonable	163	26.9
Good	319	52.7
Total	**605**	**100**

As illustrated in table (5.2), most respondents were identified as knowledgeable of full IFRS since 79.6% of them have a more than reasonable level of knowledge of these Standards whereas the biggest portion was attributed to those who have a good level of knowledge of full IFRS. This eventually increases the appropriateness of this study, especially in terms of their perception of the presenting, measurement, and recognition of financial information.

Table 5.22: The length of experience in (Auditing, managing) SMEs.

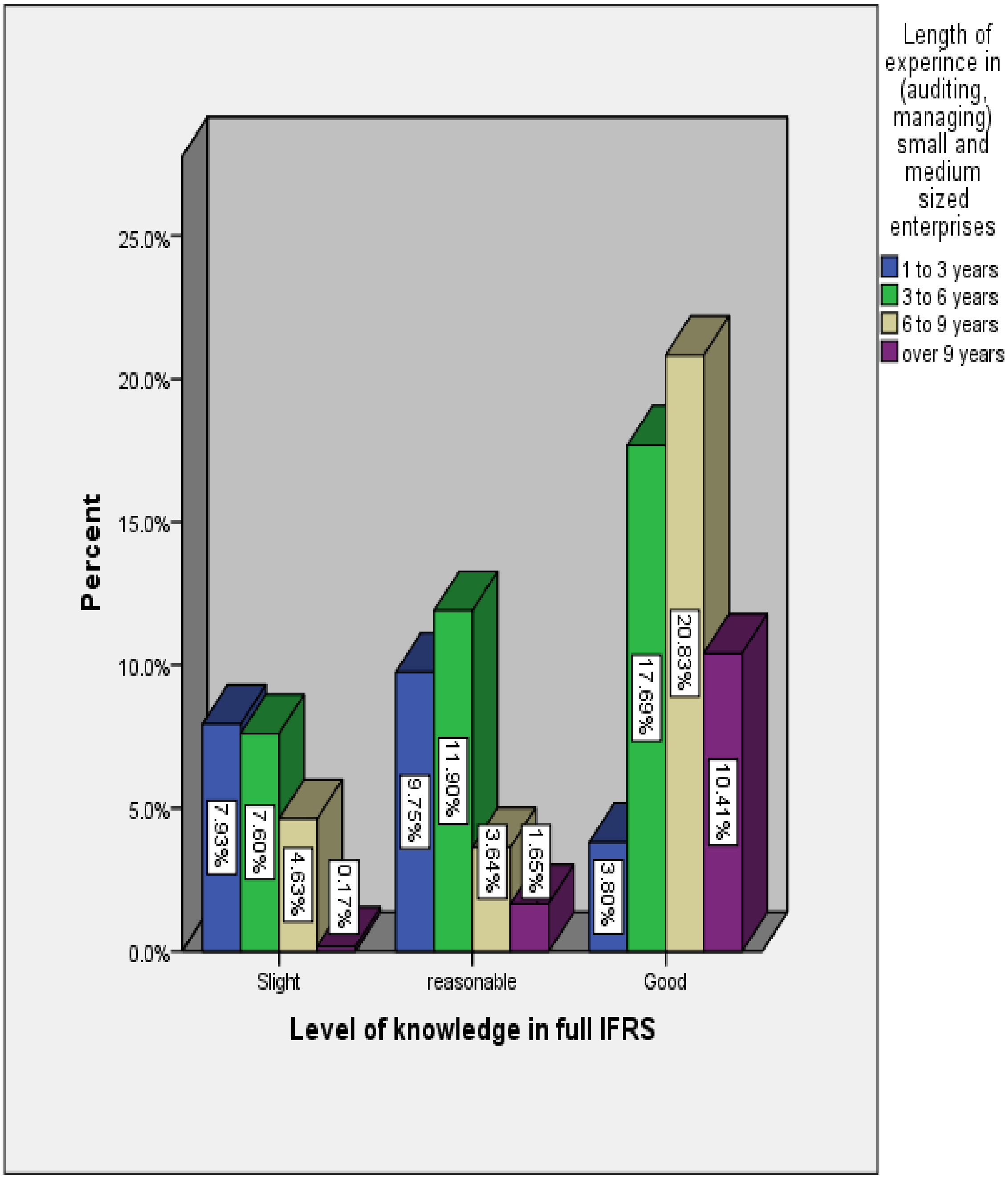
Length of experience	Frequency	Percent %
1 to 3 years	130	21.5
3 to 6 years	225	37.2
6 to 9 years	176	29.1
over 9 years	74	12.2
Total	**605**	**100.0**

Table (5.3) shows that only 21.5% of participants have experience of less than 3 years, which indicates a sufficient level of experience amongst respondents.

Table 5.23: Cross tabulation of level of knowledge of full IFRS related to the length of respondents' experience

		Length of experience				
Level of Knowledge in full IFRS		**1-3 years**	**3-6 years**	**6-9 years**	**Over 9 years**	**Total**
	Slight	48	46	28	1	123
	Reasonable	59	72	22	10	186
	Good	23	107	126	63	319
	Total	**130**	**225**	**176**	**74**	**605**

Graph 5.1 : The percentage of respondents' level of knowledge of IFRS across various level of experience



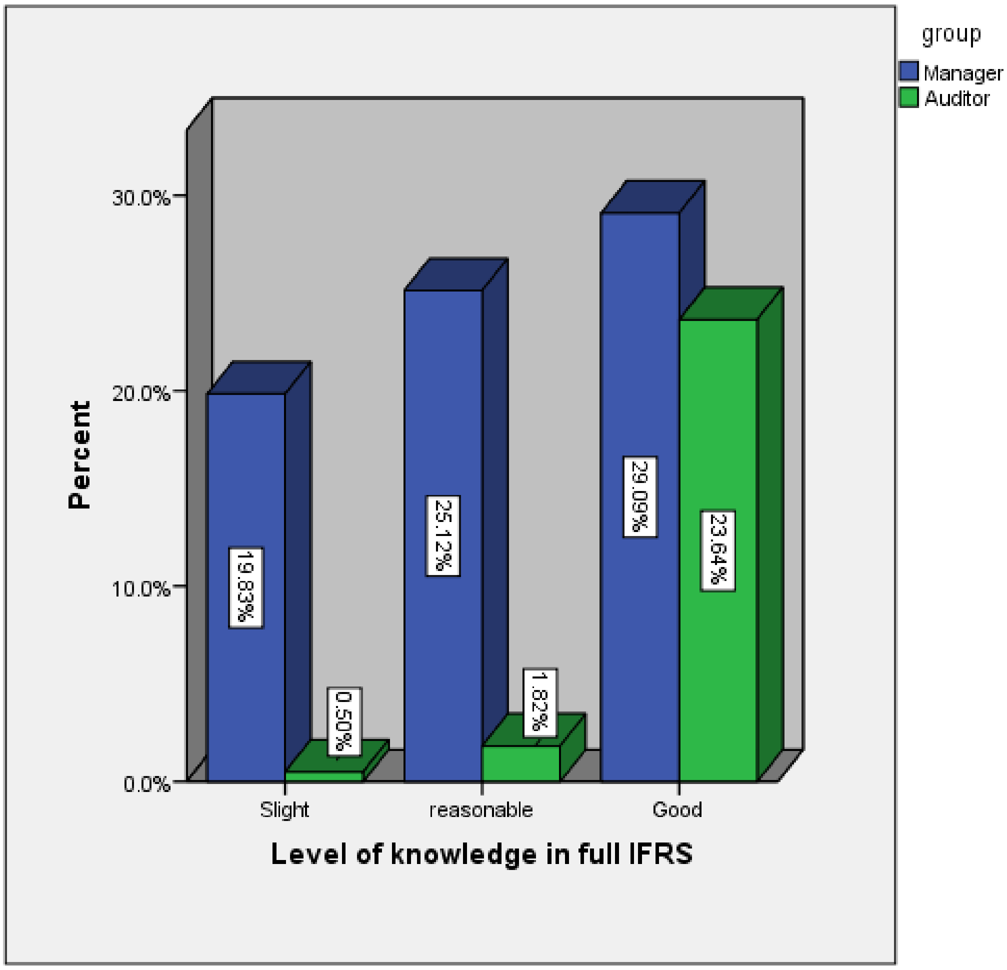
By referring to both table (5.4) and graph (5.1), a good level of knowledge was displayed among respondents who have experience exceeding 3 years followed by the reasonable level of knowledge among those who had experience of less than 6 years. Within the first category of the level of knowledge of full IFRS, participants were characterised to have a length of experience of less than 6 years. Generally speaking, the level of knowledge of full IFRS increased as a result of increasing experience as exhibited in graph (5.1).

Table 5.24: Respondents' level of Knowledge of full IFRS

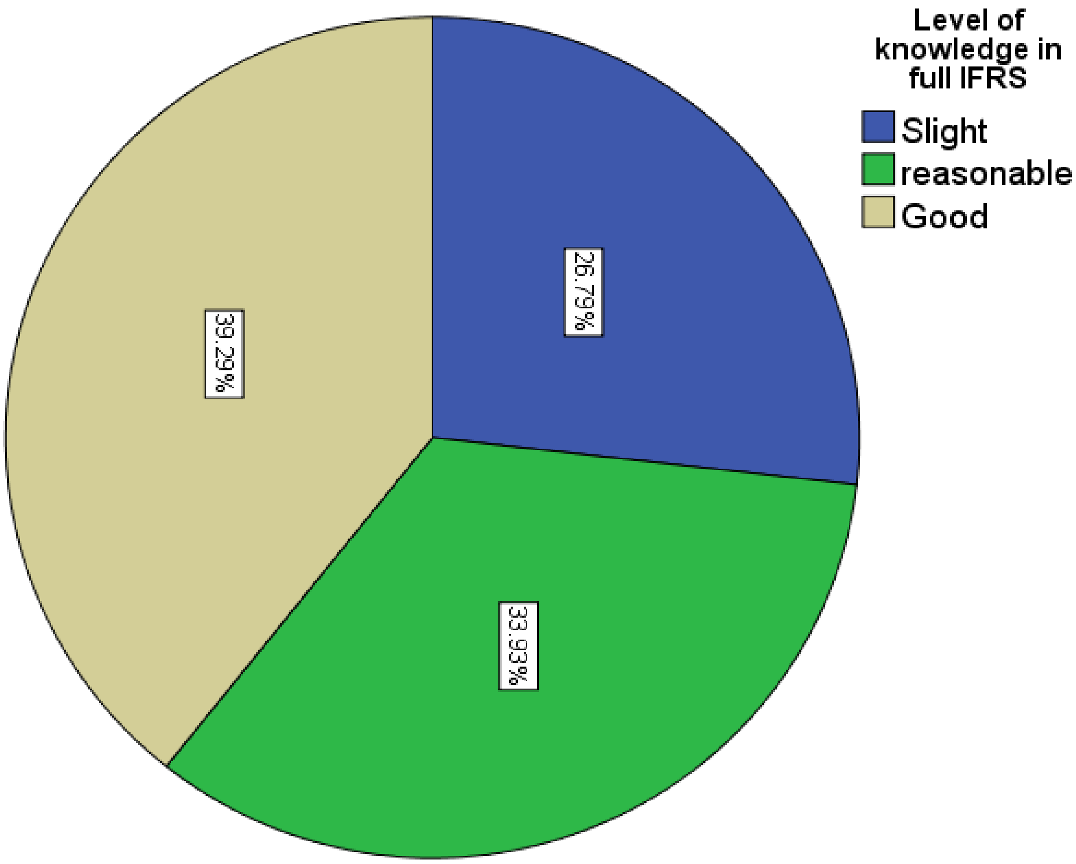
		Group		
Level of Knowledge of full IFRS		**Managers**	**Auditors**	**Total**
	Slight	120	3	123
	Reasonable	152	11	163
	Good	176	143	319
	Total	**448**	**157**	**605**

Graph 5.2: Percentage of respondent's level of Knowledge of full IFRS across groups of respondents:

(5.2.A) Both groups' level of knowledge of full IFRS.



(5.2.B) Percentage of managers' level of Knowledge of full IFRS



(5.2.C) Percentage of auditors' level of Knowledge of full IFRS

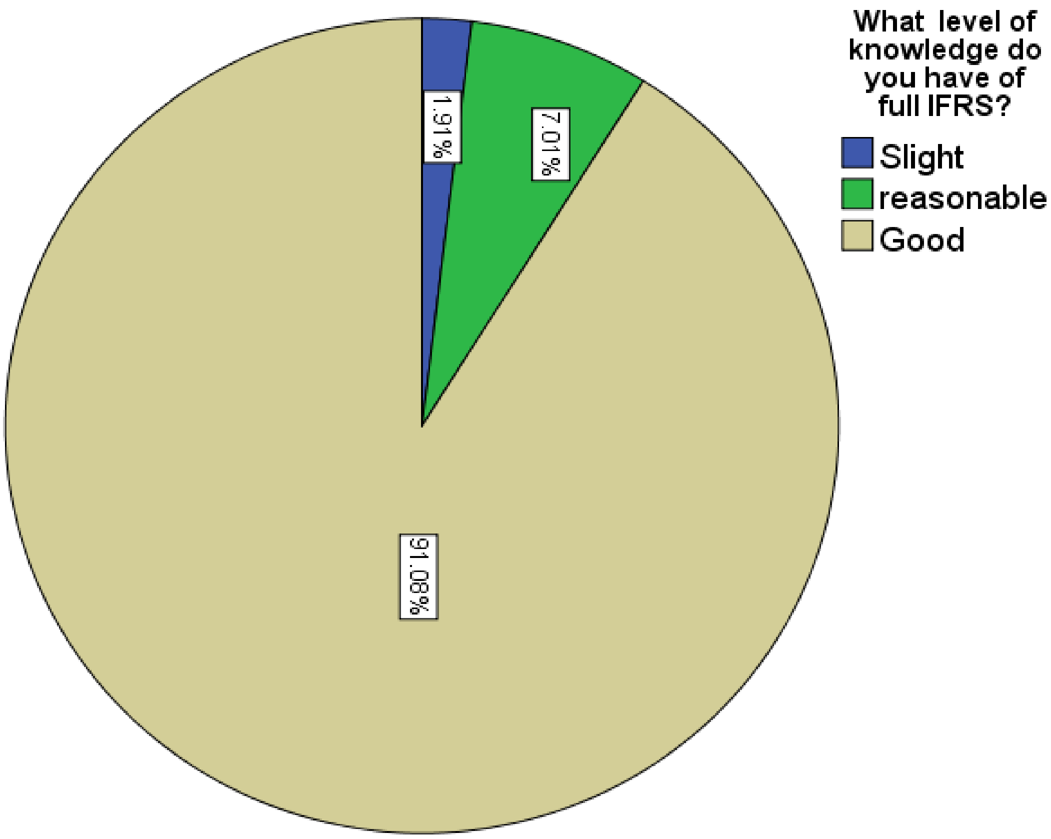


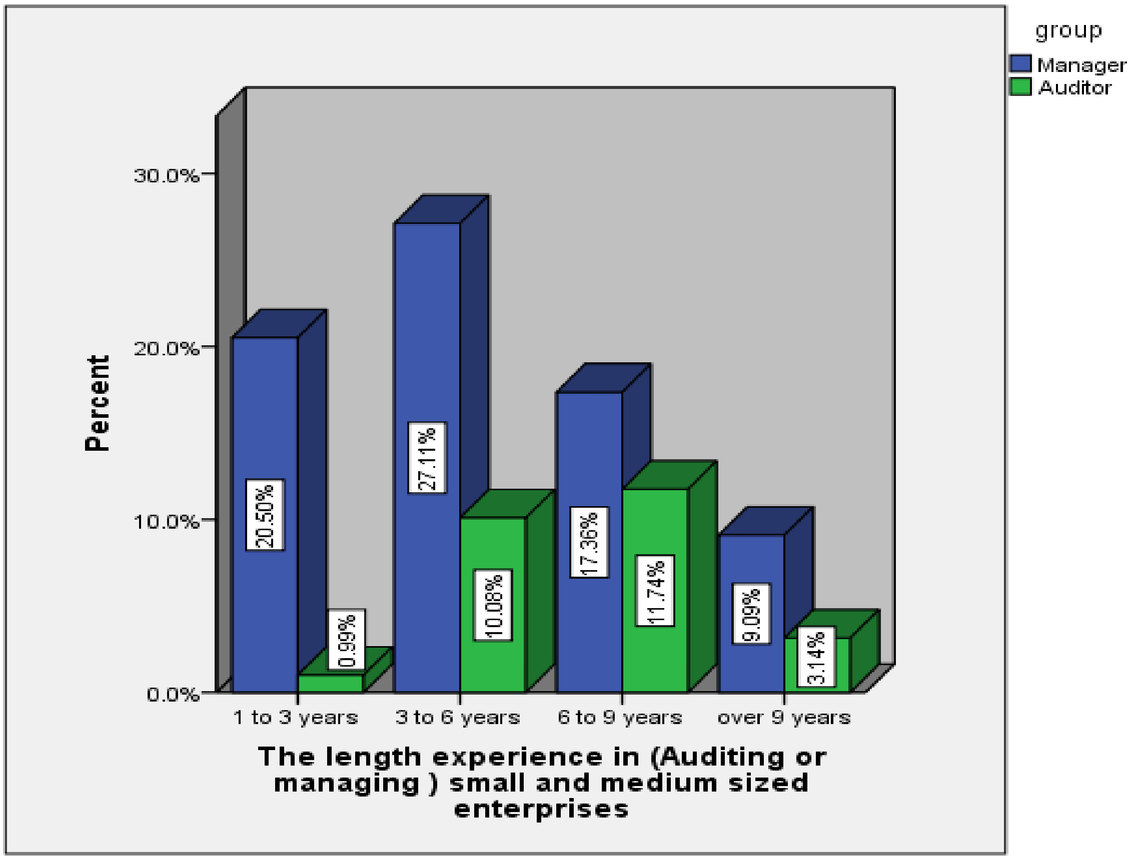
Table (5.5) and graph (5.2. A to C) show that almost 80% of sample's participants have more than reasonable level of knowledge, while the rest were linked to a slight level of knowledge particularly in the financial managers' group. Since 98.1% of the 157 auditors as presented in graph (5.2.A,C) are described as having more than reasonable level of knowledge of full IFRS, taking into account 98.09% of them have more than a reasonable level of knowledge whereas 91.08% of those fall into the good level of knowledge of full IFRS class. Whilst, graph (5.2.A,B) show that although the majority of managers have reasonable level of knowledge in full IFRS and more, 26.79% of managers have slight level of knowledge of full IFRS. For the most part and as illustrated in the above graphs, the level of knowledge of full IFRS is seen to be high among auditors compared to. This is common within SMEs as some SMEs' managers are not required to obtain a reasonable level of knowledge in all IFRS topics compared to auditors who must understand all aspects within full IFRS, so that they can express their opinion regarding the faithful representation of financial statements prepared based on IFRS.

Table 5.25: Length of respondents' experience across groups of respondents.

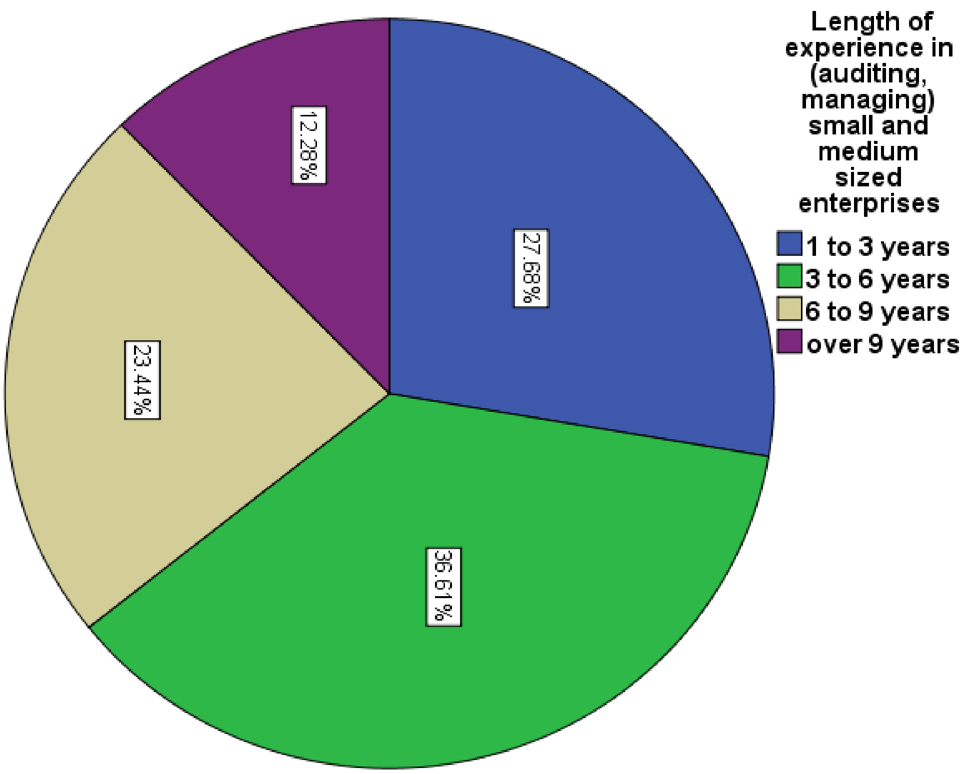
		Group		
		Manager	**Auditor**	**Total**
Length of experience	**1-3 years**	124	6	130
	3-6 years	164	61	225
	6-9 years	105	71	176
	Over 9 years	55	19	74
	Total	**448**	**157**	**605**

Graph 5.3: Length of respondents' experience across groups of respondents.

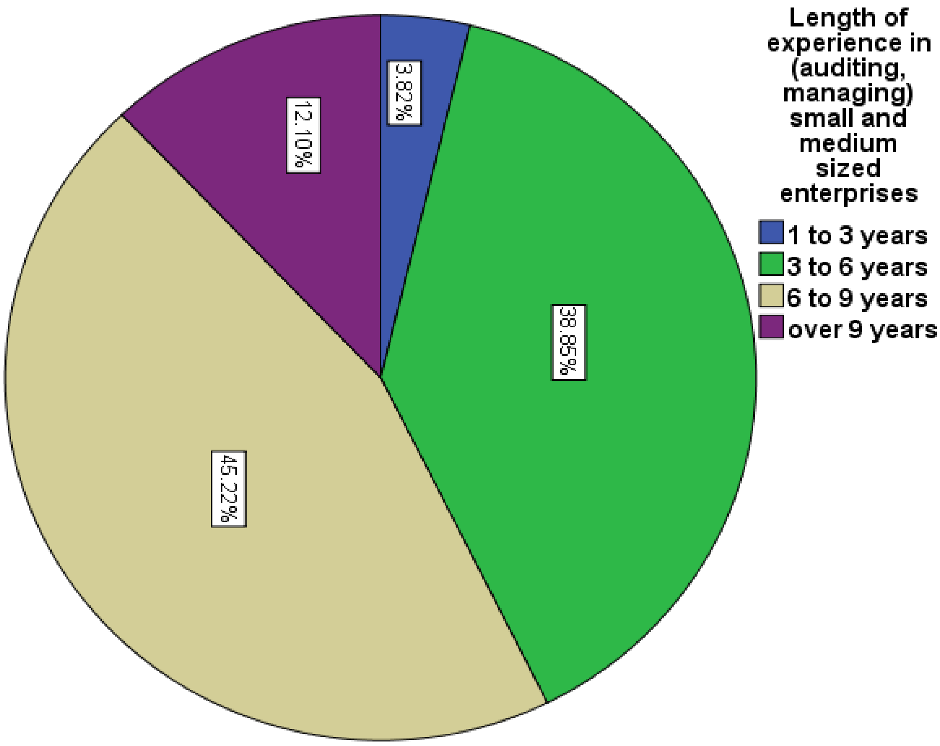
(5.3.A) the length of respondents' experience within both groups.



(5.3.B)The length of SMEs' Managers' experience.



(5.3.C)The length of auditors' experience.



As already indicated, 88.5% of respondents have experience exceeding three years. Managers comprise the highest proportion of this percentage as shown in table (5.6) and graph (5.3.A). This is due to their large number within the sample compared to auditors. Despite this fact, the percentage of auditors who have experience of less than 3 years was 3.82% that is tiny in comparison to the percentage of managers of 27.68% within the same category as presented in graph (5.3.B,C).

Likewise, 3.82% is also deemed as a low portion when comparing it with the other category within the same group (auditors) as shown in graph (5.3.C). Additionally, the majority of auditors have experience of between 6 to 9 years compared to the majority of managers' group who have experiences of between 3 to 6 years. Generally, although both groups have sufficient experience, auditors are evidently more experienced inside this sample when comparing the experience's categories within each group in graph (5.3.B) and (5.3.C).

5.3.2 Firm characteristics:

The following tables and graphs summarise sample characteristics of engaged firms.

Table 5.26: Economic sectors

Economic sectors	Frequency	Percent%
Manufacturing	82	18.3
Trade	168	37.5
Agriculture	40	8.9
Construction	26	5.8
Services	132	29.5
Total	**448**	**100.0**

Table 5.27: Legal form

Economic sectors	Frequency	Percent%
Limited Liability Company	326	72.8
General Partnership Company	62	13.8
Limited Partnership Company	28	6.3
Civil Company	7	1.6
Private shareholder Company	25	5.6
Total	**448**	**100.0**

As appeared in table (5.7), the highest number from participants' firms was attributed to those, which belong to trade sector followed by service sector, on the contrary, agriculture and construction sectors represented the lowest participation rate.

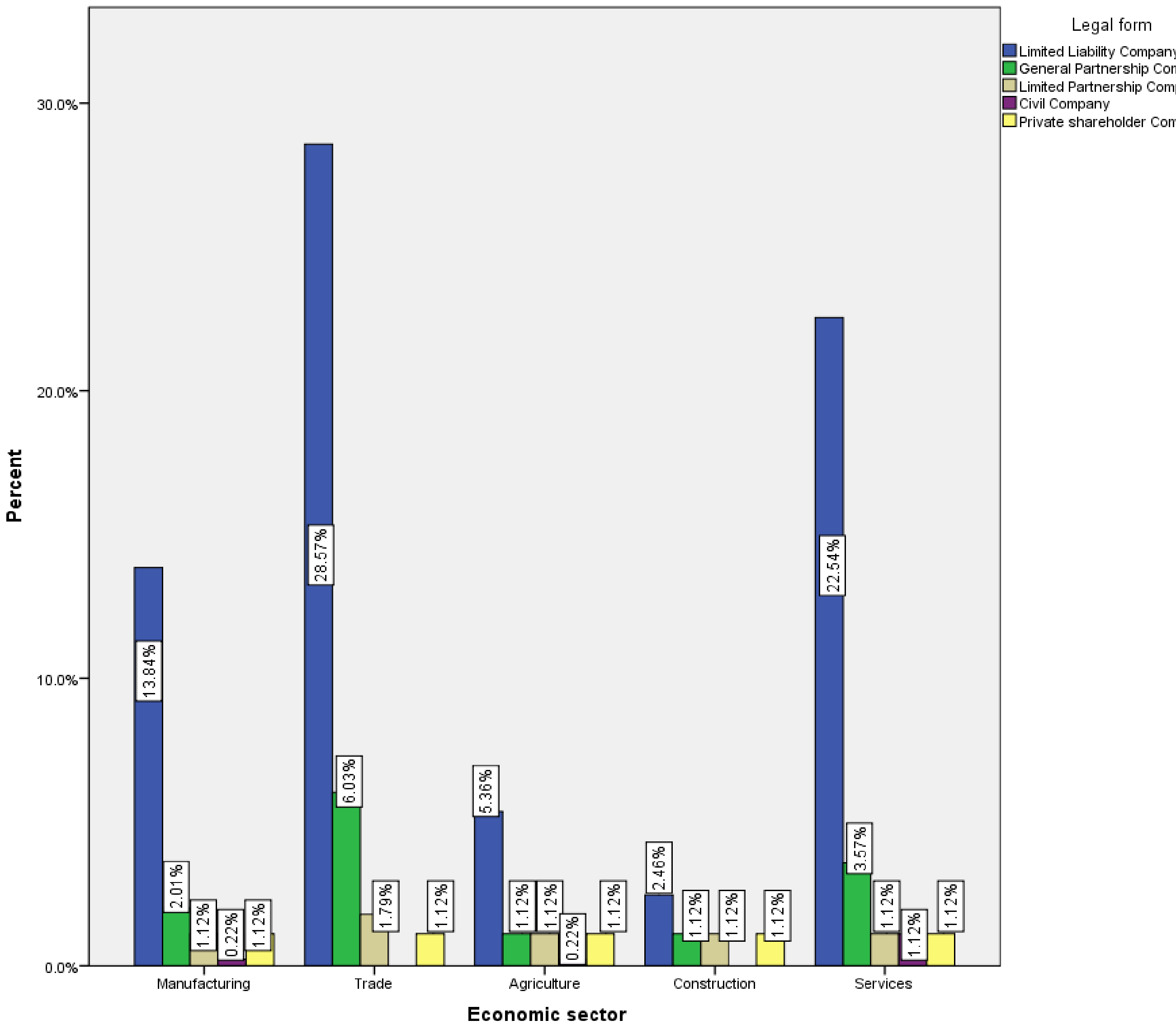
The reason why these variances occurred, relates to the sampling techniques used that ensured the fair representation of the real population as the firms are really allocated similarly within these sectors based on data obtained from the Companies Control Department in Jordan as already mentioned in methodology chapter (CCD, 2013).

By the same token, limited liabilities entities were more than two thirds of the total number of participants' entities followed with sharp variance by general partnership entities while civil entities have been placed at the bottom as exhibited in table (5.8).

Table 5.28: Cross tabulation of the entities' legal form with economic sectors.

		Legal form					
		Limited Liability Company	General Partnership Company	Limited Partnership Company	Civil Company	Private shareholder Company	total
Economic sectors	Manufacturing	62	9	5	1	5	82
	Trade	128	27	8	0	5	168
	Agriculture	24	5	5	1	5	40
	Construction	11	5	5	0	5	26
	Services	101	16	5	5	5	132
	Total	**326**	**62**	**28**	**7**	**25**	**448**

Graph 5.4 percentage of each types of legal form across all economic sectors.



By the same fashion, owing to the fact of using proportion stratified random sampling technique, which is intended to make the participation of companies according to its legal form within each economic sector as representative as possible, the percentage of each legal form within each sector were corresponding to those percent in the real population. As illustrated in table (5.9) and graph (5.4), limited liabilities entities represent the highest proportion across all economic sectors that were varied based on the percentage of each sector in the real population. These entities comprise of 72.8% of the total number of participants' entities. Similarly, general partnership entities occupied the second place across all sectors that was likewise varied based on the percentage of each sector in the population that totalled 13.8%.

Limited partnership and private shareholder companies were almost allocated consistently across sectors. Unlikely, civil entities were absent in construction and trade sectors with minor presence in both manufacturing and agriculture sectors.

Table 5.29: Range of employees' number

Employees number	Frequency	Percent%
1 to 9	39	8.7
10 to 49	226	50.4
50 to 249	183	40.8
above 250	0	0
Total	**448**	**100.0**

As shown in table (5.10), the employees' number of approximately the half participants' entities ranged from 10 – 49 employees followed by a range of 50 – 249 employees that was 40.8% of total participants entities. While only 8.7% was positioned within the range of 1 – 9 employees with the absence of those entities that their employees exceed 250. This allocation supports the definition of the European Commission, which characterises SMEs to fall into only two categories that are form 10 – 49 employees that deemed as small business and from 50 – 249 employees that are considered as medium size entities (European Commission, 2005).

Table 5.30: Range of enterprise's annual turnover

Range of enterprise's annual turnover	Frequency	Percent%
1 JD to 1,810,000 JD	234	52.2
1,810,000 JD to 9,050,000 JD	209	46.7
9,050,000 JD to 45,250,000 JD	5	1.1
More than 45,250,000 JD	0	0
Total	**448**	**100.0**

Table 5.31: Range of enterprise's total assets

Range of enterprise's total assets	Frequency	Percent%
1 JD to 1,810,000 JD	216	48.2
1,810,000 JD to 9,050,000 JD	206	46.0
9,050,000 JD to 38,915,000 JD	26	5.8
More than 38,915,000 JD	0	0
Total	**448**	**100.0**

However, both table (5.11) and (5.12) indicate that 98.9% and 94.2% respectively of participants entities were less than 9050000 JD, which were almost divided equally into the first two categories in both parameters. By taking the currency exchange into consideration, this is contradicted by the European Commission, which determined the minimum amount for turnover and total assets to be 10810000 JD for both parameters while the maximum amounts were 45250000 JD and 38915000 JD for turnover and total assets respectively (European Commission, 2005).

Table 5.32: Cross tabulation of the entities range of total assets and turnover's range

		Range of enterprise's annual turnover			
		1 JD to 1,810,000 JD	1,810,000 JD to 9,050,000 JD	9,050,000 JD to 45,250,000 JD	Total
Range of enterprise's total assets	1 JD to 1,810,000 JD	214	2	0	216
	1,810,000 JD to 9,050,000 JD	20	185	1	206
	9,050,000 JD to 38,915,000 JD	0	22	4	26
	More than 38,915,000 JD	0	0	0	0
	Total	**234**	**209**	**5**	**448**

Graph 5.5: Percentage of total assets' range across all class of turnover

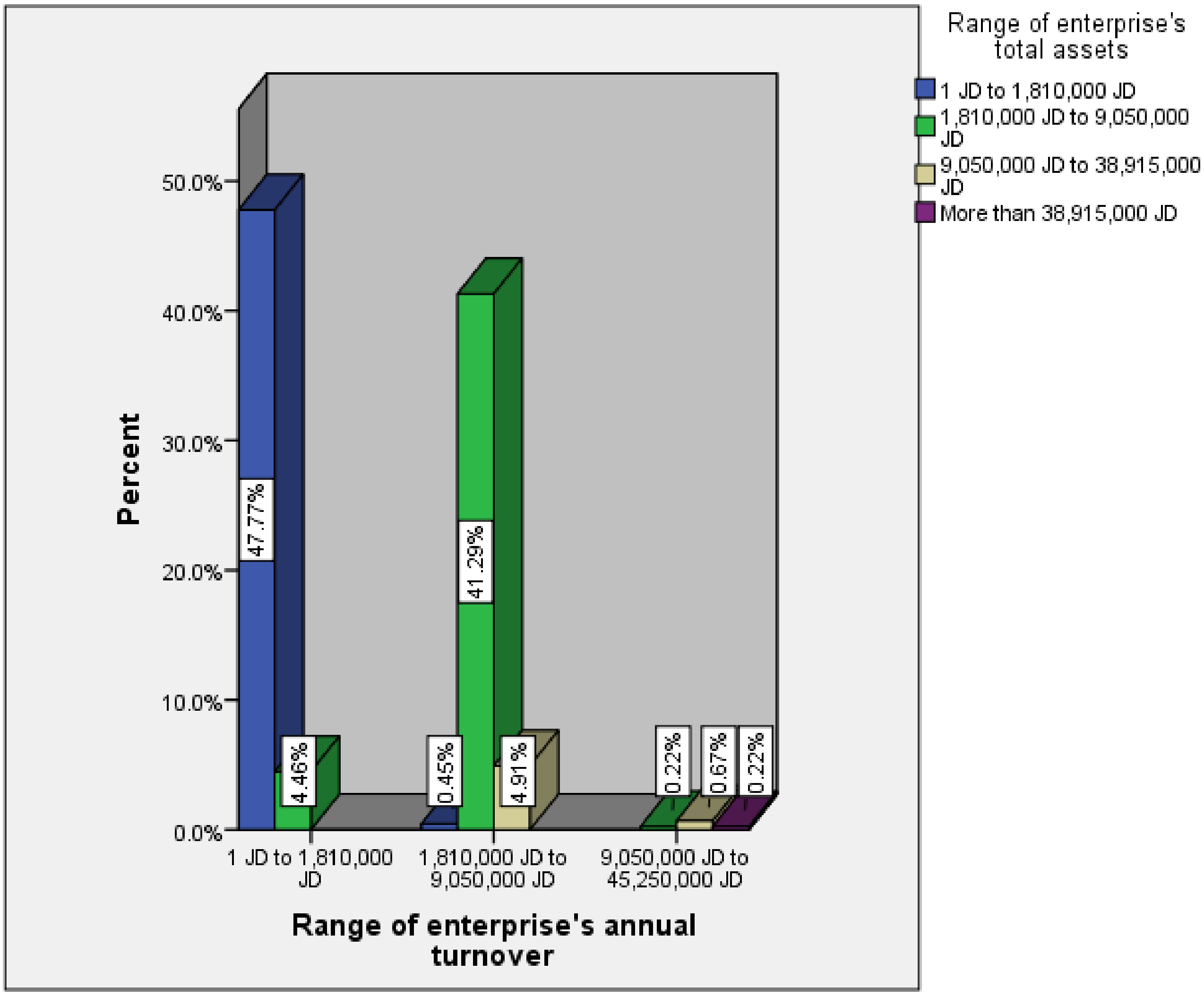


Table (5.13) and graph (5.5) show that the number of participants entities of each of the first two categories in both parameters are roughly aligned, in other words, the majority of entities have total assets less than 1810000 JD generate revenue of less than 1810000 JD whereas both numbers belong to the first category of each parameter, similarly, the numbers of firms in the second category of total assets represents the highest number within the second category of the turnover parameter. Importantly, the aforementioned crosstabs of the first two categories consist of 89.06% total participants' entities. 22 companies with total assets between 9050000 JD and 38915000 JD were located into the second category of turnover parameter that represents 4.91% of total engaged entities. Whilst 4.46% were referred to only 20 entities with total assets ranging from 1810000 JD to 9050000 JD, which described to generate annual turnover of less than 1810000JD.

Table 5.33: Cross tabulation of owner engagement in managements with each types of legal form of participants, companies.

		Whether owners are involved in management		
		Yes	**No**	**Total**
Legal form	**Limited Liability Company**	241	85	**326**
	General Partnership Company	49	13	**62**
	Limited Partnership Company	22	6	**28**
	Civil Company	6	1	**7**
	Private shareholder Company	2	23	**25**
	Total	**320**	**128**	**448**
Percent %		**71.4**	**28.6**	**100**

Graph 5.6: percent of whether owners involved in management within each class of legal form of participants, entities.

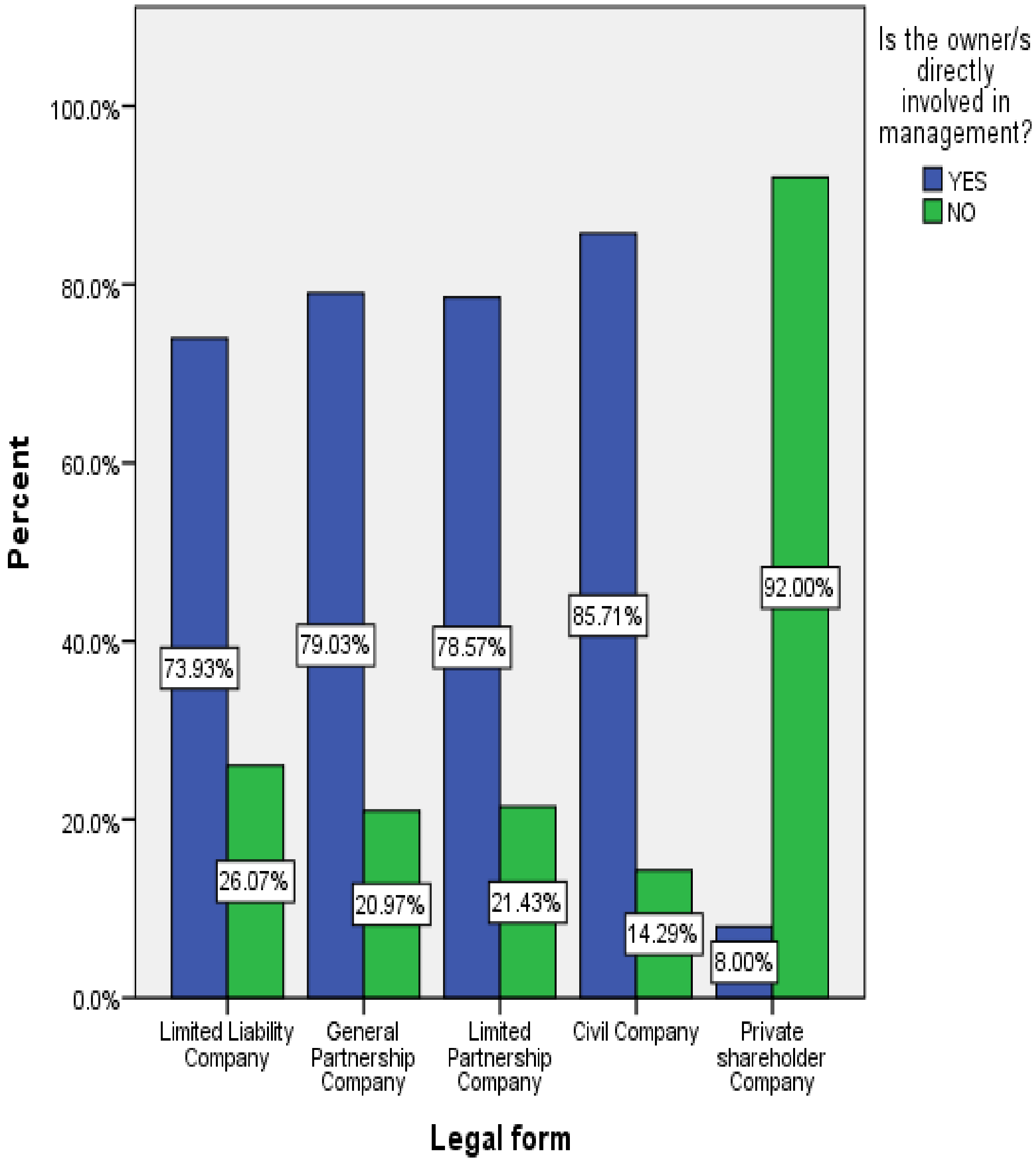


Table (5.14) illustrates that 71.4% of participants entities were managed by the owners which support the idea of (Bannock, 1981, Scott and Bruce, 1987) who assert that SMEs are generally characterised as those entities being managed by owners. However, as illustrated in table (5.14) and graph (5.6), the majority of participants' entities across all types of legal forms were being managed by owners. The exception is the private shareholder entities that demonstrate the opposite characteristic due to the nature of these companies whereas only 8% of these entities have been managed by owners.

5.4 Statistical analysis:

The analyses are performed subsequently based on research objectives as exhibited below. Importantly, in order to avoid repetition of similar sentences, the explanation of each table will be provided directly below the pertinent table without stating as illustrated or shown in targeted table except those pertaining to appendices (F, and H).

It begins with the tables and full analysis for the first factor as an example followed by table illustrate the main results for other factors and then their analysis. The details regarding the mean's scores, Levene Test, and post-hoc tables are provided respectively in Appendices (F, G, and H). The homogeneity of variances (Levene) test is only to decide which value to be reported on each analysis as aforementioned in the methodology chapter. Finally, either *t* test or Anova test will be presented with companions of post- hoc analysis when required.

5.4.1 Objective one:

To identify the main SMEs' financial accounting information users.

As shown in appendix (F, table 1), the main SMEs financial information users, the most frequent users of the financial information presented by SMEs often or even very often, were as follows : managers; banks and creditors; public authorities; and analysts. Whereas individual investors, suppliers, credit agencies, institutional investors, and customers use this financial information sometimes. At the other extreme, both employees and shareholders were found as rare users of financial statements.

With the intention to examine the differences between managers and auditors viewpoints, an independent *t* test has been made below, taking into consideration that the mean ranks for both groups were the same and consequently corresponding the mean rank for both groups together.

Table 5.34: The results of *t* test (objective one).

Items	SE		df	t	Sig
	Manager	Auditor			
Q10.1	.050	.080	603	1.836	.067
Q10.2	.058	.082	603	.824	.411
Q10.3	.055	.074	603	-.006	.995

Q10.4	.045	.070	603	1.259	.208
Q10.5	.063	.080	603	2.695	.007
Q10.6	.049	.079	603	.963	.336
Q10.7	.055	.084	603	.221	.825
Q10.8	.045	.084	603	-1.594	.112
Q10.9	.056	.078	603	6.467	.000
Q10.10	.052	.088	603	6.610	.000
Q10.11	.053	.088	603	-2.480	.013
Scale: **1: Never, 2: Rarely, 3: Sometime, 4: Often, 5: very often**					

Despite the fact that managers (*M* = 4.23, *SE* = .045) considered management (Q10.4) the most frequent users of SMEs' financial information who use these information very often compared to other users as well as the group of auditors (*M* = 4.12, *SE* = .070) who found them to be often users, the difference between groups of managers and auditors in Q10.4 was not significant *t* (603) =1.259, *ns*.

In the same fashion, the second place of those categories was held by banks and creditors (Q10.1) by managers (*M* = 3.97, *SE* = .050) and auditors (*M* = 3.79, *SE* = .080), followed by public authorities (Q10.6) in both managers (*M* = 3.86, *SE* = .049) and auditors (*M* = 3.77, *SE* = .079), and then was occupied by financial analysts (Q10.3) by managers (*M* = 3.55, *SE* = .055) as well as auditors (*M* = 3.55, *SE* = .074). Both groups fall into three user categories as "often" users of the financial information presented by SMEs. The differences regarding the previous three questions were not significant between the two groups that were respectively for Q10.1, Q10.6, and Q10.3 as follow; *t* (603) =1.836, *ns*; *t* (603) =.963, *ns*; and *t* (603) = -.006, *ns*.

Individual investors (Q10.7) are considered as moderate users of SMEs' financial information by both group of respondents, managers (*M* = 3.35, *SE* = .055) and auditors (*M* = 3.32, *SE* = .084). Their point of view regarding the extent of which this category uses the SMEs' financial information was not significantly distinct, *t* (603) =.221, *ns.* Also in the same manner, supplier (Q10.2) has been recognised as moderate users of SMEs' financial information by managers (*M* = 3.30, *SE* = .058) who were marginally greater in this respect than auditors (*M* = 3.22, *SE* = .082). Nevertheless, the difference between both groups was not significant, *t* (603) = .824, *ns.*

On the other hand, employees (Q10.8) rarely utilise the published SMEs' financial information as declared by managers (M = 2.36, SE = .045) and auditors (M = 2.56, SE = .084). although the consideration of auditors group regarding employees was slightly below the moderate level of usage compared to managers who obviously deemed them as rare users, the difference was not significant between managers and auditors regarding the level of using SMEs' financial information by employees, t (603) = -1.594, *ns.*

In contrast to the above items in terms of the differences between both groups in their consideration, the explanation below highlights how several classes of users being perceived differently to some extent by the two groups of participants as to their degree of usage of the published financial information by SMEs;
Customers (Q10.5) were believed by managers to be moderate users (M = 2.75, SE = .063) while were considered as rare and infrequent users by auditors (M = 2.47, SE = .080). Hence, the difference was found to be significant between both groups, t (603) = 2.694, P < .01.

Credit agencies (Q10.9) were perceived by managers (M = 3.34, SE = .055) as moderate users that was the same as auditors perception (M = 2.72, SE = .078). The difference was significant, t (603) = 6.467, P < .01. This may be traced back to that although the mean obtained from managers group fell into the moderate category which ranged from 2.6 to 3.4. This mean is close to the "often" users' category. Equally, the mean found in auditors group tend to be within the rare users category that range from 1.8 to 2.6. Therefore, the allocation of both groups' means on the upper and below limits of moderate categories makes the difference significant.

The consideration toward institutional investors (Q10.10) was as identical as the consideration attributed to credit agencies with trivial changes in means' figures. Consequently, the difference between managers (M = 3.33, SE = .052) and auditors (M = 2.65, SE = .088) was significant, t (603) = 6.610, P < .01.
Finally, regarding shareholders (Q10.11), both groups thought that this party rarely uses the financial information presented by SMEs. The difference between managers (M = 2.23, SE = .053) and auditors (M = 2.49, SE = .088) was significant, t (603) = -2.480, P < .05.

5.4.2 Objective two:

To identify the problems facing SMEs in Jordan regarding the preparation and using of financial information.

In this objective, it begins with the tables and full analysis for the first factor as an example followed by table illustrate the main results for other factors and then their analysis.

Table 5.35: The mean score for managers and auditors for the first construct (objective two).

	Group of respondents			
	Items / Mean	managers' mean	Auditors' mean	Both groups
Factor one	Q11.17: comparisons of financial statement of same size abroad.	3.26	3.63	3.36
	Q11.16: comparisons of financial statement of same size domestically.	3.07	3.43	3.17
	Q11.5: safeguarding assets and obtaining good control.	3.45	3.61	3.49
	Q11.19: obtaining finance.	3.17	3.51	3.26
	Q11.2: lack of knowledge of IFRS.	3.07	3.36	3.19
	Q11.1: lack of expertise of qualified employees in accounting.	2.82	3.55	2.96
	Q11.18: disclose critical information to competitors due to high disclosure requirements.	3.46	3.59	3.49
	Q11.6: inappropriate decision because of complexity of financial information.	3.34	3.55	3.40
	Q11.12: difficulty in making wise decision due to lack of financial information.	3.37	3.53	3.41
	Q11.10: financial information does not meet the users' needs in financial statements.	3.35	3.18	3.31
Mean of factor one: problems in financial information and lack of expertise in accounting and IFRS.		**3.24**	**3.49**	**3.30**
Scale: **1: No applicability, 2: Low applicability, 3: Moderate applicability, 4: High applicability , 5: Very high applicability**				

Generally, problems pertaining to financial information and lack of expertise in accounting and IFRS (factor one) were overall found as moderate problems. With respect to each problem in this factor, several issues were perceived as essential problems such as; safeguarding assets and obtaining good control; disclosing critical information to competitors due to high disclosure requirements; making inappropriate decisions because of complexity of financial information; and the difficulty in making wise decisions due to the lack of financial information. In comparison, the rest of the issues making up this factor like, the inability of financial information to meet the users' needs in financial statements, lack of expertise and qualified employees in accounting, difficulty in obtaining finance, lack of knowledge of IFRS, and the complexity in making comparisons of financial statements of firms of the same size abroad and domestically, were considered by respondents to be moderately applicable to SMEs.

Table 5.36: The results of *t* test for the first construct (objective two).

Factor	SE		Df	t	Sig
	Manager	Auditor			
Factor 1	.038	.056	593	-3.825	.000
Scale: **1: No applicability, 2: Low applicability, 3: Moderate applicability, 4: High applicability , 5: Very high applicability**					

Notably, the perception of managers (*M* = 3.24, *SE* = .038) regarding the problem associated with lack of expertise and the weakness of financial information in many aspects (factor one), was less strong than auditors (*M* = 3.49, *SE* = .056). The difference between the two groups was significant, *t* (593) = -3.825, *P* < .01.

Table 5.37: The means and results of *t* test of the remaining constructs (objective two).

Factor	Mean		SE	The mean for both group	Df	t	Sig
	Group	Mean					
Two	Managers	4.02	.034	3.86	596	7.819	.000
	Auditors	3.43	.067				
Three	Managers	3.47	.041	3.38	603	3.904	.000
	Auditors	3.14	.072				
Four	Managers	3.21	.047	3.15	603	2.624	.009
	Auditors	2.96	.086				
Scale: **1: No applicability, 2: Low applicability, 3: Moderate applicability, 4: High applicability ,** **5: Very high applicability**							

As illustrated above and in appendix (F, table 2) for the remaining factors, the problems attributed to preparing financial reports (factor two) such as; cost; time; and effort to prepare financial report as well as the high amount of disclosure requirements, respondent indicated that those issues are applicable to SMEs.

Although the recognition and measurement complexity (factor three) were perceived as moderately applicable problems to SMEs, the mean score was close to be deemed as applicable problems to pertinent entities. By the same token, the cost of bookkeeping and auditing (factor four) were thought as moderate problems for SMEs.

Above all, the mentioned problems of the four factors were overall estimated as applicable to SMEs for the whole groups of respondents, which were reflected similarly by the managers group, while found to be moderately applicable to SMEs by the group of auditors. Thus, it is worthwhile to analyse the differences between both groups for each single factor separately and to detect whether a significant difference between their points of view existed or not. The latter mission can be accomplished by performing an independent *t* test as demonstrated below and have been done for factor one. Conversely to factor one, managers (M = 4.02, SE = .034) paid more attention to the problems of preparing financial reports (factor 2) than auditors (M = 3.43, SE = .067). Similarly to factor one, their points of view significantly differed t (596) = 7.819, $P < .01$.

Generally, the group of managers (M = 3.47, SE = .041) deemed the complexity of measurement and recognition as a problem more than auditors' group (M = 3.14, SE = .072) who show moderate level of concern about these issues. The difference is significant, t (603) = 3.904, $P < .01$. Regarding the fourth factor, the high cost of bookkeeping and audit were likely to be a moderate problem in both groups. Factor four was significantly different between managers (M = 3.21, SE = .047) who present greater consideration to these problems than auditors (M = 2.96, SE = .086), t (603) = 2.624, $P < .01$.

5.4.3 Objective three:

5.4.3.1 Omitted topics:

To evaluate the perceptions of SMEs' accounting information preparers regarding the differences between full IFRS and IFRS for SMEs in terms of topics that are not included in IFRS for SMEs. In addition, the differences in perceptions between managers across different sizes, ownership structures, economic sectors, and legal form of the enterprise will be highlighted.

Table 5.38: The means and results of *t* test (objective three, omitted topics).

Factor	**Mean**		**SE**	**The mean for both group**	**Df**	**t**	**Sig**
	Group	Mean					
One	Managers	4.09	.035	4.06	602	1.593	.112
	Auditors	3.98	.045				
Scale: **1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance, 5: Very high relevance**							

As shown in table (5.38) and appendix (F, table 3), the overall mean score indicated that the omitted topics under IFRS for SMEs are irrelevant to the SMEs' context. All of the topics were irrelevant to SMEs especially EPS topic that are perceived to be not relevant at all to these enterprises.

t test was performed to gain a deeper analysis when investigating the opinions of managers and auditors independently. Apparently, the two groups of respondents indicated a low relevance in the overall means of the omitted topics under IFRS for SMEs (factor one), which was enhanced slightly more by managers (*M* = 4.09, *SE*

= .035) especially regarding the insurance contract as well as EPS topic that were perceived to be not relevant while auditors (*M* = 3.98, *SE* = .045) reflected in their responses a low relevance in all omitted topics. Their points of view as to the omitted topics under IFRS for SMEs did not significantly differ, *t* (602) = 1.593, *ns*.

Table 5.39: The mean and results of ANOVA test regarding economic sectors (objective three, omitted topics).

Factor	Mean		SD	The overall mean of all groups	DF	F	Sig
	Group	Mean					
One	Manufacturing	4.25	.49	4.09	138.428	11.427	.000
	Trade	4.16	.87				
	Agriculture	4.30	.35				
	Construction	4.31	.32				
	Service	3.79	.75				
Scale: **1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance,** **5: Very high relevance**							

As illustrated in table (5.39) and appendix (F, table 4), it is clear that the participants of all sectors indicated that the topics in full IFRS, which were not included in the content of IFRS for SMEs, were not relevant to their enterprises except the trade and service sectors, which determined the above topics to be low relevance to related enterprises. EPS and insurance contracts were the highest topics in their mean score across all sectors that were not relevant as specified by respondents of entire sectors excluding the service sectors of which its respondents indicated a low relevance. The total mean score for the whole economic sectors categories has shown a low relevance of these topics to SMEs, which correspond to the results of all topics separately except EPS and insurance contracts as these latter topics were not relevant to SMEs.

For the purpose of examining whether the differences amongst respondents from different sectors are significantly different, Anova test has been conducted as demonstrated below.

A one-way Anova between-groups analysis of variance was performed to discover the differences in perceptions among a group of respondents regarding the relevance of the above listed topics to respondents' entities. Respondents were divided into five groups based on economic sectors to which they belong. The perception was statistically significant different at the $p < .01$ for the five sectors' groups: F (4, 138.428) = 11.427, p = .000.

As shown in appendix (H, table 1), Post-hoc comparisons with Games-Howell test point out that the mean score for the service sector (M = 3.79, SD = .75) was significantly different from the rest of the sectors that are: manufacturing (M = 4.25, SD = .49); trade (M = 4.16, SD = .87); agriculture (M = 4.30, SD = .35); and construction (M = 4.31, SD = .32), which are not significantly different from each other.

Table 5.40: The mean and results of ANOVA test regarding legal form (objective three, omitted topics).

Factor	**Mean**		**SD**	**The overall mean of all groups**	**DF**	**F**	**Sig**
	Group	Mean					
One	Limited L	4.01	.49	4.09	10.376	11.427	.000
	General P	4.27	.87				
	Limited P	4.42	.35				
	Civil	4.37	.32				
	Private S	4.14	.75				
Scale: **1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance,** **5: Very high relevance**							

Plainly as presented in table (5.40) and appendix (F, table 5), the participants in all legal forms' entities directed that the above omitted topics from full IFRS under IFRS for SMEs were not relevant to the SMEs except the limited liability and private shareholders, which identified the these topics to be of low relevance to their entities. Similar to economic sectors, EPS and insurance contract have the highest mean score across all legal form types that were not relevant as specified by respondents of all groups eliminating the limited liability firms of which its respondents presented a low relevance. Similar to economic sectors parameter, the overall mean score for all legal forms' types indicated a low relevance of these topics, which match the results of all topics individually except EPS and insurance contract as the latter topics were not relevant to SMEs.

Regarding the ANOVA test, respondents were allocated into five groups according to entities' legal form in which they work. The perception was significantly different at the $p < .01$ for the five legal form groups: F (4, 36.617) = 10.376, p = .000.

By performing Post-hoc comparisons with Games-Howell test as shown in appendix (H, table 1), mean score of limited liabilities companies (M = 4.01, SD = .84) was statistically significantly different from both general partnership (M = 4.27, SD = .29) and limited partnership entities (M = 4.42, SD = .24) that do not differ significantly from each other.
Civil entities (M = 4.37, SD = .34) did not vary significantly from others while private shareholders (M = 4.14, SD = .29) was only significantly different from Limited Partnership entities.

Table 5.41: The mean and results of ANOVA test regarding employees' numbers (objective three, omitted topics).

Factor	Mean		SD	The overall mean of all groups	DF	F	Sig
	Group	Mean					
One	1 - 9	4.18	.75	4.09	444	.611	.543
	10 – 49	4.10	.66				
	50 - 249	4.05	.83				

More than 250 employees' category has not been included as none of the participant belonged to this category.
Scale:
1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance,
5: Very high relevance

Obviously as presented in table (5.41) and appendix (F, table 6), the participants in all groups announce similarly that the above omitted topics from full IFRS under IFRS for SMEs were of low relevance to the SMEs. In parallel to previous parameters, EPS and insurance contract have the highest mean score across all entities with different employees' numbers that were not relevant as specified by respondents in all groups excluding the firms with employees' numbers ranging from 50 to 249 employees, whereas its respondents indicated a low level of relevance.

Analogous aforementioned parameters, total mean score indicated a low relevance of these topics, which is similar to the results of all topics independently except for EPS and insurance contract topics as they were not relevant to SMEs.

Regarding the results of Anova test, respondents were assigned into three groups according to entities' employees' numbers. The perception was not found significantly different at the $p < .05$ for the mentioned three groups: $F\ (2, 444) = .6111$, *ns*. Consequently, Post-hoc comparisons tests are not required as there was no detected difference.

Table 5.42: cross tabulation of the categories representing the size clusters (to be used as abbreviation for the upcoming analysis)

Abbreviation	**Turnover**	**Total assts**
A	Less than 1,810,000 JD	Less than 1,810,000 JD
B	Less than 1,810,000 JD	1,810,000 JD to 9,050,000 JD
C	1,810,000 JD to 9,050,000 JD	1 JD to 1,810,000 JD
D	1,810,000 JD to 9,050,000 JD	1,810,000 JD to 9,050,000 JD
E	1,810,000 JD to 9,050,000 JD	9,050,000 JD to 38,915,000 JD
F	9,050,000 JD to 45,250,000 JD	1,810,000 JD to 9,050,000 JD
G	9,050,000 JD to 45,250,000 JD	9,050,000 JD to 38,915,000 JD

Note: F category has not included in the ANOVA analysis because the number of cases were not sufficient.

Table 5.43: The mean score and ANOVA results across size clusters (objective three, omitted topics).

Factor	**Mean**		**SD**	**The overall mean of all groups**	**DF**	**F**	**Sig**
	Group	Mean					
One	A	4.02	0.79	4.09	440	.879	.510
	B	4.09	0.47				
	C	4.40	0.000				
	D	4.13	0.72				
	E	4.30	0.68				
	G	4.40	0.43				

Some crosstab of annual turnover and total assets were not included as these categories did not include any participant.
Scale:
1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance,
5: Very high relevance

As shown in table (5.43) and appendix (F, table 7) Participants of various size of entities agreed that the omitted topics from full IFRS under IFRS for SMEs were either not relevant or of low relevant to SMEs. Akin to other parameters, the overall mean score for all sizes of entities confirm a low relevance of these topics, which match the results of all topics individually except EPS and insurance contract as the latter topics were not relevant to SMEs.

Anova test has been performed to highlight the significance of differences among respondents based on sizes. In this respect, participants were assigned into six groups according to the range of both total assets and turnover of participants' entities. The opinion regarding the relevance of omitted topics was not significantly different at the $p < .05$ for all diverse sizes: F (5, 440) = .879, *ns*. Accordingly, Post-hoc comparisons tests are not required as there was no detected difference.

Table 5.44: The mean score and the results of *t* test for two management styles (objective three, omitted topics).

Factor	Mean		SE	The mean for both group	Df	*t*	Sig
	Group	Mean					
One	Yes	4.11	0.042	4.9	445	1.201	.231
	No	4.02	0.081				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

With reference to table (5.44) and appendix (F, table 8), the omitted topics were overall specified as low relevance topics to SMEs by managers of entities that their owners are either involved in management or not. Similar to the comparison between managers and auditors, the managers' mean of entities that their owners are involved in the management process (*M* = 4.11, *SE* = .042) is marginally greater than the mean of those belonging to entities that their owners are not involved in management (*M* = 4.02, *SE* = .066), given that the EPS was found to be irrelevant by both groups whereas insurance contract was irrelevant by the first group and low relevant by the latter one. The differences between groups was not significant, *t* (445) = 1.201, *ns*.

5.4.3.2 Suitability of topics:

To evaluate the perceptions of SMEs' accounting information preparers regarding the suitability of several accounting topics in the light of differences between Full IFRS and IFRS for SMEs (measurement, recognition, presentation, options, and disclosure). In addition, the differences in perceptions between managers across different sizes, ownership structures, economic sectors, and legal form of the enterprise will be highlighted.

Table 5.45: The means and results of t test (objective three, suitability of topics).

Factor	Mean		SE	The mean for both group	Df	t	Sig
	Group	Mean					
One	Managers	3.88	.039	3.77	603	5.024	.000
	Auditors	3.47	.072				
Two	Managers	3.22	.044	3.17	589	2.931	.000
	Auditors	3.04	.042				
Three	Managers	2.72	.038	2.98	593	-13.581	.004
	Auditors	3.72	.062				
Four	Managers	3.85	.042	3.84	591	.684	.000
	Auditors	3.80	.053				
Five	Managers	3.85	.040	3.87	600	-1.362	.495
	Auditors	3.94	.053				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

By referring to table (5.45) and appendix (F, table 9), there was an obvious overall agreements were determined by both groups of respondents together on all proposals regarding presentation issues comprising the first factor, which were presenting a combined statement of income and retained earnings, presenting only one comparative period in the statement of financial position, reducing disclosure requirements, making an exemption from disclosing the fair value of investment property.

Factor two that was regarding suggestion under IFRS for SMEs to expense some kind of cost instead of capitalising them as well as lease and standards issues, all suggestions comprising this factor were neither agreed nor disagreed except the proposal to disallow the reference to another standard-setting body (14.24), which was agreed by respondents.

The suggestions for measuring some kinds of assets (factor three) were in total viewed neutral. The mean scores for all suggestions separately fall into neutral category even though they were close to disagree category except the proposal to use the most recent purchase price to approximate the cost of inventory (Q14.19), which was in turn agreed by respondents of both groups.

In the light of suggestions regarding intangible assets (factor four), respondents agreed on all proposals that are: presuming the life of intangible assets as 10 years; considering the useful life of intangible assets as finite; and amortising (other than goodwill indefinite life) intangible assets over 10 years, impairment test is performed only when there is indication for impairment.

Also notably, the proposals regarding estimation issues (factor five) were agreed as whole and independently. These suggestions were pertaining to discard the indication for impairment when the net assets of an entity exceed its market capitalisation, to exempt from reviewing the estimations annually, and to account for assets' depreciation separately if the pattern of expected economic benefit of that asset was different.

On the whole, the aforementioned proposals of the five factors were agreed in total for the whole groups of respondents and independently. Therefore, it is worthwhile to examine the differences between both groups for each single factor separately and to detect whether a significant difference between their point of views existed or not. This task can be achieved by initiating an independent t test as shown below.

In terms of presentation issues (factor one), both groups are generally agreed on the proposed topics pertaining to presentation issues. Managers (M = 3.88, SE = .039) show greater agreement in all presentation issues than auditors (M = 3.47, SE = .072) who signpost a natural point of view regarding presenting combined statement of income and retained earnings as well as presenting one comparative period in the statement of financial position. Then, the difference between managers and auditors viewpoints was significant in the first factor, t (603) = 5.024, P < .01.

The overall mean of both groups reflected neutral opinions for issues comprising factor two, taking into consideration the following findings; managers (M = 3.22, SE = .044) gave neutral belief for all suggestions within this factor except the proposal in Q14.24 that is disallowing the reference to other standards – setting body, this proposal was agreed by mangers; auditors (M = 3.04, SE = .042) opinions for the proposal in this factor were varied from agree to expensing development cost (Q14.22) and borrowing cost (Q14.21) instead of capitalising them to disagree on exempting from disclosing the effect of changing in standards (Q14.5) as well as disagree on exempting from using straight line method to expense the operating lease (14.17); and neutral viewpoint by auditors was presented for both proposal of disallowing the reference to other standard – setting body (Q14.24) as well as expensing the cost of arrangement and negation of lease that are incurred by manufacturers or dealers, instead of capitalise them (Q14.16). Hence, the difference between both group was significant, *t* (589) = 2.931, *P* < .01.

Factor three includes some suggestions under IFRS for SMEs to measure some assets. Although the overall means of managers' group (*M* = 2.72, *SE* = .038) indicates neither agree nor disagree opinion, all suggestions were disagreed by managers except the proposal of using the most recent price for inventory (Q14.19). On the other hand, auditors (*M* = 3.72, *SE* = .062) agreed on all proposals pertaining to measure property plant and equipment, investment property, intangible assets, and inventory. Consequently, the difference was significant between the groups, *t* (593) = -13.581, *P* < .01.

Both groups of participants expressed an obvious agreement on suggestions encompassed in factor attributed to intangible assets. As a result, the differences between managers (*M* = 3.85, *SE* = .042) and auditors (M = 3.80, SE = .053) was not significant for this factor, *t* (591) = .684, *ns*.

Regarding factor five that covers several proposals for evaluating some estimations, both managers (*M* = 3.85, *SE* = .040) and auditors (*M* = 3.94, *SE* = .053) agreed entirely on all proposed ideas in IFRS for SMEs. Thus, the difference between managers and auditors was not different, *t* (600) = -1.362, *ns*.

Table 5.46: The mean and results of ANOVA test regarding economic sectors (objective three, suitability of topics).

Factor	**Mean**		**SD**	**The overall mean of all groups**	**DF**	**F**	**Sig**
	Group	Mean					
One	Manufacturing	3.77	0.57	3.88	443	0.688	0.6
	Trade	3.94	0.92				
	Agriculture	3.87	0.82				
	Construction	3.78	0.75				
	Service	3.88	0.83				

Two	Manufacturing	3.12	0.56	3.22	492	0.739	.566
	Trade	3.17	0.84				
	Agriculture	3.27	0.38				
	Construction	3.19	0.69				
	Service	3.34	1.06				
Three	Manufacturing	2.96	0.69	2.72	111.817	10.519	.000
	Trade	2.46	0.7				
	Agriculture	2.54	0.89				
	Construction	2.76	0.46				
	Service	2.94	0.88				
Four	Manufacturing	4.25	0.47	3.85	111.918	15.592	.000
	Trade	3.93	0.81				
	Agriculture	4.09	0.57				
	Construction	3.49	0.93				
	Service	3.51	1.04				
Five	Manufacturing	3.87	0.56	3.85	124.767	6.679	.000
	Trade	3.91	0.84				
	Agriculture	4.18	0.38				
	Construction	3.87	0.69				
	Service	3.64	1.06				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

As shown in table (5.46) and in appendix (F, table 10), the respondents from all sectors generally agreed on the proposals of IFRS for SMEs regarding some presentation matters (factor one). Total mean score for the whole economic sectors categories reflected an agreement to the suggestions about presentation's issues making up factor one.

The mean score of factor two for all economic sectors indicated that respondents gave neutral points of view. Total mean score revealed neutral agreement to the suggestions within factor two except Q14.24, which has been generally agreed by managers, except those in trade and agriculture sectors who neither agree nor disagree on the proposal in Q14.24.

Managers of entities in manufacturing, construction, and service sectors neither agreed nor disagreed on the proposal pertaining to options used to measure some kinds of assets (factor three), however, the perceptions of those within trade and agriculture sectors tend to disagree on these proposals. Although the overall mean returns neutral attitudes, the individual mean's score for items comprising this factor were as follows; Q14.7, 8, and 12 were disagreed by managers; and Q14.19 was agreed by managers excluding those who work within the trade and agriculture sectors who present neutral opinions.

The perceptions in terms of several intangible assets matters (factor four) tend to be agreed by managers across economic sectors except manufacturing sector that the managers of its entities strongly agreed on the proposals under this factor. Total mean score exposed agreed opinions to all suggestions together and individually covering factor four except the opinions of respondents from manufacturing sector who strongly agreed on these suggestions.

Apparently, the managers of all sectors agreed on the proposals of IFRS for SMEs for particular estimation issues such as; impairment, depreciation, amortisation, useful life, and residual value (factor five). The overall mean score across all economic sectors categories represented an agreed point of view to all suggestions as one sum and separately regarding matters of estimation incorporated in factor five.

All in all, the aforesaid proposals of the five factors were agreed in total by the entire groups as whole and individually. And so, it is worthwhile to examine the differences between groups for each single factor separately. In order to inspect whether the differences amongst respondents from different sectors are significantly different or not, the Anova test has been conducted as illustrated below.

A one-way Anova between-groups analysis of variance was performed to discover the differences in perceptions among group of respondent for numerous proposals pertaining to presentation matters under IFRS for SMEs. Respondents were divided into five groups based on economic sectors to which they belong. The perception on factor one was not significantly different at the $p < .05$ for the five sectors' groups:

F (4, 443) = .688, *ns*. As a result, further analysis via Post-hoc comparisons is meaningless as the difference was found insignificant.

In determining the significance in perceptions' differences amongst group of respondents for several suggestions regarding expensing some costs, lease issue, and standards' issues under IFRS for SMEs, a one-way Anova between-groups analysis of variance was conducted. The difference in their opinions on factor two was not significant at the $p < .05$ for the five sectors' groups: *F* (4, 429) = .739, *ns*. Accordingly, Post-hoc comparisons' analysis is not necessary as the difference was insignificant.

By conducting Anova test, the difference in managers opinions based on economic sectors for factor three was significant at the $p < .01$ for the five sectors' groups: *F* (4, 111.817) = 10.519, *P*= .000. Accordingly, Post-hoc comparisons' analysis is necessary so as to reveal the place of these differences.

Anova test shows that the difference in managers opinions according to economic sectors for the fourth factor was significant at the $p < .01$ for the five sectors' groups: *F* (4, 111.918) = 15.592, *P*= .000. Post-hoc comparisons' analysis is provided below.

A one-way Anova between-groups showed that there was a significant difference in managers views according to economic sectors for the fifth factor at the $p < .01$ for the five sectors' groups: *F* (4, 124.767) = 6.679, *P*= .000. Similar to factor three and four, Post-hoc comparisons' analysis is shown below.

As shown in Appendix (H, table 3), Post-hoc comparisons with Games-Howell test for factor three indicated that only the mean score for trade sector (*M* = 2.46, *SD* = .70) was significantly different from both manufacturing (*M* = 2.96, *SD* = .69) and service sectors (*M* = 2.94, *SD* = .88). While agriculture (*M* = 2.54, *SD* = .89); and construction sectors (*M* = 2.76, *SD* = .46) were not significantly different from other sectors.

Moreover, Post-hoc comparisons with Games-Howell test for factor four point out that the perceptions of managers across sectors were significantly different from each other except the similarity of the following pairwise that were not significantly different from other sectors: manufacturing (*M* = 4.25, *SD* = .47) with agriculture sectors (*M* = 4.09, *SD* = .57); trade sector (*M* = 3.93, *SD* = .81) with both agriculture and construction sectors (*M* = 3.49, *SD* = .93); and finally construction with service sectors (*M* = 3.51, *SD* = 1.04).

Furthermore, Post-hoc comparisons with Games-Howell test for fifth factor specified that only the mean score of agriculture sector (*M* = 4.18, *SD* = .38) was significantly different from; manufacturing (*M* = 3.87, *SD* = .56); service sectors (*M* = 3.64, *SD* = 1.06); and trade (*M* = 3.91, *SD* = .84) while it was not significantly different from construction sector (*M* = 3.87, *SD* = .69).

Table 5.47: The mean score and ANOVA results across legal forms (objective three, suitability of topics).

Factor	**Mean**		**SD**	**The overall mean of all groups**	**DF**	**F**	**Sig**
	Group	Mean					
One	Limited L	3.82	0.83	3.88	37.035	28.937	.000
	General P	4.31	0.39				
	Limited P	4.3	0.38				
	Civil	4.32	0.28				
	Private S	2.88	0.81				
Two	Limited L	3.25	0.92	3.22	429	0.548	0.7
	General P	3.13	0.94				
	Limited P	3.13	0.87				
	Civil	3.42	0.89				
	Private S	3.04	0.88				
Three	Limited L	2.78	0.85	2.72	20.647	4.999	.006
	General P	2.39	0.52				
	Limited P	2.71	0.69				
	Civil	2.84	0.38				
	Private S	2.62	0.5				

Four	Limited L	3.83	0.9	3.85	28.985	1.42	.252
	General P	3.97	0.77				
	Limited P	4.07	0.64				
	Civil	3.9	0.62				
	Private S	3.56	1.02				
Five	Limited L	3.73	0.91	3.85	36.512	9.57	.000
	General P	4.13	0.49				
	Limited P	4.12	0.69				
	Civil	4.33	0.33				
	Private S	4.15	0.55				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

As indicated in table (5.47) and appendix (F, table 11), the managers of all different legal forms agreed strongly on the proposals of IFRS for SMEs regarding some presentation matters (factor one) except the managers of both limited liability entities who agreed on those proposals and the private shareholders entities who presented neutral views . Total mean score for all legal forms types' categories reflected an agreement to the ideas under IFRS for SMEs about presentation's matters except shareholders managers who refuse the ideas in questions Q14.1, 2 and passed neutral opinions for questions Q14.3, 4.

The mean score of factor two for all legal forms point to that managers reflected neutral views except civil firms that provided overall agreed views on proposals included in second factor. Total mean score revealed neutral agreement to the suggestions within factor two except Q14.24, which has been generally agreed by managers. Distinctly, managers of private shareholders entities disagreed on offer by IFRS for SMEs to exempt from using the straight line method to recognize the operating lease payments when payments have been organized to rise in line with anticipated inflation (Q14.17).

Managers of entities across different legal forms neither agreed nor disagreed on the proposal pertaining to options used to measure certain assets (factor three), nevertheless, perception of those within general partnership tend to disagree on these proposals. Although the overall mean shows neutral views, the individual point of views for items comprising this factor were likely to be disagreed by managers except the suggestion of using the most recent price for approximating inventory (Q14.19), which alternated from agree to strongly agree.

The perceptions in terms of several intangible assets matters (factor four) tended to agree by managers across all legal forms' entities. Total mean score exposed agreed opinions to all suggestions together and individually covering factor four.

Actually, the managers of all entities' legal form agreed on the proposals of IFRS for SMEs for specific estimation issues regarding; impairment, depreciation, amortisation, useful life, and residual value (factor five) except those belonging to civil entities who strongly agreed on these suggestions. The overall mean score characterized an agreed point of view to all suggestions as whole and independently regarding estimation's matters merged to be factor five.

To sum up, all proposals were agreed by respondents across all groups except the managers of private shareholders entities who believe that these suggestions are generally neither agree nor disagree to be in place instead of those belong to full IFRS. Thus, it is worthwhile to inspect the differences between groups based on legal form for each particular factor individually. For this purpose, Anova test has been conducted as illustrated below.

A one-way Anova between-groups analysis of variance was performed to discover the differences in perceptions among group of respondents for numerous proposals pertaining to presentation matters under IFRS for SMEs. Respondents were allocated into five groups based on entities' legal forms. The perception's difference on factor one was statistically significant at the $p < .01$ for the five legal forms' groups: F (4, 37.035) = 28.937, P= .000. Accordingly, additional analysis through Post-hoc comparisons is meaningful to detect the exact differences among groups. On the contrary, this test reveals that the difference in their points of view on factor two was not significant at the $p < .05$ for the five legal forms' groups: F (4, 429) = .548, *ns*. Therefore, supplementary analysis through Post-hoc comparisons is not necessary.

Parallel to factor one, their perception on suggestions pertaining to measure particular assets (factor three) was significantly different at the $p < .01$ for the five legal forms' groups: F (4, 20.647) = 4.999, P= .006. Post-hoc comparisons are provided below. In terms of the suggestions as to intangible assets (factor four), their point of views did not differ significantly at the $p < .05$ for the five legal forms' groups: F (4, 28.985) = 1.420, *ns*. On the other hand, their points of view regarding the suggestions of some estimation issues (factor five) were statistically significantly different at the $p < .01$ for the five legal forms' groups: F (4, 36.512) = 9.570, P= .000. Hence, supplementary analysis through Post-hoc comparisons is worthwhile to spot the precise differences amongst various legal forms.

As illustrated in appendix (H, table 4), Post-hoc comparisons with Games-Howell test for factor one indicated that the mean score for limited liabilities' entities (M = 3.82, SD = .83) and private shareholders (M = 2.88, SD = .81) was significantly different from each other and from all others types of entities whilst general partnership (M = 4.31, SD = .39), limited partnership (M = 4.30, SD = .38), and civil entities (M = 4.32, SD = .28) were not significantly different from each other. This analysis also revealed that the mean scores regarding factor three were not significantly different among all groups except limited liability entities (M = 2.78, SD = .85) and general partnership (M = 2.39, SD = .52) that was significantly different from each other. All others types of entities that are: private shareholders (M = 2.62, SD = .50); limited partnership (M = 2.71, SD = .69); and civil entities (M = 2.84, SD = .38) were not significantly different from each other and from the limited liability and general partnership entities.

Besides that, managers' perceptions with respect to fifth factor were not significantly different among all groups except those belonging to limited liability entities (M = 3.73, SD = .91) who differed significantly in their views regarding the suggestions of estimation issues from managers of; general partnership (M = 4.13, SD = .49); private shareholders (M = 4.15, SD = .55); and civil entities (M = 4.33, SD = .33) whilst they were not significantly different in their opinions from the managers of limited partnership entities (M = 4.12, SD = .69).

Table 5.48: The mean score and ANOVA results across the categories of number of employees (objective three, suitability of topics).

Factor	Mean		SD	The overall mean of all groups	DF	F	Sig
	Group	Mean					
One	1 - 9	4.03	0.68	3.88	445	3.58	0.029
	10 - 49	3.95	0.78				
	50 - 249	3.76	0.88				
Two	1 - 9	3.48	0.9	3.22	431	3.438	0.033
	10 - 49	3.25	0.94				
	50 - 249	3.12	0.87				
Three	1 - 9	2.6	0.77	2.72	435	2.242	0.107
	10 - 49	2.67	0.8				
	50 - 249	2.8	0.78				
Four	1 - 9	3.79	0.93	3.85	433	2.267	0.105
	10 - 49	3.94	0.82				
	50 - 249	3.76	0.92				
Five	1 - 9	3.93	0.78	3.85	442	.0874	.418
	10 - 49	3.88	0.82				
	50 - 249	3.78	0.89				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

As presented in table (5.48) and appendix (F, table 12) for all factors. To begin with suggestions regarding presentation's matters (factor one), the managers of all different size entities based on employees' numbers agreed on those proposals of IFRS for SMEs. Total mean score fell into the agree category to the ideas under IFRS for SMEs about presentation's matters.

The mean score of factor two for all groups of respondents based on firm's employees' numbers categorise that managers of entities with 10 employees and more provided neutral opinions; nevertheless, the managers of those with less than 10 employees express explicit agreement on the proposals within this factor. Total mean score revealed neutral agreement to all suggestions except Q14.24, which has been generally agreed by managers of entities across all employees' numbers.

Managers of all different employees' numbers entities were neither agreed nor disagreed on the proposal pertaining to options used to measure certain assets (factor three), on the other hand, although the overall mean reflect neutral opinions, the discrete analysis for items covering this factor were likely to be disagreed by managers except the proposition of using the most recent price for approximating inventory (Q14.19), which was almost tend to agree expressed by respondents through all categories. The perceptions in terms of intangible assets matters (factor four) were characteristic to be agreed by managers across all class of entities according to employees' numbers. Correspondingly, total mean score point towards agreed opinions to all suggestions together and separately covering this factor.

As same as factor four, the managers of all class of entities agreed on the proposals of IFRS for SMEs for specific estimation issues (factor five). The overall mean score described an agreed opinion to all ideas under IFRS for SMEs, as whole and individually for each item encompassed in fifth factor.

In summary, all suggestions were agreed by respondents across all entities with various employees' numbers. Accordingly, it is valuable to check the existence of the differences amongst groups for each specific factor discretely. Subsequently, Anova test has been performed to accomplish this mission as illustrated below.

A one-way Anova between-groups analysis of variance was executed to determine the differences in opinions amongst group of respondents for numerous proposals pertaining to presentation matters under IFRS for SMEs. Respondents were separated into three groups based on entities' employees' numbers. The perception's difference on factor one was statistically significant at the $p < .05$ for the three groups: F (2, 445) = 3.580, P= .029.

By the same fashion, the view's difference with respect to factor two was statistically significant at the $p < .05$ for the three groups: F (2, 431) = 3.438, P= .033. For that reason, further analysis via Post-hoc comparisons is vital to distinguish the exact differences.

On the contrary, Anova test revealed that the rest of three factors were not perceived significantly different at the $p < .05$ for the three groups, which were respectively as follows: F (2, 435) = 2.242, *ns; F* (2, 433) = 2.267, *ns;* and *F (2, 442) = .874, ns.*

As shown in appendix (H, table 5), Post-hoc comparisons with Tukey HSD, Hochberg, and LCD tests for factor one indicated that the mean score for entities with 10-49 employees (*M* = 3.95, *SD* = .78) and entities with 50-249 employees (*M* = 3.76, *SD* = .88) was significantly different from each other while they were not significantly different from entities with 1-9 employees (*M* = 4.03, *SD* = .68).

Also as presented in appendix (H, table 6), Post-hoc comparisons with Tukey HSD, Hochberg, and LCD tests for factor two indicated that the mean score for entities with 1-9 employees (*M* = 3.12, *SD* = .90) and entities with 50-249 employees (*M* = 3.48, *SD* = .87) was significantly different from each other while they were not significantly different from entities with 10-49 employees (*M* = 3.25, *SD* = .94).

Table 5.49: The mean score and ANOVA results across size clusters (objective three, suitability of topics).

Factor	Mean		SD	The overall mean of all groups	DF	F	Sig
	Group	Mean					
One	A	3.88	0.86	3.89	441	0.402	0.848
	B	3.91	0.68				
	C	4.38	0.53				
	D	3.87	0.81				
	E	3.83	0.67				
	G	3.44	0.97				
Two	A	3.28	0.91	3.12	427	1.037	0.396
	B	3.3	0.95				
	C	3.33	0.71				
	D	3.17	0.94				
	E	3.12	0.71				
	G	2.54	0.86				

Three	A	2.77	0.8	2.74	431	1.066	0.379
	B	2.96	0.82				
	C	2.88	0.53				
	D	2.63	0.8				
	E	2.73	0.72				
	G	2.44	0.31				
Four	A	3.83	0.93	3.86	429	0.693	0.629
	B	4.12	0.44				
	C	3.5	1.18				
	D	3.83	0.86				
	E	4.03	0.71				
	G	3.83	1.29				
Five	A	3.92	0.84	3.89	438	0.845	0.518
	B	3.83	0.57				
	C	4.17	0.24				
	D	3.75	0.89				
	E	3.83	0.75				
	G	3.83	1.04				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

As presented in table (5.49) and appendix (F, table 13), the presentation's matters (factor one), the managers of all different size entities based on total assets and turnover agreed on those proposals of IFRS for SMEs. Total mean score shows agreement to the concepts under IFRS for SMEs about presentation's materials.

The mean score of factor two for all groups of respondents delivered neutral views except the last two categories (F, J) that their managers disagreed on the proposals within this factor. Total mean score revealed neutral agreement to all suggestions except Q14.24, which has been generally agreed by managers of entities across all sizes excluding the aforementioned last two groups of respondents who are unwilling to refer to any standards setter-body (Q14.24).

Managers of all entities neither agreed nor disagreed on the proposal pertaining to options used to measure certain assets (factor three) except those belonging to last category who present plain disagreement on these suggestions. On the other hand, although the overall mean reflect neutral opinions, the detailed analysis for questions within factor three were disagreed by managers except the plan of using the most recent price for approximating inventory (Q14.19), which was almost leaning towards agreed opinion across all categories without the last category.

Obviously, the insights with respect to intangible assets matters (factor four) were termed to be agreed by managers across all class of entities based on the range of both total assets and turnover. Consistently, the overall mean score indicates agreed attitudes to all suggestions covering this factor, even if they were considered either together or separately.

Corresponding to factor four, the managers of all class of entities agreed on the proposals of IFRS for SMEs within the fifth factor. The total mean score shows an agreed point of view to all proposals under IFRS for SMEs.

In brief, all propositions were likely to be agreed by all respondents across all diverse sizes of entities. Consequently, checking the differences amongst groups for each factor separately is deemed meaningful. This task is achieved by conducting Anova test as shown below.

A one-way Anova between-groups analysis of variance was performed to define whether the differences in views among group of participants for several proposals existed or not. Respondents were divided into six groups based on entities' range of total assets and turnover, bearing in mind that F category was eliminated from Anova test because it has less than two cases.

The perception's difference on all five factors was not statistically significant at the $p < .05$ for the six groups, which were respectively as follows: F (5, 441) = .402, *ns;* F (5, 427) = 1.037, *ns;* F (5, 431) = 1.066, *ns;* F (5, 429) = .693, *ns;* and F (5, 438) = .845, *ns.*

Table 5.50: The mean score and the results of *t* test for two management styles (objective three, suitability of topics).

Factor	Mean		SE	The mean for both group	Df	*t*	Sig
	Group	Mean					
One	Yes	3.98	0.042	3.88	446	3.794	.000
	No	3.63	0.081				
Two	Yes	3.22	0.052	3.22	432	0.367	0.714
	No	3.21	0.08				
Three	Yes	2.69	0.044	2.72	436	-1.447	0.149
	No	2.79	0.073				
Four	Yes	3.83	0.051	3.85	434	-1.09	0.277
	No	3.92	0.072				
Five	Yes	3.86	0.047	3.85	443	0.443	0.658
	No	3.62	0.077				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

As shown in table (5.50) and appendix (F, table 14), proposals under IFRS for SMEs have been agreed generally by both groups of respondents. So, examining the differences between the two groups for each factor independently is considered important. This was achieved by performing independent *t* test as shown below.

Although the respondents from companies where their owners were involved directly in management (*M* = 3.98, *SE* = .042) and not involved in management (*M* = 3.63, *SE* = .081) agreed on proposed amendments of full IFRS as to presentation issues (factor one) to be contained within IFRS for SMEs, the difference in the two groups' opinion was significant, *t* (446) = 3.794, *P* < .01, due to the variance between the means of these groups, which is greater in the first group.

With respect to factor two, both groups express a neutral point of view to all suggestions comprised in this factor except the reference to another standard-setting body when necessary (Q14.24) that was agreed by both groups.

Subsequently, the perception's difference between respondents from firms managed substantially by owners (*M* = 3.22, *SE* = .052) and those that are not managed by owners (*M* = 3.21, *SE* = .080), was not significant, *t* (432) =.367, *ns*.

Even though the difference was found to be insignificant in factor three, *t* (436) = -1.447, *ns*, whereas their overall points of view are neutral, all suggestions within this factor disagreed except the suggestion of using the most recent price for approximating inventory (Q14.19) that was agreed by both groups. In addition, although the proposal of measuring investment property according to circumstances was refused by participants of companies managed substantially by owners (*M* = 2.69, *SE* = .044), this suggestion was neither agreed nor disagreed by those that are not managed by owners (*M* = 2.79, *SE* = .073).

All pertinent proposals of intangible assets in factor four were agreed by participants of firms with owner manager oriented group (*M* = 3.83, *SE* = .051) and a little more by firms managed by non- owners (*M* = 3.92, *SE* = .072). The difference was not significant between the two groups, *t* (434) = -1.090, *ns.*

The last factor consisted of numerous suggestions for impairment, depreciation, amortisation, useful life, and residual value that can be summed into estimations. The related suggestions to these estimations were agreed by respondents from firms managed essentially by owners (*M* = 3.86, *SE* = .047) and those that are not directly managed by owners (*M* = 3.82, *SE* = .077). The opinions of both groups were not significantly different, *t* (443) = .443, *ns.*

Table 5.51: summary of analysis pertaining to standards.

items	Categories means & Sig	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	note
Group	Managers mean	3.88	3.22	2.72	3.85	3.85	
	Auditor mean	3.47	3.04	3.72	3.80	3.94	
	Sig	.000	.004	.000	.495	.174	
Economic sector	Manufacturing	3.77	3.12	2.96	4.25	3.87	Factor 3: trade sector was significantly different from both manufacturing and service sectors. While

	Trade	3.94	3.17	2.46	3.93	3.91	agriculture and construction sectors were not significantly different from other sectors. Factor 4: that the perceptions of managers across sectors were significantly different from each other except the similarity of the following pairwise that were not significantly different from other sectors: manufacturing with agriculture sectors ; trade sector with both agriculture and construction sectors; and finally construction with service sectors
	Agriculture	3.87	3.27	2.54	4.09	4.18	
	Construction	3.78	3.19	2.76	3.49	3.87	
	Service	3.88	3.34	2.94	3.51	3.64	
	Sig	.600	.566	.000	.000	.000	Factor five: only the mean score of agriculture sector was significantly different from manufacturing service and trade sectors while it was not significantly different from construction sector.
Legal form	Limited liability	3.82	3.25	2.78	3.83	3.73	Factor 1: limited liability entities and private shareholders was significantly different from each other and from all other types of entities whilst general partnership, limited partnership, and civil entities were not significantly different from each other. Factor 3: all were not significantly different
	General partnership	4.31	3.13	2.39	3.97	4.13	
	Limited partnership	4.3	3.13	2.71	4.07	4.12	
	Civil	4.32	3.42	2.84	3.9	4.33	
	Private shareholder	2.88	3.04	2.62	3.56	4.15	

	Sig	.000	.700	.606	.252	.000	except limited liability companies with general partnership companies that were significantly different from each other. Factor 5: only limited liability companies were significantly different from others except limited partnership entities.
Number of employees	1-9	4.03	3.48	2.6	3.79	3.93	Factor 1: only 10- 49 was different from 50-249 category. Factor 2: just 1-9 category was significantly different from 50-249 category.
	10-49	3.95	3.25	2.67	3.94	3.88	
	50-249	3.76	3.12	2.8	3.76	3.78	
	Sig	.029	.033	.107	.105	.418	
Crosstab of the turnover and total assets range	A	3.88	3.28	2.77	3.83	3.92	
	B	3.91	3.3	2.96	4.12	3.83	
	C	4.38	3.33	2.88	3.5	4.17	
	D	3.87	3.17	2.63	3.83	3.75	
	E	3.83	3.12	2.73	4.03	3.83	
	J	3.44	2.54	2.44	3.83	3.83	
	Sig	.848	.396	.379	.629	.518	
Owners, interference	Yes	3.98	3.22	2.69	3.83	3.86	
	No	3.63	3.21	2.79	3.92	3.82	
	Sig	.000	.714	.149	.277	.658	
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

5.4.3.3 Adopter vs non-adopter

The analysis of this part is pertaining to examine the difference in the opinions between adopter and non-adopter regarding items in questions 14, which have been classified based on question 13 for all topics that might be not applicable in some entities. Some items within question 13 have not been encompassed in this part of analysis due to several possibilities which might be: the related items in question 14 have been eliminated as a result of data reduction from conducting factor analysis;

and the related items in question 14 have been deleted to increase the reliability to be more than 70% for each construct based on Cronbach Alpha test.

All respondents to the unenclosed item belong to the same group that either adopter or non-adopter.

The analysis of each pairwise of items in questions 13 and 14 are shown below:

a- Q13.1 with Q14.4 and Q14.7

Table 5.52: The mean score for adopter and non-adopter.

Questions	Q13.1	N	Mean
Q14.4	Yes	286	4.02
	No	162	4.06
Q14.7	Yes	285	2.55
	No	158	2.63

Table 5.53: The results of *t* test.

Items	SE		df	t	Sig
	Adopter	Non-adopter			
Q14.4	.053	.070	446	-.353	.724
Q14.7	.074	.098	441	-.583	.560

Both questions in table (5.66) are about investment property, the perceptions of adopters (*M* = 4.02, *SE* = .053) and non-adopter (*M* = 4.06, *SE* = .070) were not significantly different for the suggestion of exempting from disclosing the fair value of investment property that is accounted as PEE (Q14.4), *t* (446) = -.353, *ns.*

Similarly, the opinions of adopters (*M* = 2.55, *SE* = .074) and non-adopter (*M* = 2.63, *SE* = .098) were not significantly different as regards proposition of measuring the investment property according to circumstances rather than giving them the choice of the cost or fair value model (Q14.7), *t* (441) = -.583, *ns.*

b- Q13.4 with Q14.9

Table 5.54: The mean score for adopter and non-adopter.

Question	Q13.4	N	Mean
Q14.9	Yes	430	3.90
	No	15	4.00

Table 5.55: The results of *t* test.

Items	SE		df	t	Sig
	Adopter	Non-adopter			
Q14.9	.050	.28	443	-.350	.727

The difference in the points of view between adopters (*M* = 3.90, *SE* = .050) and non- adopters (*M* = 4.00, *SE* = .28) was not significant for the proposal of accounting for the assets' depreciation separately for the assets with different patterns of expected economic benefits consumption, *t* (443) = -.350, *ns.*

c- Q13.5 with Q14.10, Q14.11, Q14.12, and Q14.13

Table 5.56: The mean score for adopter and non-adopter.

Questions	Q13.5	N	Mean
Q14.10	Yes	203	3.82
	No	239	3.81
Q14.11	Yes	202	4.00
	No	241	3.85
Q14.12	Yes	203	2.72
	No	242	2.26
Q14.13	Yes	198	3.75
	No	244	3.89

Table 5.57: The results of *t* test.

Items	SE		df	t	Sig
	Adopter	Non-adopter			
Q14.10	.068	.059	440	.123	.902
Q14.11	.079	.058	441	1.598	.111
Q14.12	.075	.068	443	4.485	.000
Q14.13	.076	.061	440	-1.416	.158

The differences in the opinions regarding several proposals for intangible assets between adopters and non-adopters were insignificant for all suggestions except using only the cost model for intangible assets (Q14.12), which was significant between adopters (*M* = 2.72, *SE* = .075) and non-adopters (*M* = 2.26, *SE* = .068), *t* (443) = 4.485, *P* < .01. While the rest of the questions were not significant in their views of points of view as follow:

- To amortize the (other than goodwill indefinite-life) intangible assets over 10 years (Q14.10), adopters (*M* = 3.82, *SE* = .068) and non-adopters (*M* = 3.81, *SE* = .059), *t* (443) = .123, *ns*.
- To consider the useful life of intangible assets as finite (Q14.11), adopters (*M* = 4.00, *SE* = .079) and non-adopters (*M* = 3.85, *SE* = .058), *t* (441) = 1.598, *ns.*
- To presume the life of intangible assets as 10 years (Q14.13), adopters (*M* = 3.75, *SE* = .076) and non-adopters (*M* = 3.89, *SE* = .061), *t* (440) = -1.416, *ns.*

d- Q13.7 with Q14.16

Table 5.58: The mean score for adopter and non-adopter.

Questions	Q13.7	N	Mean
Q14.16	Yes	294	3.09
	No	151	3.12

Table 5.59: The results of *t* test.

Items	SE		df	t	Sig
	Adopter	Non-adopter			
Q14.16	.075	.099	443	-.244	.807

The difference between adopters' opinions (*M* = 3.09, *SE* = .075) and non- adopters' opinions (*M* = 3.12, *SE* = .099) was not significant for the recommendation of IFRS for SMEs to recognize the cost incurred by manufacturers or dealers lessor regarding arrangement or negotiation of lease as expenses instead of capitalizing them, *t* (443) = -.244, *ns.*

e- Q13.8 with 14.17

Table 5.60: The mean score for adopter and non-adopter.

Question	Q13.8	N	Mean
Q14.17	Yes	318	3.16
	No	128	3.46

Table 5.61: The results of *t* test.

Items	SE		df	t	Sig
	Adopter	Non-adopter			
Q14.17	.069	.104	444	-2.358	.019

The difference between adopters (*M* = 3.16, *SE* = .069) and non- adopters (*M* = 3.64, *SE* = .104) in terms of their belief was significant for the proposal under IFRS for SMEs To exempt from using the straight line method to recognize the operating lease payments when payments have been organized so as to rise in line with anticipated inflation, *t* (444) = -2.358, *P* < .05.

f- Q13.10 with 14.19

Table 5.62: The mean score for adopter and non-adopter.

Question	Q13.10	N	Mean
Q14.19	Yes	320	3.3469
	No	125	3.9840

Table 5.63: The results of *t* test.

Items	SE		df	t	Sig
	Adopter	Non-adopter			
Q14.19	.068	.067	443	-6.670	.000

The difference in the opinions between adopters (*M* = 3.35, *SE* =.068) and non-adopters (*M* = 3.98, *SE* = .067) was significant for the proposal for IFRS for SMEs to use the most recent purchase price to approximate the cost of inventory, *t* (443) = -6.670, *P* < .01.

g- Q13.11 with 14.21

Table 5.64: The mean score for adopter and non-adopter.

Question	Q13.11	N	Mean
Q14.21	Yes	62	3.0161
	No	382	3.1963

Table 5.65: The results of *t* test.

Items	SE		df	t	Sig
	Adopter	Non-adopter			
Q14.21	.140	.061	442	-1.174	.244

The perceptions' difference between adopters (*M* = 3.02, *SE* =.140) and non-adopters (*M* = 3.20, *SE* = .061) was not significant for the proposition to recognize the borrowing cost as expenses instead of capitalizing them, *t* (442) = -1.174, *ns*.

h- Q13.12 with 14.22

Table 5.66: The mean score for adopter and non-adopter.

Question	Q13.12	N	Mean
Q14.22	Yes	89	3.12
	No	354	3.29

Table 5.67: The results of *t* test.

Items	SE		df	t	Sig
	Adopter	Non-adopter			
Q14.22	.119	.066	441	-1.207	.229

The difference of opinion between adopters (*M* = 3.12, *SE* =.119) and non- adopters (*M* = 3.29, *SE* = .066) was not significant for the proposition to recognize the RD cost as expenses instead of capitalizing them, *t* (441) = -1.207, *ns*.

5.4.4 Objective four:

To empirically examine the perceptions of SMEs' accounting information preparers and regulators regarding their agreement on some general concepts within this IFRS and examine the willingness of SMEs preparers to adopt IFRS for SMEs.

Table 5.68: The means and results of *t* test (objective four).

Factor	Mean		SE	The mean for both group	Df	t	Sig
	Group	Mean					
One	Managers	3.76	0.042	3.79	603	-0.571	0.569
	Auditors	3.79	0.044				
Two	Managers	3.26	0.046	3.4	603	-6.792	.000
	Auditors	3.75	0.056				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

Generally as presented in table (5.68) and appendix (F, table 15), respondents present a manifest willingness to adopt IFRS for SMEs (factor one) by agreeing to adopt IFRS for SMEs from the first year in which it is applied generally or used for tax purposes by all non-public entities and even if the adoption is either mandatory or voluntary as they found it necessary to adopt a new uniform set of international financial reporting standards.

Again not only willingness to adopt IFRS for SMEs was evident by respondent but also they agreed on some general elements and concepts of IFRS for SMEs (factor two) whereas participants agreed on the notion to make IFRS for SMEs as standalone document as well as cross reference with full IFRS. Whilst introducing general purpose financial statement was neither agreed nor agreed when taking the response as a whole.

Altogether, the themes of both factors were agreed in total for the whole groups of participants and individually. Consequently, it is valuable to inspect the differences between managers and auditors for each single factor discretely and to explore whether a significant difference between their opinions existed or not, by conducting an independent t test as presented below.

The difference of views between managers (M = 3.76, SE =.042) and auditors (M = 3.79, SE = .044) about their willingness to adopt International Financial Reporting Standards for SMEs (factor one), was not significant, t (603) = -.571, *ns*. Whereas both groups show their willingness to adopt the standards as they agreed on all questions comprising these factors.

However, their opinions were significantly different regarding some concepts within IFRS for SMEs (factor two), t (603) = -6.792, $P < .01$. Managers (M = 3.26, SE =.046) neither agreed nor disagreed on all concepts contained in this factor whilst auditors (M = 3.75, SE =.056) agreed on these concepts.

5.4.5 Objective five:

To determine whether International Financial Reporting Standards (IFRS) for SMEs can influence positively or negatively the SMEs' accounting practices as well as other transactions.

Table 5.69: The means and results of *t* test (objective five).

Factor	Mean		SE	The mean for both group	Df	t	Sig
	Group	Mean					
One	Managers	3.84	0.041	3.84	603	0.141	0.888
	Auditors	3.83	0.047				
Two	Managers	3.82	0.045	3.85	603	-1.003	0.316
	Auditors	3.91	0.067				
Three	Managers	3.62	0.054	3.63	603	-0.389	0.697
	Auditors	3.66	0.063				
Four	Managers	3.62	0.036	3.77	601	1.237	0.217
	Auditors	3.66	0.043				
Five	Managers	3.54	0.04	3.61	303	-4.283	.000
	Auditors	3.8	0.047				
Scale: 1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree							

Uniquely as shown in table (5.69) and appendix (F, table 16), all questions that comprise the five factors were similarly agreed to have positive influence by respondents across both groups and overall. These questions examined the possible effects from applying IFRS for SMEs. The factors alongside the issues for which respondents predicted positive effects are listed below:

1. Factor one: simplification.
    a. Preparing financial reports easily.
    b. Simplifying measurements.
    c. Easily understood standards compared to full IFRS.
    d. Simplifying audit work.
    e. Simplifying recognition.
    f. Reducing the amount of time to prepare financial reports.
    g. Reducing the effort needed to prepare financial reports.
    h. Facilitating tax department work.

2. Factor two: enhance the ability of financial information for both decision making process and safeguarding and controlling the entity.

a. Improve the quality of accounting information for external users.
b. Making appropriate decisions based on non-complex financial information.
c. Improve the quality of accounting information for internal users.
d. Making appropriate decisions based on more relevant financial information.
e. Fulfilling the users' needs in the financial statements.
f. Safeguarding assets and obtaining good control.
g. Reducing the competition risk by avoiding disclosing critical information due to irrelevant disclosure requirements.
h. Disclosing only the relevant information.

3. Factor three: developing standards for SMEs in Jordan.

   Decreasing the large amount of money and the efforts needed to put specialised accounting standards for Jordanian SMEs.

4. Factor four: reducing the cost incurred by companies.
   a. Reducing the cost spent to prepare financial report.
   b. Reducing the audit fees.
   c. Reducing the bookkeeping cost.
   d. Reducing the cost for implementing the standards.
   e. Reducing the documentation cost.

5. Factor five: using financial information for either comparability or financing decision purposes.
   a. Improving comparability with companies of the same size domestically.
   b. Obtaining credit from suppliers.
   c. Obtaining finance.
   d. Improving comparability with companies of the same size abroad.

To sum up, these probable effects were agreed in total to be deemed as positive results from applying IFRS for SMEs by both groups. Accordingly, it is meaningful to check the differences between both groups for each single factor separately and to discover whether a significant difference between their opinions existed or not, by piloting an independent t test as presented below.

Managers (*M* = 3.84, *SE* =.041) and auditors (*M* = 3.83, *SE* =.047) expected positive effects on the simplifications of preparing and understanding the financial information (factor one). The differences in their perceptions were not significant, *t* (603) = .141, *ns.*

In the same fashion, managers (*M* = 3.82, *SE* =.041) and auditors (*M* = 3.92, *SE* =.041) thought that IFRS for SMEs will contribute positively in enhancing the ability of financial information to achieve its desired targets (factor two). Although auditors show higher prospects, the difference in their opinions was not different regarding this factor, *t* (603) = -1.003, *ns.*

Additionally, both groups believed that these standards are capable to save both money and effort needed to develop standards for these kinds of enterprises in Jordan (factor three) as the two group show a positive expectation. The difference between managers' beliefs (*M* = 3.62, *SE* =.054) and auditors' beliefs (*M* = 3.66, *SE* =.063) was not significant, *t* (603) = -.389, *ns.*

By the same token, managers (*M* = 3.79, *SE* =.036) and auditors (*M* = 3.72, *SE* =.043) anticipated a positive contribution in reducing several types of costs incurred by entities information (factor four). The differences in their opinion were not significant, *t* (601) = 1.237, *ns.*

On the other hand, even though both groups predicted positive effects from applying IFRS for SMEs on quality of financial information on both comparability and financing decisions (factor five), these expectations significantly differed between managers (*M* = 3.54, *SE* =.040) and auditors (*M* = 3.80, *SE* =.047) who were significantly higher in their expectations than managers, *t* (603) = -4.283, *P* < .01.

5.4.5.1 Correlation:

The table below shows the extent to which both groups of respondents believe in terms how IFRS for SMEs contributes in mitigating the highlighted problems in question 11, which was obtained by conducting a one tail correlation test between each problem within question 11 and the related item in question 16 that presents the expected positive or negative effect resulting from applying IFRS for SMEs on the aforesaid problem.

Table 5.70: Results of correlation test between items from question 11 and question 16.

Correlated items	Parameter	Managers	Auditors
Q11.3 with Q16.9	*R*	.211	-.128
	Sig	P (one – tailed)<.01 .000	.056
Q11.4 with Q16.8	*R*	.328	-.115
	Sig	P (one – tailed)<.01 .000	.077
Q11.5 with Q16.10	*R*	.080	-.060
	Sig	P (one – tailed)<.05 .047	.226
Q11.6 with Q16.5	*R*	.193	-.115
	Sig	P (one – tailed)<.01 .000	.075
Q11.7 with Q16.11	*R*	.560	-.174
	Sig	P (one – tailed)<.01 .000	P (one – tailed)<.05 .015
Q.11.8 with Q16.12	*R*	.111	-.219
	Sig	P (one – tailed)<.01 .010	P (one – tailed)<.01 .003
Q11.9 with Q1613	*R*	.216	-.171
	Sig	P (one – tailed)<.01 .000	P (one – tailed)<.05 .016
Q11.10 with Q16.14	*R*	.152	.085
	Sig	P (one – tailed)<.01 .001	.144
Q11.12 with Q16.6	*R*	.186	-.112
	Sig	P (one – tailed)<.01 .000	.080
Q11.13 with Q16.16	*R*	.495	.047
	Sig	P (one – tailed)<.01 .000	.278
Q.11.14 with Q16.17	*R*	.402	-.083
	Sig	P (one – tailed)<.01 .000	.150
Q11.15 with	*R*	.563	.145

Q16.18	*Sig*	P (one – tailed)<.01 .000	P (one – tailed)<.05 .035
Q11.16 with Q16.19	*R*	.416	.207
	Sig	P (one – tailed)<.01 .000	P (one – tailed)<.01 .005
Q11.17 with Q16.20	*R*	.211	.071
	Sig	P (one – tailed)<.01 .000	.189
Q11.18 with Q16.1	*R*	.104	-.117
	Sig	P (one – tailed)<.05 .014	.073
Q.11.19 with Q16.3	*R*	.056	.078
	Sig	.119	.167
Q11.19 with Q16.2	*R*	.029	.051
	Sig	.273	.264

The significant relationship between items from question11 and items from question16 mean that participants believe that IFRS for SMEs will contribute positively in mitigating the highlighted problems. On the other hand, it may not mean that the insignificant result indicate the opposite as considerable numbers of respondents do not consider the issue as an applicable problem to their entities, although they believe that IFRS for SMEs influence positively the mentioned matter. Moreover, as the correlation is one tail correlation, it might refer to the inconsistency of responses between these questions although the overall mean score indicates that they perceived the issue as a problem and that IFRS for SMEs will enhance solving the pertinent problem.

By referring to the above table, it is obvious that managers thought significantly that IFRS for SMEs will contribute positively in solving all matters that have been determined as problems in question 11 except the correlation of question 11.19 and both of questions 16.2 and 16.3 that relate to the barriers regarding appropriate sources of finance. On the other extreme, auditors perceived significantly only in the pairwise of questions 11.15, 16.18 and 11.16, 16.19 that pertain respectively to the high cost to prepare financial reports and the difficulty in comparisons of financial position of same size enterprises domestically. Thus, managers were strictly more optimistic regarding the capability of IFRS for SMEs in mitigating the problems associated with preparing and using financial information.

5.4.6 Objective six:

To identify the obstacles that may limit the effective application of IFRS for SMEs.

Table 5.71: The means and results of *t* test (objective six).

Factor	Mean		SE	The mean for both group	Df	t	Sig
	Group	Mean					
One	Managers	2.40	0.035	2.67	595	-14.677	0.000
	Auditors	3.43	0.062				
Two	Managers	3.79	0.045	3.78	603	0.488	0.626
	Auditors	3.76	0.064				
Three	Managers	3.15	0.039	3.30	600	-8.21	0.000
	Auditors	3.71	0.055				
Four	Managers	2.43	0.05	2.51	603	-3.265	0.001
	Auditors	2.74	0.076				
Five	Managers	2.57	0.049	2.80	603	-9.715	0.000
	Auditors	3.48	0.073				
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**							

Table (5.71) and appendix (F, table 17) illustrate the results of all factors pertaining to objective six.

Factor one included several external drivers that might be seen as obstacles hindering the effective application of IFRS for SMEs such as; the different social and organizational culture; different concepts and behaviours; failure to separate ownership from management; different cultural values and modernism; different economic environment; different role of professional bodies and associations; and lack of accounting responsibilities by external entities. Although all of these issues were perceived neutrally, they were situated on the lower limit of neutral category to be essentially close to not considering them as obstacles. However, factor two that pertaining to funding difficulties like; the limited financial recourses; the lack of guarantee to obtain credit and facilities; and the finance difficulties were pointed out by respondents as obstacles. Factor three was pertaining to lack of knowledge in accounting, which consists of numerous issues as follow: weakness of human recourses working in accounting field; weakness of accounting and finance knowledge among SMEs owners; weakness of applied accounting system; measurement and restatement difficulties at the first time adoption were neither agreed nor disagreed to deem as obstacles impeding the adoption of IFRS for SMEs except the last issue which has been considered as a hindrance.

The matters associated with taxation (factor four) were: the preference of SMEs to prepare accounts for tax purposes only; and the concern about additional costs to prepare a second set of financial statements based on accounting regulation due to the tax purpose. Both matters were not regarded as adoption's hindrances.

Identical to factor one, factor five was attributed to law issues, which includes the issues relating to the existence of different law and legislation from those countries in which developed standards and the fact that some SMEs are not obligated by legislators to publish annual audited report. Respondents were neither agreed nor disagreed on both matters to be considered as difficulties that may obstruct the effective adoption of these standards.

In short, these probable barriers were perceived neutrally as whole basis as well as by managers groups while they were viewed as obstacles by auditors. Hence, it is substantially important to evaluate the differences between both groups for each single factor separately and to ascertain whether a significant difference between their thoughts was existed or not, by performing an independent t test as illustrated below.

There is a significant difference in the perceptions of the two groups regarding several potential external obstacles that may hinder the effective adoption of IFRS for SMEs (factor one), t (595) = -14.677, $P < .01$. Managers (M = 2.40, SE =.035) disagreed that these obstacles may impede the adoption of IFRS for SMEs even as auditors (M = 3.43, SE =.062) show overall neutral attitudes toward these probable external barriers.

Conversely, their points of view were not significantly different in terms of funding difficulties (factor two), t (603) = .488, *ns*. The reason being that managers (M =

3.79, SE =.045) and auditors (*M* = 3.76, *SE* =.064) agreed to consider these obstacles as key hindrances.

Factor three, which is about the lack of accounting and finance skills, was neither agreed nor disagreed by managers (*M* = 3.15, *SE* =.039) to be considered as obstacles even though the measurement and restatement difficulties at the first time adoption was considered as obstacles by managers. Conservatively, auditors (*M* = 3.71, *SE* =.055) agreed that these obstacles are deemed major impediments to apply IFRS for SMEs effectively. Hence, the perceptions of both groups on this factor was significantly different, t (600) = -8.210, $P < .01$.

The barriers that pertain to taxation matters (factor four) were not perceived by managers (*M* = 2.43, *SE* =.050) as obstacles to hamper the effective application of IFRS for SMEs, but auditors (*M* = 2.74, *SE* =.076) neither agreed nor disagreed to treat them as obstructions. Accordingly, the difference between their opinions was significant, t (603) = -3.265, $P < .01$.

Obviously, the opinions of both groups were significantly different in respect to possible obstacles related to law and legislative matters (factor five), t (603) = -9.715, $P < .01$. Whereas managers (*M* = 2.57, *SE* =.049) disagreed to consider them as obstacles while auditors (*M* = 3.48, *SE* =.073) agreed on judging them as hindering applying IFRS for SMEs.

5.5 Summary

The findings of this study indicate that the main user groups of financial information produced by SMEs were: managers, banks, public authorities, and financial analyst followed by individual investors, suppliers, credit agencies, while both employees and shareholders were deemed as rare users of financial statements.

The issues regarding financial information and lack of expertise in accounting and IFRS were found as a problem by auditors group, while they were considered by managers as moderately affect their companies. Conversely, managers considered problems pertaining to the preparation of financial report material and more than auditors, although auditors also considered them problematic. In terms of complexity of recognition and measurements, these were considered as a problem by managers and a moderate problem by auditors. Both groups found the cost of bookkeeping and auditing as a moderate problem to SMEs.

With respect to the omitted topics under the IFRS for SMEs, both groups agreed that these topics are irrelevant to the SME context. The topics compromising presentation issues were found to be suitable by both groups with more emphasise by managers. The topics relate to expense some kind of cost instead of capitalise them as well as to lease and standards issues were neither agreed nor disagreed to be suitable by managers except the proposal to disallow the reference to another standard-setting body that was deemed suitable. However, those topics were generally found to be suitable according to the auditors' points of view except the proposals to exempt from disclosure the effect of changes in standards, and from using straight line method to recognise the operating lease payments, which were considered by auditors as not suitable.

While auditors agreed on all proposals under the IFRS for SMEs regarding the measurement of some kind of assets, managers disagreed with these proposal except for the suggestion to use the most recent purchase price to approximate the cost of inventory that was found as appropriate. Both groups agreed on all proposals under the IFSR for SMEs regarding the intangible assets and estimation issues. There were some differences and similarities in the points of view among managers regarding the mentioned topics across economic sectors, legal forms, size, and management structure.

The findings also showed that both groups believe that the IFRS for SMEs will contribute positively in simplifying the understandibility and the accounting practice as well as enhancing the use of financial information for either decision making processes or safeguarding and control of the entity. Furthermore, these groups agreed that the IFRS for SMEs will save both money and effort needed to develop standards for SMEs in Jordan and reduce the cost incurred by companies. Similarly, increasing the capability of financial information for either comparability or financing decisions purposes were indicated as expected benefits from adopting such standards.

The results also show that auditors were more concerned about some factors that may impede the effective adoption of IFRS for SMEs, including: funding difficulties; lack of skills in accounting and finance; law and legislative obstacles; and other external factors such as culture, failure to separate ownership from management, and economic environment. While they neither agree nor disagree in considering taxation issues as hindrances. However, managers group did not agree to consider these factors as obstacles except the funding difficulties that they found to be a real hindrance, while the lack of skills in accounting and finance were found as moderately influencing the effective adoption of such standards.

In the next chapter, the results obtained from administering that instrument are discussed in the light of the literature reviewed in Chapter Two.

Chapter 6 : Discussion

6.1 Introduction

This chapter presents a discussion of the findings from the questionnaire survey, and does so in the light of the literature explored in Chapter Two. It begins by reminding the reader of the seven objectives of the investigation, and then proceeds to take each of the objectives in turn. In this connection, Objective Seven, is covered in the discussion of Objective Three, when the five different factors are identified and discussed in detail. A consideration of the differences between adopters and non-adopters is included, in which an analysis is provided of why such differences are evident. Having presented the findings in respect of all the objectives, the chapter ends with a short summary.

6.2 Objective One:

To identify the main SMEs' financial accounting information users.

In respect of the first research objective, it has been established that the main users of SMEs' accounting information were found to differ in nature from the main users of large companies' accounting information, since SMEs' audience is essentially comprised of managers, banks and creditors, public authorities, and analysts. This finding concurs with reports in the literature (Lungu et al., 2007, Collis and Jarvis, 2000, Barker and Noonan, 1996, Page, 1984, Sian and Roberts, 2009). Hattingh (2001) and Di Pietra et al. (2008) claim that the majority of non-public companies prepare financial statements for taxation purposes, obtaining loan from banks, presenting accurate information for investors, distributing profits to owners, and managerial purposes.

Individual investors, suppliers, credit agencies, institutional investors, and customers, on the other hand, only use SMEs' financial information moderately, as indicated by the findings of this study and others (Corsi and Garzella, 2003). For instance, suppliers are concerned with the average repayment period, and customers generally do not pay attention to financial statements as their interest lies in assessing the quality of the products or services provided. Indeed, Sian and Roberts (2009) concluded from their research that small entities do not predominantly report their accounts in order to satisfy the needs of customers and suppliers. And in the present study, it was found that both employees and shareholders were rare, rather than frequent, users of financial statements, an observation which supports other reports in the literature (see Hattingh, 2001, Di Pietra et al., 2008). This is accounted for by the fact that shareholders and employees can generally witness managerial actions directly and can obtain financial information they require internally, thereby having a reduced demand for financial statements (McMahon and Stanger, 1995). However, not all studies have drawn this conclusion, since (Srijunpetch, 2009) observed shareholders to be among the prime users of SMEs' financial information, together with managers and tax authorities.

Some researchers have found managers to be the top users of SMEs' financial information as they require such knowledge on a daily basis in order to allow them to operate their businesses effectively (Eierle and Schultze, 2009, Flegm, 2006). They use this financial information for the purpose of budgetary planning, exercising control over company activities, and making informed decisions and judgments (Jarvis and Collis, 2003). Furthermore, these financial statements are very useful when "*deciding directors' pay and bonuses, comparing performance with prior periods and in connection with loans or finance"* (Collis and Jarvis, 2000:57).

In terms of the main external users of SMEs' financial statements, banks feature largely in this study, which confirms the findings of many papers reported in the literature (De Mesa Graziano, 2006, Albu et al., 2010). This is explained by the fact that banks tend to request comparable financial statements from entities of the same size, in exactly the same way as the stock exchange requires financial information from public entities to be presented in accordance with the Full IFRS (Albu et al., 2010). In addition, the financial institutions require adequate and detailed information about entities' financial positions that reflect the abilities of those enterprises to make loan repayments and meet interest charges (Quagli and Paoloni, 2012). Equally importantly, banks are interested in debt structures and require up-to-date actual and estimated cash flow statements alongside appropriate disclosures regarding collaterals (De Mesa Graziano, 2006). SME managers' attitudes towards the requirements of the financial institutions in this respect are coloured by the knowledge that their organisations are heavily reliant upon loans from these institutions as their sources of finance, since they do not pursue equity funding for fear of losing control over the business (Bruns and Fletcher, 2008, Berry and Robertson, 2006).

Other key external users of SMEs' financial statements are seen as the tax authorities since it is their purpose to compute profit and deductible expenses, and to confirm that all expenses claimed are pertinent and reasonable (Lungu et al., 2007).

The differences between managers and auditors are seen to be related to their different considerations for customers, credit agencies, institutional investors, and shareholders, these being greater by managers than auditors, in all categories except for the shareholders.

Clearly, then the results from this study indicate that the banks, tax authorities, and managers represent the main users of SMEs' financial information, yet the IASB (2009) in its basic conclusion (BC49), states that the general purpose of financial statements according to the IFRS for SMEs is to present information for a wide range of users such as, shareholders, creditors, employees, and the public at large as well as managers, owners, lenders, and tax authorities (IASB, 2009e).

However, BC54 states that in reality *"SMEs often produce financial statements only for the use of owner-managers, or for tax reporting or other non-securities regulatory filing purposes. Financial statements produced solely for those purposes are not necessarily general purpose financial statements"* (IASB, 2009e). And BC50 indicates that the determination of taxable income implies the use of special purpose financial statements rather than general purpose financial statements. Hence, the specific target of general purpose financial statements presented by SMEs according to the IFRS for SMEs, is neither the determination of taxable income nor the determination of distributable income for SME owners.

Also BC53 and BC54 indicate that the aim of general purpose financial statements according to the IFRS for SMEs is not to provide information to managers to facilitate their wise judgement, since managers can obtain what information they require for this purpose directly from the entity as can managers of companies applying the Full

IFRS; rather the function of such financial statements is to help managers to understand the financial transactions and to gain insight into the enterprise's financial position, cash flow, and performance (IASB, 2009e). This is stressed by decision-usefulness theory which underpins the IFRSs.

However, although the decision-usefulness theory is considered as a main underpinning by accounting bodies (Scott, 2002), the ability to meet the objectives of stewardship reports was actually ranked as the first priority of financial reporting by participants in this study, and indeed in others. Managers are consistently identified as the most common users of SMEs' financial statements, this being indicated as a prime objective in the conceptual framework of 1989, paragraph 14 (IASB, 2009c). However, this study's participants confirmed that the financial reports of SMEs must not only fulfil the needs of management but also those of other external parties because this financial information is shared by both management on the one hand, and several different external parties on the other. Hence, it is general purpose financial statements that are required. Such a strategy ultimately minimises the asymmetries in the accounting information received by both the preparers and outsiders, as suggested in the conceptual framework embodying the IFRS for SMEs (Schiebel, 2008).

Thus, it is not appropriate for the conceptual framework to ignore the needs of internal users simply because they have the ability to directly obtain the required information, as the stewardship objective is extremely important (BC53 and BC54) (IASB, 2009e), because the information required to satisfy the needs of external and internal users is actually the same (Lennard, 2007).

Accordingly, the study's respondents confirmed the need for general purpose financial statements that satisfy wide groups of users instead of focusing on one particular type of user, and in arguing their case, they also stressed the need to include the stewardship objective within the standards because managers are without doubt, the most common users of SMEs' financial information.

6.3 Objective Two:

To identify the problems facing SMEs in Jordan regarding the preparation and use of financial information.

Regarding the problems facing Jordanian SMEs in the preparation and use of financial information, the results of the study show that managers are more concerned about these problems than are auditors. Indeed, there is a significant difference in the extent to which such problems are perceived by these two groups of individuals, but such variation is not so surprising given that one would expect the professionals to be more aware of the difficulties they face in the discharge of their professional duties.

Generally, the findings indicate that problems pertaining to financial information and lack of expertise in accounting and IFRS were perceived only as moderate in intensity by managers, but as very real by auditors. The particular problems identified by all respondents are listed and discussed in the light of other scholars' comments:

1. The complexity in making comparisons of financial statements of same size entities both at home and abroad was one problem, and indeed, an issue also raised by Fearnley and Hines (2007) who point to the difficulty in applying the Full IFRS in respect of small entities, and the outcome that comparability across countries would be reduced by a voluntary approach on the part of SMEs to try to implement these. As there is no compulsion for SMEs to adopt these standards (in recognition of the fact that they were not designed for enterprises of such size), some may choose to use them, and others not. Hence, there would be no basis for universal comparability.

2. The difficulty in obtaining finance was another problem identified. Here again, several previous studies have confirmed this as an issue (Gray et al., 1997, Trulsson, 1997), pointing to the difficulties encountered in meeting the requirements of commercial banks during loan applications, unreasonable repayment arrangements, and high interest rates on monies borrowed. Additionally, the lack of qualified accountancy staff and overall expertise contributes substantially to the obstacles encountered in obtaining finance

because companies with poor levels of accountancy and auditing expertise are less likely to be able to provide the financial information needed by lenders to assess their ability to meet repayment obligations (Okpara and Kabongo, 2009).

3. The lack of expertise and qualified employees in accounting was seen as another problem, concurring with the findings of those obtained in other studies (Tushabomwe-Kazooba, 2006, Okpara and Kabongo, 2009) that have shown the shortage of managerial and financial skills to be particular shortcomings in developing countries. Coskun and Altunisk (2002) reveal that the lack of training for employees is one of the main factors causing a weakness in managerial skills, and the presence of unqualified employees in accounting departments. Such a situation emerges because as Dincer (1996) has observed, SMEs are generally unable to appoint accounting professionals due to their expected salary levels which are associated with the ability to prepare financial statements based on standards that apply to large entities. This problem extends to audit and bookkeeping costs (Arrunada, 2008), meaning that it becomes severe, eventually resulting in stakeholders and managers being misled, or in the need to incur higher costs by hiring professionally-qualified personnel.

4. Inappropriate decision-making because of the complexity and lack of financial information was yet another problem identified. This is caused by inappropriate or irrelevant presentation of financial statements within SMEs, since such statements are tax-driven rather than focusing on the presentation of useful information to stakeholders (Pacter, 2008). It is asserted that such problems in the presentation of financial statements could be minimised if simple guidelines were available. Indeed, having conducted a study in the UK, Thompson et al. (2009) argued that guidelines are required in order to properly apply standards, and that these should be simple, understandable, and helpful for relatively inexperienced managers of small businesses, who generally depend intensively on accountants for the preparation of their financial statements. Nonetheless, respondents in this study stressed that simplicity in the production of financial statements should not be at the expense of producing the type of information required for more sophisticated

stakeholders, such as lenders, and that it was necessary to provide a balance in content between the relevance and reliability of financial information.

In addition, some problems linked to the lack of expertise and the weakness of financial information were perceived by both groups of respondents in this study as being moderately applicable to SMEs. For example, some financial information does not meet the needs of users. In this respect, Nerudova and Bohusova (2008) conclude that the Full IFRS satisfies the information needs of listed entities' stakeholders, but the inappropriateness of the Full IFRS for the needs of SMEs is underlined by Jermakowicz and Epstein (2010), who argue that it is necessary to develop different financial standards for SMEs to meet their users' demands. The lack of knowledge of the IFRS is only considered to be a moderate problem, as approximately 80% of respondents claimed to have more than a reasonable level of knowledge about the Full IFRS.

However, the weakness in safeguarding assets and retaining good control was deemed to be a definite problem encountered by SMEs resulting from the lack of expertise and the weakness of financial information, which may in turn be caused by shortcomings in the quality of managerial skills, and accounting employees. Collis et al. (2004) cite the absence of such expertise as the reason for weak accounting systems, and the inability of such systems to protect assets and institute effective control mechanisms. Furthermore, both groups of respondents cited the high disclosure requirements as being detrimental to the effort to avoid breaching the privacy of companies, as such disclosure presented competitors with important information. Arrunada (2008) commented on the outcomes of such disclosure requirements as potentially breaching the privacy of companies, an issue which is also confirmed by Dedman and Lennox (2009) who refer to a survey of UK SMEs that revealed competition levels to be positively associated with the amount of disclosure evident. Clearly, competitors believe that financial statements represent an important source of information for securing insight about rival companies and making comparisons (Quagli and Paoloni, 2012).

Moreover, the current study highlighted that problems pertaining to the preparation of financial reports, such as the cost, time and effort involved, as well as the need to comply with a high degree of disclosure, were appreciated by both respondent groups, although rather more so by managers since ultimately it is managers who are responsible for earmarking the funding for the accounting function. These outcomes are in alignment with those obtained by Dincer (1996), who pointed out that SMEs are generally unable to appoint professionals due to the high cost associated with the preparation of financial statements (Arrunada, 2008). Furthermore, the implementation of the accounting standards applying to listed companies is not cost-effective for SMEs in emerging economies, since the nature of the environment makes the preparation of financial reports extremely complex, and hence, expensive (Haller and Eirle, 2008). Clearly, the variation in viewpoints between the auditors and managers is attributable to their different professional allegiances, the auditors to the auditing of financial transactions, and the managers to overall management (including funding).

It is also known that the general purpose financial statements of listed companies, produced according to the Full IFRS, embody more sophisticated financial information than those of SMEs, thereby incurring greater costs in preparation (Harvey and Walton, 1996, Soderstrom and Sun, 2007). This degree of sophistication and the higher disclosure requirements demanded by the Full IFRS make these standards unsuitable for SMEs (Fearnley and Hines, 2007), and not cost effective (Cleminson and Rabin, 2002). Indeed, the obligation for SMEs to prepare their financial statements according to accounting standards that were not designed for them incurs undue financial strain for these entities (Dang-Duc, 2011). In summary, the significant amount of time and effort associated with the preparation of financial reports that comply with the Full IFRS, and the requirement to disclose a substantial amount of information, makes these standards prohibitive and certainly unattractive for SMEs. That said, Arrunada (2008) found the costs pertaining to the preparation of financial reports by SMEs to be likely to be less than those incurred by larger entities. But, Kitching (2006) finds, like the present study, that costs are indeed more onerous for SMEs as they cannot spread these over large-scale transactions or operations as can public companies.

The differences between auditors and managers regarding their perceptions of the preparation of financial reports is quite likely to arise from demographic variations. For example, the majority of auditors either possess a good level of knowledge concerning the Full IFRS, or have experience amounting to more than six years, which is not the case for managers. Hence, the auditor's mind-set naturally differs from that of the manager.

This is shown in the opinions regarding the complexity of measurements in use, and recognition. For example, managers regard these as genuine material problems, whereas auditors consider them to be of less concern, rating the level of this problem as being only moderate. Managers' concern seems to emanate from the fact that many measurements pertaining to the public market such as fair value, and revaluation of intangible assets, are not relevant for the users of SMEs' financial information, unlike the situation for investors in public markets, due to differences in what they require from that information (Cole et al., 2009).

The differences between auditors and managers regarding complexity of recognition and measurements might be tracked back to the differences in their characteristics in demographic data. Whereas the majority of auditors have either a good level of knowledge in full IFRS or their experience was greater than six years, which is not the case for managers.

The cost of bookkeeping and auditing was also deemed by both groups as intermediate, but again, more concern in this connection was expressed by the group of managers. As already mentioned, Dincer (1996) notes the general inability of SMEs to appoint professionals because of the high cost of employing them, and Arrunada (2008) also confirms that audit and bookkeeping fees can be prohibitive. The need to employ professionals is a direct result of the lack of knowledge of the IFRS (Taylor, 2009), by the majority of employees within SMEs. To become familiar with these standards requires such enterprises to provide additional training and education regarding the preparation of financial statements, and as noted by Haller and Eierle (2004), the costs of such action are likely to increase even more if the jurisdiction's GAAP were self-reliantly developed instead of being dependent on the IASs and IFRS. The fact that the auditor group attaches only moderate concern to this problem is a result of Jordan's general dependence upon the IFRS in the preparation of financial statements rather than on its own GAAP, which the country has not tried to develop; and the logical outcome that the auditors believe themselves to be knowledgeable in this area. Indeed, it is again the difference in demographic characteristics between both groups that surfaces here since the SME managers do not possess any real appreciation of the full IFRS, as emphasised by Taylor (2009)

Whilst there were differences in the degree of impact of the problems observed by the two groups of respondents, none of the problems were felt to be insignificant. They all represented obstacles to the introduction of the Full IFRS within SMEs, ranging from attitudinal problems (feelings about the irrelevance of the Full IFRS to SMEs), to concrete difficulties encountered because of the complexity of information, levels of disclosure required, and absence of qualified staff. Hence, certain actions are needed to eradicate these barriers, such as the provision of training courses for employees in accounting, the provision of detailed and yet simple guidelines, and the formulation of different financial reporting standards that are more appropriate to SMEs given their different characteristics from large entities. Only with such responses will it possible to solve, or at least mitigate these problems. Given this understanding, the third objective, concerning the suitability of the IFRS for SMEs, representing a different set of financial reporting standards for these enterprises, was pursued.

6.4 Objective Three and Seven:

To evaluate the perceptions of SMEs' accounting information preparers regarding the differences between the Full IFRS, and the IFRS for SMEs.

In terms of the third objective, the respondents indicated that the topics included in the Full IFRS but omitted in the IFRS for SMEs, are indeed irrelevant to enterprises of this nature, since these companies have no need to report earnings per share, provide interim financial reporting, segment reporting, the issuance of insurance, or the assets held for sale. Certainly, the EPS topic was perceived to be totally irrelevant to SMEs. This finding held true when considering entities with different numbers of employees as the main parameter, but also when comparing the results across different ranges of total assets and turnover, and when taking ownership structures (i.e. whether the managers owned the firms or not) into account. Such results were, in fact, entirely expected due to the existing position adopted by several professional organisations and management consultancies, such as the Eurochamber in Belgium, the Kenyan Institute of Certified Public Accountants, Ernst

& Young, the Institute of Chartered Accountants in England and Wales, and the Association of Chartered Certified Accountants in UK, which excludes the topics mentioned from the content of any standards being developed for SMEs. The opinions of members of these organisations were gathered via a staff questionnaire on the recognition and measurement simplifications for SMEs that were issued by the IASB in 2005 (IASB, 2005a).

Moreover, other responses in the consultancy exercise regarding the draft of the IFRS for SMEs, confirm that these topics are less likely to occur in the SME context, and hence, that their exclusion from the newly-developed standards is warranted (IASB, 2008). Examples of the organisations responding to the consultancy exercise are: the Instituto de Contabilidad y Auditoria de Cuentas (ICAC) from Spain, the Institute of Chartered Accountants of Jamaica, Deloitte Touche Tohmatsu, and BSDG and CMFB from Europe.

Similarly, respondents from all economic sectors in this study showed that these omitted topics were either not relevant or of low relevance to their enterprises. All sectors with the exception of the service sector did in fact indicate that these topics had no relevance whatsoever to their business. In the case of the service sector it was accepted that there was relevance, but this was low.

Different legal forms entities also showed little difference in their belief about the relevance of these topics, since respondents from all legal forms of entity with the exception of limited liability companies, and those with private shareholders indicated them to have no relevance. Managers from limited liability enterprises, and those with private shareholders believed they had low relevance.

The five different factors which relate to Objective Seven, are now considered separately. Each factor covers several proposals under IFRS for SMEs.

5.2.3.1 Factor One

In terms of presentation issues (Factor One), both groups generally agreed on the proposed topics pertaining to presentation issues which are: presenting a combined statement of income and retained earnings, presenting only one comparative period in the statement of financial position, reducing disclosure requirements, and being exempt from disclosing the fair value of investment property.

These views, and especially those pertaining to fair value and pertinent disclosures, have been confirmed by several professional bodies and institutions in developing countries, such as the Ministry of Finance, People's Republic of China, and the United Nations Conference on Trade and Development (Singh and Newberry, 2008b). Those institutions state that it is hard to reliably determine the fair value in the developing country context without incurring undue cost. Furthermore, as revealed by Fearnley and Hines (2007), the Full IFRS are deemed to be inappropriate for SMEs due to the disclosure requirements contained within them, and their emphasis on the fair value model. In addition, representatives from 29 of the 30 countries that responded to the discussion paper showed their willingness for the disclosure requirement to be simplified and reduced (IASB, 2004a), hence accepting the argument that for SMEs, the use of fair value and disclosure should be minimised.

Managers showed greater agreement in all presentation issues than did auditors, an outcome not totally unexpected since the auditors' natural viewpoint regarding the presentation of a combined statement of income and retained earnings, and one comparative period in the statement of financial position, is to continue with the audit procedures they have always used rather than to move to a relatively new form of financial statement (European Commission, 2009a). Managers, on the other hand, regardless of the different size of their entities as based on total assets and turnover, and employee numbers, and all economic sectors, completely agreed with the proposals for a set of IFRS for SMEs.

However, the decision usefulness approach indicates that accounting information is not useful unless it provides relevant insight regarding future cash flow (Staubus, 2004). Consequently, from this perspective, accounting information should be oriented to implement the fair value model in order to satisfy users' need for the most recent information that will enable them to predict performance (Benston, 2003, Fulbier and Gassen, 2010). That said, the benefits that might be gained from using a financial report are lost if users are looking to financial reports for different purposes that are not associated with the need to predict further actions (Young, 2006, Gjesdal, 1981).

In terms of comparing the results obtained by the groups in this study, the managers of all different legal forms of SME, with the exception of those from limited liability companies, and those with private shareholders, strongly agreed on the proposals.

The exceptions remained neutral in their views, since they need to provide more information to shareholders who are not directly involved in management as is the case in other legal forms where managers can obtain information internally. However, although companies with private shareholding agreed on the exemption from disclosing the fair value of investment property, acknowledging like other legal forms of enterprise, that the fair value is difficult to determine without incurring undue cost, their agreement was notably below the overall trend compared to other legal forms as they require more information. This is a reflection of their wish to maintain a reasonable balance between cost and benefit, a viewpoint that was supported by several interviewees.

By the same token, although the respondents from both groups (according to management structure) agreed on proposed amendments to the Full IFRS regarding the presentation issues to be embodied within the IFRS for SMEs, there was a significant difference in opinion in that the owner-managers were in greater agreement with the proposed simplification of the financial statement. This can be understood as an outcome of the fact that such people are less likely to be capable of understanding the complex financial statements associated with presentation according to the Full IFRS. Indeed, it is unlikely that owner-managers would gain any benefit from the financial statements presented according to standards designed for listed firms, and be unable to make wise decisions on the basis of such information (John and Healeas, 2000). Thus, their preference is for greater simplification and reduction of disclosure requirements, whereas managers who are not owners, and who have been appointed on the basis of their professional skills, are sufficiently competent to appreciate more complex statements and do not require this level of simplicity.

5.2.3.2 Factor Two

The second factor pertaining to suggestions under the IFRS for SMEs to attribute certain costs to expenses rather than capitalising them, and regarding leasing and standards issues, did not reveal either agreement or disagreement among the respondents, with the exception of the proposal to disallow the reference to another standards-setting body, and in that respect, there was some agreement.

However, an analysis of the opinions of managers and auditors separately showed that managers remained neutral in their opinions concerning all the suggestions within this factor except in relation to the proposal to disallow the reference to other standards–setting bodies, in which they case they agreed. Auditors' opinions on all the proposals contained within this factor were, however, varied, as they agreed in terms of classifying R&D and borrowing costs as expenses rather than items to be capitalised, and disagreed in respect of exemption from disclosing the effect of changes in standards as well as on exemption from using the straight line method to recognise operating leases; furthermore, the auditors expressed neutral viewpoints regarding both the proposal to disallow reference to other standard–setting bodies, and the proposal to claim the costs of lease arrangement and negation (as incurred by manufactures or dealers) as expenses, instead of capitalising them. Hence, the difference between both groups was significant. The opinions expressed by managers remained the same irrespective of economic sector, legal form, volume of total assets, and turnover, and management structure.

It is notable that the auditors' disagreement regarding the proposed exemption from the need to use the straight line method to recognise the operating lease contradicted the opinion of the Heads of Treasuries Accounting and Reporting Advisory Committee in Australia that was given in that committee's response to the exposure draft of the IFRS for SMEs, which suggested removing this method in order to substantially simplify the reporting process (IASB, 2008). That said, the auditor's opinions as expressed in this study, are consistent with comments made by both the Institute of Chartered Accountant of Barbados, and the United Nations Conference on Trade and Development, to the effect that the straight line method should be retained in order to simplify the recognition of interest expenses (IASB, 2008). Some interviewees indicated that although this is considered as a major simplification, it would reduce the benefit of accounting information for prediction since the elimination of the straight line method would exclude any reference to inflation. Clearly, it is important to gain benefits from accounting information, as indicated in the decision usefulness theory (Benston, 2003, Fulbier and Gassen, 2010), and such benefits would be denied if the straight line method were removed.

The agreement expressed by managers regarding the proposal to disallow the reference to other standard–setting bodies contradicted many opinions offered in comment letters received during the consultancy process from organisations such as the Association of Accounting Technicians in the UK, the German Accounting Standards Committee, and the Institute of Chartered Accountants of Jamaica (IASB, 2008). Auditors, on the other hand, who reported being neutral in this respect may well have given such answers in the belief that the information asymmetry caused by references to another standard-setting body, or a change in the methods used (i.e. the straight line method that has been practised by auditors for a long time), could be reduced.

The proposal to exempt SMEs from the level of disclosure required by the Full IFRS was rejected by the auditors on the grounds that it was deemed necessary to protect the requirement to provide a certain level of financial information, but managers did not express an opinion either way on this item because their priority is to ensure the cost and benefit trade-off, as highlighted by interviewees. Auditors, on the other hand, are generally not concerned about the cost or effort incurred by the companies.

In terms of the suggestion to recognise the costs incurred by manufacturers or dealers lessor regarding arrangement or negotiation of lease as expenses rather than capitalising, the responses were neutral as the opinions expressed varied between preferences for simplification under the IFRS for SMEs, and an unwillingness to charge these expenses to one financial period rather than allocating them to several periods as is the case when they are capitalised. Some interviewees did indicate concern about the reduction in both profit and assets over the first period should these costs be considered as expenses rather than being capitalised. The same viewpoints were offered by the majority of interviewees regarding capitalising the borrowing costs, and the cost of development.

The mean score in respect of Factor Two for all groups of respondents, taking enterprise size into account, shows that managers of entities with ten or more employees offered neutral opinions, whereas those of enterprises with less than ten employees agreed with the proposals contained within this factor.

The perceptions for entities with one to nine employees and those with 50-249 employees were significantly different from each other whilst not being significantly different from entities with 10-49 employees. A potential reason for this outcome is the negative relationship between entity size and the degree of simplification in transactions within the companies, since as enterprises become bigger, their procedures become more sophisticated, hence requiring the use of more stringent standards in the presentation of information for the greater variety of stakeholders. Thus, the respondents' agreement on the simplification of information, tended to reduce according to the size of the enterprise from which they came.

5.2.3.3 Factor Three

Factor Three consisted of several questions regarding how to measure assets. Specifically, the proposals related to: using only the cost model for intangible assets; using only the cost model for property, plant and equipment; measuring investment property based on circumstances by using the fair value or cost-depreciation-impairment method; and finally, using the most recent purchase price to approximate the cost of inventory. All of these proposals were rejected by managers with the exception of the last one pertaining to the use of the most recent purchase price to approximate the inventory, with which managers actually agreed. The auditors, however, agreed with all of the proposals, thereby disagreeing in the main with the managers, apart from on the final one. The overall difference between the two groups was, therefore, significant.

The managers' rejection of the proposal to exclude the use of revaluation options can be traced back to two main causes, these being: the revaluation options are not compulsory; and that accounting information under the decision usefulness theory implements the fair value idea in order to satisfy users' needs for the most recent information that facilitates their ability to forecast (Benston, 2003, Fulbier and Gassen, 2010). Sian and Roberts (2009) found that their study sample preferred to evaluate the property based on fair value rather than by using the cost method, particularly if the value of property increased sharply, yet they also wanted to achieve a reasonable balance between simplification and the adequacy and quality of financial information. These views regarding the revaluation of PPE are also supported by the National Accounting Standards Board of Russia, and Norwegian Accounting Standards Board (IASB, 2008).

On the other hand, the agreement from the managers to use the most recent purchase price as a means of approximating the cost of inventory would be, as indicated by some interviewees, attributed to the fact that this is a current reflection of the entity's liquidity, especially as value through the purchase price can be reliably determined more easily than is the case with other kinds of non-current assets that may need appraisal in order to establish their value. So, a reasonable balance between simplification and the adequacy of the quality of financial information can be reached. However, some interviewees were concerned about the possible undermining of prudence as well as the effort required to make regular adjustments in order to capture ongoing change in prices.

Many reports in the literature contradict the opinions expressed by the managers in this study, and agree with those given by the auditors. As observed in the literature, owing to the narrow concentration of decision usefulness theory, the benefits from financial reports are lost if users do not refer to them to predict foreseeable performance (Young, 2006, Gjesdal, 1981). Also, the different motivations and objectives of SMEs' stakeholders, make the decision-usefulness theory with its justification for the adoption of the Full IFRS, unsuitable for application within small firms as the focus of those standards is on satisfying investors in public companies rather than other users (Dang-Duc, 2011).

Another view is that banks, as one of the main users of the financial information provided by SMEs, are not interested in evaluation of assets at fair value. Hence, some criteria associated with the preparation of financial statements are not relevant for banks and other users, but are of interest to investors in public markets (Cole et al., 2009). Lenders request less information than stockholders (Soderstrom and Sun, 2007). In addition, the Full IFRS are considered to be inappropriate for SMEs, because of the emphasis within them on the fair value model (Fearnley and Hines, 2007).

Moreover the revaluation model is deemed costly and expensive for SMEs, especially for PPE as emphasised by the Association of German Chambers of Industry and Commerce, and Mazars in their responses to the IASB consultancy exercise in 2007 (IASB, 2008). Furthermore, in the current study, the auditors' views regarding the revaluation model of intangible assets match those of Frank Timmins, Member of IASB Working Group on Standards for SMEs (South Africa), Co-operative Europe, the European Association of Corporate Banks, the Malaysian Institute of Accountants, and others as expressed in staff questionnaires concerned with the content of a set of standards for SMEs (IASB, 2005b).

In terms of measuring the investment property according to circumstances rather than being given the choice of using the cost or fair value model, managers rejected this suggestion since they prefer to adopt the fair value approach in the first instance (and not the cost model as required by the Full IFRS), so that companies can present the most recent information as desired by decision usefulness theory, so as to forecast actions in the foreseeable future (Benston, 2003, Fulbier and Gassen, 2010). Auditors, on the other hand, believed that the common practice was indeed to measure these investments according to the cost model, since comparability is decreased by the use of the fair value approach, and this latter strategy does also involve high cost. The same consideration was also identified by interviewees in respect of intangible assets.

Managers of entities in manufacturing, construction, and the service sector were neither in agreement or disagreement with the proposal pertaining to options used to measure some kinds of asset, but the perception of those within trade and agriculture were more likely to show disagreement. The variances observed are caused purely by personal opinion rather than trends reflecting industry feelings, although the suggestion to use the most recent price as a means of approximating the inventory was generally accepted.

Managers of entities of all the different legal forms showed neither agreement nor disagreement, but those involved in general partnerships tended to disagree with these proposals. That said, there was no significant difference among all groups except in respect of the limited liability entities and general partnerships that were significantly different from each other. All others types of entity (private shareholders, limited partnership, and civil entities) showed no significant difference from each other or from the limited liability and general partnership entity.

In terms of entity size (as determined by number of employees), all managers tended to disagree with the items within this factor, with the exception of that pertaining to using the most recent price for approximating inventory, since this attracted agreement from respondents in all categories. This result was the same as was obtained from managers across different total assets and turnover ranges. The same viewpoint was expressed by managers whether or not they were owners (or representatives of the shareholders) from all size enterprises (based on employee numbers) except for the proposal to measure investment property according to circumstances. In this case, managers who were owners were not happy, whereas those who were not owner-managers had no preference either way.

5.2.3.4 Factor Four

In terms of the suggestions regarding intangible assets (Factor Four), respondents agreed on all proposals. These proposals are: presuming the length of intangible assets as ten years; considering the useful life of intangible assets as finite; and amortising other than treating as goodwill, indefinite life intangible assets over ten years. The impairment test is only to be performed when there is an indication of impairment.

Agreement was signalled by managers across all economic sectors with the exception of manufacturing, in which case there was strong agreement**.**

The perceptions of managers across sectors significantly differed from each other although similarities occurred in viewpoints in the pairings of manufacturing with agriculture, trade with both agriculture and construction, and finally, construction with the service sector. There appears to be no direct justification for the differences between these groupings, but some interviewees did highlight the fact that managers' level of agreement may result from the major simplification brought about by the removal of the need to test for asset impairment on an annual basis, as recommended by Co-operatives Europe, the Institution of Chartered Accountants of India, and other respondents to the consultancy exercise (IASB, 2005). On the other hand, other respondents may be predisposed to reject these suggestions because amortisation may result in creating a secret reserve and decreasing profit, especially when there is no impairment of assets. Furthermore, the ten-year period specified is not believed to be appropriate for all intangible asset types.

General agreement in respect of this item was found among managers in all companies, irrespective of legal form, employee numbers, total assets and turnover, owner-manager/shareholder or otherwise.

5.2.3.5 Factor Five

The proposals regarding estimation issues (Factor Five) were agreed as a whole and independently. The suggestions relate to the removal of the indication for impairment when the net assets of an entity exceed its market capitalisation, the exemption from the need to review estimations annually, and the need to account asset depreciation separately if the pattern of expected economic benefit of that asset is different.

The professional bodies in several jurisdictions agreed with these suggestions in their responses either to the staff questionnaire in 2005 and/or the consultancy exercise in respect of the exposure draft of the IFRS for SMEs in 2007. For instance, Co-operatives Europe, the Institution of Chartered Accountants of India, and others all emphasised the need to delete the impairment of assets from the content of SMEs' standards (IASB, 2005). Likewise, Wyk and Rossouw (2009) identified some inapplicable topics within the content of ED of IFRS for SMEs, such as impairment of assets, related party disclosures, intangible assets, and government grants.

Additionally, Moores Rowland from South Africa, the South African Institution of Chartered Accountants, and the Danish Institution of Certified Public Accountants stressed that component depreciation based on cost as IAS.16 requires, is burdensome and costly for SMEs (IASB, 2005). And furthermore, the South African Institution of Chartered Accountants, and the International Federation of Accountants confirmed the need to adopt the suggestions regarding the use of component depreciation (IASB, 2008).

Similarly, Moores Rowland from South Africa considered reviewing the estimation annually as costly, sophisticated and time-consuming for SMEs, and the South African Institution of Chartered Accountants, the German Accounting Standards Board, and Ernst & Young, all deemed this annual review as very complex for SMEs (IASB, 2005). The same points of view were expressed by the Norwegian Accounting Standards Board, the Accounting Standards Board – South Africa, and the South Africa Institution of Chartered Accountants, and Deloitte Touche Tohmatsu in 2008 after responding to the comment letter (IASB, 2008).

The managers in all economic sectors agreed on the proposals embodied in the IFRS for SMEs relating to particular estimation issues such as impairment, depreciation, amortisation, useful life, and residual value (Factor Five). However, the perceptions of managers in the agriculture sector were significantly different from those in manufacturing, the service sector, and trade while not being significantly different from those in construction. Such a difference, as highlighted by some interviewees, could result from a variance in the use of component depreciation, and in the annual review of estimations pertaining to fixed assets. In this respect, it is believed that the majority of non-current assets in both agricultural and construction companies usually have a similar depreciation pattern which is not the same with other kinds of entity, and this shared feature promotes relatively more agreement between them as there is no need to use component depreciation based on cost, especially since the proposal within the IFRS for SMEs matches the taxation requirement of the Jordanian Tax Law that eventually reduces the likelihood of creating either deferred tax assets or liability.

All managers were in agreement with the proposals, but those from civil entities expressed strong agreement. No significant difference emerged among the groups except for in the case of the managers from limited liability entities who differed significantly in their opinions regarding estimation issues from managers of general partnership, private shareholders and civil entities, but not significantly from the managers of limited partnership entities. This can be understood by reference to demographic data, as the percentage of companies within agriculture and construction was the least in limited liability form in comparison to entities of the other legal forms. The agreement from the limited liability entities was less than that from other legal forms in respect of Factor Five.

The managers of all types of entity according to employee numbers, were in agreement with all the suggestions. Correspondingly, the managers of all entities, when controlling for total assets and turnover ranges, and indeed for type of management (owner-manager/steward) also revealed the same viewpoint.

5.2.3.6 Adopter vs non-adopter

The differences in the opinions regarding several proposals for intangible assets between adopters and non-adopters were insignificant for all suggestions except that relating to the use of the cost model only for intangible assets, and in this respect there was a significant variation between adopters and non-adopters.

In addition, the difference between adopters and non-adopters in terms of their beliefs was significant for the proposal under the IFRS for SMEs to exempt these enterprises from using the straight line method in respect of operating lease payments when these are organised to rise in line with anticipated inflation. Furthermore, a significant difference was found in respect of the proposal under the IFRS for SMEs to use the most recent purchase price to approximate the cost of inventory.

The differences and similarities among groups may be understood by reference to Aboagye-Otchere and Agbeibor (2012), who demonstrate that firm size, economic sector, legal form, and ownership structure all influence the suitability of the standards for SMEs. Likewise, Allee and Lombardi Yohn (2009) state that the preference to issue public financial statements based on accounting standards is mainly dependent upon a number of variables such as, age, size, firm growth, legal form, and ownership structure. Furthermore, in the European context, Eierle and Haller (2009) conducted a study in Germany which showed that the size with respect to management structure influences the appropriateness of certain accounting methods as well as the relevance of particular topics within the exposure draft of the IFRS for SME (such as for example, the sale of business, share-based payments, hedging transactions, and investment in listed companies). The reason for variance in responses across firm size can be attributed to the level of knowledge of the Full IFRS, as this understanding is greater in the larger entities, and this clearly impacts upon the perceptions of respondents with respect to the cost and benefit trade-off regarding the ED of the IFRS for SMEs (Eierle and Haller, 2009). This scenario is borne out in the current study, since knowledge about the Full IFRS is also seen to be higher in larger entities than in small ones. In fact, Shearer (2007) claims that the IFRS for SMEs are only suitable for medium and large companies with 50 employees or more, since for smaller and even micro-companies, these are burdensome. And, when developing and determining the content of ED in the IFRS for SMEs, the IASB did actually pinpoint the entities to be included as being those with 50 or more employees (IASB, 2007). Furthermore, Quagli and Paoloni (2012) confirm that, in addition to the finance and operation peculiarities of SMEs, their size directly influences the preference to adopt the IFRS designed for them. Moreover, firm size determines the presentation of financial statements since these are required to satisfy user needs, as noted by the Professional Oversight Board of

Accountants (POBA) (2006). In this respect, the POBA also indicated that large entities are more likely to tailor their annual accounts to meet the needs of external users such as banks, as most entities with an annual turnover less than £1 million are not usually willing to present their annual reports in such a way as to fulfil the needs of their external stakeholders (POBA, 2006). This reflects the influence of firm size on the potential suitability of the topics included within the IFRS for SMEs. That said, Dang-Duc (2011) asserts that size, cost and benefit considerations, and management and accounting skills do not influence the willingness of SMEs in Vietnam to comply with accounting standards; rather it is legislation and the wishes of external users that are influential in this context.

6.5 Objective Four:

To empirically examine the perceptions of SMEs' accounting information preparers regarding the general concepts of the IFRS for SMEs as well as their willingness to adopt the IFRS for SMEs.

Respondents revealed a willingness to adopt the IFRS for SMEs from the first year in which they are to be applied generally or used for tax purposes by all non-public entities, irrespective of whether their adoption were to become mandatory or remain voluntary. They also confirmed their belief that a new uniform set of international standards was indeed necessary to replace the Full IFRS, which were perceived as inappropriate for SMEs for several reasons. Firstly, SMEs incur higher costs than do large entities in their implementation of the Full IFRS due to their lack of expertise, and their inability to allocate these costs across their operations in the same way that large companies which have wide-scale operations are able to do (Kitching, 2006). Secondly, SMEs should not be required to prepare financial statements based on accounting standards that are not designed for them (Dang-Duc, 2011), since the potential for problems is inherent in such a practice. Thirdly, the need for SMEs to apply the Full IFRS implies additional and great cost since this may increase the costs of complying with the statutory process for taxation as a second set of documentation would be required for this purpose (Bohusova and Nerudova, 2007). Consequently, it can be seen that even though SMEs might apply the Full IFRS in order to satisfy the needs of investors in public markets (Müllerova et al., 2010b), they may still require another set of uniform accounting standards to take into account the peculiarities of small to medium-sized enterprises. It can be seen that respondents in this study tended to agree with the majority of the topics proposed for inclusion/exclusion under the IFRS for SMEs. In this respect, the results from the Jordanian sample are consistent with those obtained by the Deloitte survey of private companies, which reveal that 62% of respondents to that survey intend to convert to the IFRS for SMEs when these come into force (Deloitte, 2009b).

Accordingly, respondents in this study, and particularly the auditors, support the efforts of the IASB to issue the IFRS for SMEs as a means of satisfying the needs of these companies. They consider it is both necessary and appropriate for the IASB to produce a unified set of accounting standards that are simpler than the Full IFRS, that are completely understandable, that can provide users with high-quality financial information, that satisfy the needs of SMEs' financial statement users without focusing on one particular group of users, and hence, that allow for financial statements to be seen as intended for general purposes (Müllerova et al., 2010b).

However, it should be noted that this study's findings are in contrast with those obtained by Koumanakos and Alexandrou (2012), who indicate that Greece, the UK, Turkey, and Lithuania would not adopt the IFRS for SMEs if the decision to do so were purely voluntary. Likewise, Fearnley and Hines (2007) expect that the adoption of the IFRS for SMEs would be problematic as the standards are too sophisticated, and in this case compliance would not be guaranteed, which is deemed not cost effective as well.

Although some of the general concepts and elements within the IFRS for SMEs were neither agreed upon nor rejected by the group of managers in the study, the group of auditors were in agreement on all of them. Specifically, they were in favour of: presenting the IFRS for SMEs as a standalone document; cross-referencing with the Full IFRS; and introducing a general purpose financial statement rather than a statement which is targeted to meet the needs of particulars users. In respect of this last suggestion, this study highlighted that many different users of SMEs' financial information exist, and that it is not only shareholders who need to be satisfied.

Hence, the general purpose financial statement was favoured by the group of auditors involved in this study, and thereby, the concept embedded within the decision-usefulness theory that rationalises the adoption of the Full IFRS was rejected, in the knowledge that many users of SMEs' financial information are not investors who have an interest in the residual equity (Dang-Duc, 2011). In fact, the view is especially strong among the auditors because they specified shareholders as being rare users. Managers in their turn, gave moderate agreement to the idea of producing general purpose financial statements on the basis that the main users of SMEs' financial information are identified by them as being tax authorities, and bankers, and that their needs must be prioritised over those of other users such as customers, shareholders, and credit agencies.

The reason why respondents showed agreement with the idea of the IFRS for SMEs being designed so as to cross-reference with the full IFRS, was their desire to minimise the potential difficulties facing SMEs that might grow and subsequently convert into public entities (Ram, 2012). The auditors' view in support of the idea of presenting the IFRS for SMEs as a standalone document, stems from the belief that if the implementation of these new IFRS allowed for the use of dual standards, the financial reporting burdens facing SMEs might be amplified rather than mitigated (Ram, 2012).

On the other hand, the managers in this study showed moderate agreement with these concepts, believing that it was extremely difficult to describe the IFRS for SMEs in terms of a standalone document whilst simultaneously leaving the way open for cross-referencing with the Full IFRS (as is also noted by Ram, 2012). In other words, managers indicate a preference for striking a good balance between the two, believing it to be important for SMEs to be able to use the Full IFRS regarding the measurements and recognition of financial instruments, and also considering it to be necessary to give the option of using the Full IFRS where specific guidance regarding particular topics is absent. Their response is in line with that concerning the ED of the IFRS for SMEs, which shows that approximately 40% of respondents suggest either removing all cross-references, or retaining only a small number of possibilities such that the option to follow the Full IFRS or the IFRS for SMEs in respect of similar issues, is limited. The exposure draft contained proposals for 23 such cross-references, but these were considered by almost half the sample to be too many (IASB, 2009e:BC26).

The remaining respondents to ED of IFRS for SMEs propose to eliminate all cross-references with the Full IFRS (IASB, 2009e:BC26), which is in contrast with the responses from this study's participants, and especially with those given by the auditors.

The agreement of the auditors in respect of the cross-referencing proposal can be explained by the fact that they have sufficient knowledge and experience in auditing financial reports based on the Full IFRS, as shown in the section reporting their demographic data. This is denied to the group of managers who tended to be neutral when considering this suggestion, due to the difficulties with they are presented when preparing financial statements according to the Full IFRS.

The managers sought to achieve a balance between the IFRS for SMEs being presented as a standalone document, and one that contained cross-references to the Full IFRS such that, as specified by the IASB, the Full IFRS could be invoked in rare occurrence topics where absolutely necessary (IASB, 2005b). Indeed, the literature is clear that SMEs should not use mixed standards and switch between the Full IFRS and the IFRS for SMEs (Seifert and Lindberg, 2010, Müllerova et al., 2010b, IASB, 2009e).

6.6 Objective Five:

To determine whether the IFRS for SMEs can influence positively or negatively SMEs' accounting practices.

Obviously, the findings in this study reveal that both managers and auditors showed similar levels of agreement with the idea that the IFRS for SMEs will positively influence accounting practice in those enterprises in all the aspects explored. Those aspects were classified according to the factors to which they belong, and a discussion concerning the results is now presented with reference to the findings of previous studies

Factor One: in respect of the simplification of accounting practice, respondents in both groups (the managers and the auditors) were optimistic regarding the ability of the IFRS for SMEs to simplify accounting practices in terms of the preparation of financial reports, measurement and recognition, tax department work, and audit work. Certainly respondents believed that the proposed IFRS for SMEs would be easier to implement than the Full IFRS. These outcomes are consistent with those obtained by many other researchers, such as for example (Feleagă et al., 2008), who found that by applying the IFRS for SMEs, the enterprises involved will enhance the communication of their financial information as the process of preparing that information will be simplified and the information itself will be more comprehensible. The simple reason for this claim is the fact that the IFRS for SMEs are designed specifically for those businesses, meaning that the major criticism of the Full IFRS lies in their inability to address issues related to non-listed businesses. The Full IFRS are characterised by complexity, which in itself causes a decline in the benefits pursued from applying such standards (Fearnley and Hines, 2007). Additionally, Christie and Brozovsky (2010) point out that the simplification of these standards would probably encourage the users of SMEs' financial statements who usually encounter difficulties in understanding the economic transactions presented in financial statements, and could likely reduce the cost of implementing local standards.

Moreover, Müllerova et al. (2010b) show that applying the IFRS for SMEs may lead to simpler measurements and recognitions and less disclosure requirements than the Full IFRS. Indeed, this study found precisely the same. Likewise, these outcomes are in line with those found by Stainbank (2010), who considers the IFRS for SMEs to be just as useful as would the Full IFRS in allowing auditors to express an opinion on the faithfulness of financial statements. This will lead to improvements in the quality of accounting information as well as to the maintenance of a good internal control system that matches the respondents' expectations, as presented in the next factor (Collis, 2008).

The findings from this study are not only consistent with those reported in previous studies concerning the simplifications embodied in the IFRS for SMEs in respect of the preparation of financial reports and audit work, but are also in alignment with the outcomes of several studies regarding the simplification of tax department work. Dang-Duc (2011), for example, identifies some benefits that can be obtained in this respect, such as supporting the tax declaration, and facilitating tax department work.

Conversely, however, some respondents to the European Commission questionnaire expressed scepticism in respect of the proposed simplification of the

Full standards to produce the IFRS for SMEs. They suggested that even with these simplifications, the standards remained far too complex for small businesses and might reduce the options in terms of the audit approach as they experience seamless procedures and robust position when auditing the accounts based on the full IFRS, which might result in increased audit fees. They also remarked upon the inevitable cost attributed to the tax liabilities effect that could result from the transition from the local GAAP to the IFRS for SMEs, and the undue account preparation costs due to the increase needed in effort and time resulting from the implementation of new standards (European Commission, 2009a). These observations were in alignment with those made by Sian and Roberts (2008) in their study, to the effect that the vast majority of stakeholders considered the draft standards as being extremely complex to implement.

The variations in perception can be seen as the outcome of the different national financial reporting frameworks for SMEs (Sian and Roberts, 2008) . For instance, a strong linkage between the taxation system and the accounting system has been found in the Czech Republic, and will result in undue costs if the IFRS for SMEs are implemented there due to the need to prepare a second set of financial statements for tax purposes (Strouhal, 2012). Thus, the existing accounting regime will influence the findings of previous studies. In Jordan, the full IFRS are already applied; hence, the perceptions of respondents are shown to be similar to those in jurisdictions that implement the full IFRS as mentioned previously, and the informed opinion is that the Full standards are complex and not suitable in their current form for SMEs.

Factor Two: in respect of the potential to enhance the ability of financial information for either the decision-making process or for safeguarding and controlling the entity, it was found in this study that definite improvements were believed to accrue through the adoption of the IFRS for SMEs. The many areas where such improvements were envisaged include the quality of accounting information for external and internal users, inappropriate decision-making based on non-complex and more relevant financial information, in fulfilling users' needs of financial statements, in safeguarding assets and obtaining good control, and in removing irrelevant disclosure requirements and thereby reducing the competition risk by not revealing critical information.

The results of this study confirm the findings of several other studies (Neag et al., 2009) that demonstrate the power of the IFRS for SMEs to enhance the quality of accounting information. Moreover, in this overall context of improvement, Jermakowicz and Epstein (2010) indicate that the IFRS for SMEs bring definite improvements in the comparability, transparency, and reliability of accounting information, all of which enhance the ability of SMEs' stakeholders to make wise decisions. Additionally, this study's findings align with those of Dang-Duc (2011), who identifies some benefits that can be obtained, such as assisting internal users of the information provided. Likewise, Nguyen (2010) finds that although the IFRS for SMEs includes less instruction for users, their use nonetheless enhances the comparability, transparency, understandability, and the confidence of users of SMEs' financial information to make decisions, as these standards are designed predominantly for those enterprises and therefore, take into account, their characteristics (Nguyen, 2010). In contrast, however, Toma (2011) argues that despite the IFRS for SMEs being custom-made through the simplification process, the standards are still not sufficiently tailored to the needs of SMEs' financial information users.

Similar to the finding of this study, some respondents to the European Commission questionnaire (European Commission, 2009a) positively evaluated the IFRS for SMEs because of their potential to increase the usefulness and the quality of accounting information. Furthermore, Müllerova et al. (2010b) speculate that the application of the IFRS for SMEs may lead to simpler measurements and recognitions, and less disclosure requirements, which together will increase the relevance of financial information for SMEs, and facilitate economic decisions. Clearly, this observation, and those of the present study point to the benefits of the proposed IFRS for SMEs over the Full IFRS.

Indeed, the risk of competition occasioned by the use of the Full IFRS is a concern for small businesses, and respondents believe that the IFRS for SMEs will do much to reduce this hazard. The high disclosure requirement under the Full IFRS can result in a breach of the privacy of companies (Arrunada, 2008), providing rich information within financial statements that rival companies can use to make comparisons and serve their own ends (Quagli and Paoloni, 2012).

Factor Three: in respect of developing standards for SMEs in Jordan, as with the previous two factors, respondents perceived that the IFRS for SMEs would make a positive contribution since their existence would reduce the costs and effort needed to produce national standards for Jordanian SMEs. Clearly, as a developing country, Jordan is not yet able to formulate its own accounting standards independently, and especially with the evident need to achieve comparability in international terms due to Jordan’s significant numbers of foreign transactions, and companies’ need to apply to the external financial institutions to obtain finance, the provision of ready-made international standards for SMEs is welcome. These feelings concur with those expressed by Pacter (2008), who believes that the IFRS for SMEs may waive the necessity for jurisdictions to organise and issue their own standards, thereby avoiding a considerable amount of time, effort, and cost. By the same token, it is argued (Müllerova et al., 2010b) that the IFRS for SMEs will result in reducing the cost associated with maintaining national standards, since the updating of the IFRS for SMEs will be assumed by the IASB.

Factor Four: in terms of reducing the cost incurred by companies, both the managers and auditors who participated in this study were positive in their expectation that the IFRS for SMEs would bring cost reductions. Particularly, the costs of preparing the financial report, the audit fees, the bookkeeping cost, the cost of implementing the standards, and the documentation cost were cited as areas where benefits would be accrued.

It should be noted that the findings of this study contradict those of several other studies, such as the outcome of the European Commission Questionnaire in respect of concerns about the potential of the IFRS for SMEs to reduce the choice of approach for auditors of small firms, as auditors experience a relatively seamless process when they audit the IFRS account, which may lead to increased audit fees and undue account preparation costs (European Commission, 2009a). Additionally, if a strong linkage between the taxation system and accounting system exists, additional costs will be incurred by the implementation of the IFRS for SMEs as the requirement will remain for companies to produce a special set of financial documents for tax purposes, thereby meaning that small companies will in effect, be operating a dual system (Strouhal, 2012). Hence, as noted by Ploybut (2012), any benefit gained by cost reductions associated with the adoption of the IFRS for SMEs will be lost through the need to prepare a second set of financial reports for tax and other business purposes.

However, the opinions expressed in the present study are consistent with those obtained in many others, such as that of Stainbank (2010), whose research with SMEs in South Africa revealed the belief that the IFRS for SMEs present the best way forward for non-public companies as the costs associated with compliance with the Full IFRS are substantially reduced by adherence to the new standards. In addition, Stainbank (2010) found the proposed standards to be acceptable to auditors in terms of their ability to allow them to express an opinion on the faithfulness of the financial statements based on simpler standards that in themselves might result in less audit fees. The reason for such optimism clearly lies in the fact that full IFRS is not cost-effective for SMEs (particularly in emerging economies) to be subjected to accounting standards that are designed for listed companies, since such companies are required to produce complex information and this inevitably incurs greater cost (Haller and Eirle, 2008). Moreover, the application of the Full IFRS substantially increases the cost of complying with tax law (Bohusova and Nerudova, 2007). Kitching (2006) also makes reference to the fact that regulatory costs are fixed, and that the preparation and publication of financial reports imposes disproportionate costs on SMEs. Thus, when compared to larger entities, SMEs incur higher costs due to their lack of expertise as well as their inability to allocate these costs across their full range of operations as they function on a small scale only (Kitching, 2006). This lack of expertise naturally implies the need to invest in extensive training and education to ensure that the preparation and auditing of financial statements is performed such as to comply with the Full IFRS (Haller and Eierle, 2004), and the proposed IFRS for SMEs brings the scenario where such investment is not required to the same extent, and hence, costs will be less (Arrunada, 2008).

Factor Five: in respect of the ability to use financial information for either comparability or financing decisions purposes, this was perceived to be positively influenced by the application of the IFRS for SMEs. Regarding comparability of same size enterprises both domestically and abroad, this is believed to be enhanced because the use of the Full IFRS is both difficult and complex, and many SMEs (whether in developed, developing, or emerging economies) are simply unable to implement these standards, meaning that comparability across countries is denied (Fearnley and Hines, 2007). The introduction of the IFRS for SMEs was believed by the study's participants to undoubtedly provide for greater comparability as the quality of accounting information is improved around the world, a scenario also envisaged by Neag et al. (2009), and Müllerova et al. (2010b). Likewise, Jermakowicz and Epstein (2010) indicate that the IFRS for SMEs bring the promise of improving the comparability, transparency, and reliability of accounting information. Such improvements are expected, despite the IFRS for SMEs including fewer instructions for users, it being noted that users become more confident in their application as they appreciate that the standards are formulated precisely for SMEs (Nguyen, 2010). However, it is noted that the responses to the European Commission questionnaire give the general feeling that the IFRS for SMEs are not desirable for numerous reasons such as: the probable undermining of comparability within European countries that could result from applying the IFRS for SMEs voluntarily (Quagli and Paoloni, 2012). This might result in a trend within companies in one country to adopt, and a trend within another country not to adopt, or it may produce a situation where there is divergence in the approach of companies within countries. Such findings echoed those obtained by Sian and Roberts (2008). Given that the prime goal of these standards is to enhance the comparability of financial reporting of different companies across borders (Müllerova et al., 2010b), voluntary implementation would seem to be the wrong strategy. Hence, in efforts to improve the harmonisation of accounting standards, sufficient attention must be paid to mitigate the variances among different standards rather than magnifying them (Aras and Crowther, 2008). Consequently, international comparability will be enhanced as greater numbers of countries adopt the IFRS for SMEs or develop their own standards based on these, whereas it will be diminished if countries continue to allow/require SMEs to report using the Full IFRS.

In respect of obtaining credit from suppliers and general finance, this study confirms the results of others before it (Neag et al., 2009, Dang-Duc, 2011) that indicate the use of the IFRS for SMEs as supportive for loan applications, and in forging relationships with other businesses. This reduction in the burden associated with the need to obtain finance was also reported in the responses to the European Commission Questionnaire (European Commission, 2009a). Generally, the difficulty of obtaining finance is caused by the lack of expertise and qualified employees in accounting (Okpara and Kabongo, 2009), such that applications cannot be prepared according to the Full IFRS (Haller and Eirle, 2008, Fearnley and Hines, 2007), and hence, do not contain sufficient financial information for banks and other agencies to make decisions regarding whether to give credit.

It should be pointed out that the different results obtained from the various studies mentioned, might result from variations in the research context. For example, In the USA, it is only listed entities that are compelled to adopt the US GAAP (Stainbank, 2010), and in Canada, different corporate reporting options are available both for unlisted or non-public companies (Mersereau, 2002). In Bahrain, however, limited liability companies must adhere to the Commercial Companies Act (CCA) which compels companies to audit their financial statements annually, yet the implementation of the Full IFRS in such audits is entirely optional (Joshi and Ramadhan, 2002). In the UK and the Republic of Ireland, financial reporting standards for smaller enterprises (FRSSE) are adopted by small owner-managed enterprises (Mersereau, 2002). Consequently, variations in the findings of studies can be attributed in part to different reporting environments in the countries where those studies were performed.

The groups of managers showed significantly more optimism than did the auditors, regarding mitigating or solving the problems specified within Objective Two. Although both groups indicated high positive expectations, differences did arise and can be seen as the result of several factors, such as: auditors were less predisposed than managers to consider the issues considered as problems; auditors were more knowledgeable than managers in respect of the Full IFRS; auditors were well-versed in how to deal with topics included within the Full IFRS and therefore, perceived the challenges presented by the Full standards as being less than did the managers.

6.7 Objective Six:

To identify the obstacles that may impede the effective application of the IFRS for SMEs.

Factor One included several external drivers that might be seen as obstacles hindering the effective application of the IFRS for SMEs such as: the different social and organisational culture; different concepts and behaviours; failure to separate ownership from management; different cultural values and modernism; different economic environment; the different role of professional bodies and associations; and the lack of accounting responsibility on the part of external entities. These external factors were perceived by managers as having no influence, yet auditors considered them to be genuine barriers to the successful application of the IFRS for SMEs.

The opinion of the auditors in this study confirms that found by Alavvnah (2008), who identifies a lack of accounting culture among SMEs' owners and managers, the unwillingness of these owners and managers to apply standards and even to prepare accounts; a lack of accounting responsibilities by external enterprise; and a failure to separate the ownership of these enterprises from management. These are factors which Alavvnah (2008) reports as potential impediments to the application of new accounting standards. Additionally, management in the hands of owners is known to reduce delegation, creativity, and professionalism within SMEs (Dincer, 1996, Coskun and Altunisk, 2002).

In research exploring the same problems, Siam (2005) was able to determine several factors affecting the application of international accounting standards in Jordan, which result from the contextual differences between Jordan and the countries in which such standards have been developed. Particularly, the inconsistency of professional bodies and associations delegated to monitor the accounting practice and profession, the variances in economic and social situations, the difference regarding concepts as well as behaviour and the prevailing values among the countries, and the cultural and societal dissimilarities were identified.

The opinions expressed by the auditors in the present study echo those found by (Alexander and Servalh, 2009) who comment that transferring concepts across accounting cultures is difficult.

In the same way, auditors find the rare separation between management and ownership as a hindrance, as they perceive this as leading to a decrease in the usefulness of financial statements since these are prepared purely for the benefit of owners who are both shareholders and management, and reflect the fact that much of the information these individuals require can be obtained directly if required (Fearnley et al., 2000, Keasey et al., 1988, Kitindi, 2004). Managers, on the other hand, did not find this to be an obstacle as they believe in the necessity to present this information for outsiders rather than themselves.

Factor Two included some issues that were recognised by both groups as barriers to the effective application of the IFRS for SMEs. Specifically, these were identified as funding issues such as limited financial resources; uncertainty surrounding the availability of credit and other facilities; and general difficulty in obtaining finance. These findings align with those obtained by Okpara and Kabongo (2009) who noted that in a developing country context, financial constraints and the difficulty of obtaining finance from financial institutions combine to hinder the growth of SMEs in many aspects. Similarly, Matar and Noor (2008) specify the main obstacles faced by SMEs when adopting international standards as being: the lack of SMEs' ability to provide financial institutions with guarantees about their solvency, as well as general finance difficulties. Additionally, this study's findings lend weight to those of Atteyah (2008) in respect of the limited financial resources available and the consequence that the development of SMEs is restricted.

However the findings of the present study do contradict those from some other studies such as those conducted by Pacter (2008), and Siam and Al-Daass (2011) who find that the financial hindrance only emerges when inappropriate or irrelevant financial information is presented by SMEs, and that this scenario only generally arises when the SMEs concerned are tax-driven. As observed by Pacter (2008), in this situation, the enterprises concentrate on providing information for tax purposes rather than on generating information which is useful to lenders or creditors, and this is deemed as the underlying reason for the difficulties encountered in efforts to obtain finance and credit (Pacter, 2008).

Factor Three was associated with issues pertaining to the lack of skills in accounting and finance. Specifically, these were considered as: weakness in the human resources working in the accounting field; weakness of accounting and finance knowledge among SMEs' owners; weakness of the accounting system implemented; and measurement and restatement difficulties during the first year of adoption. The managers in the study were neutral in their opinions regarding the first three issues, but they did consider the measurement and restatement difficulties experienced when first adopting the standards as a genuine barrier, as did the auditors, who regarded all the issues to be real obstacles.

The respondents' viewpoints, and particularly those expressed by the auditors, confirm those obtained by Okpara and Kabongo (2009) who also identify the lack of management skills as another major problem which SMEs encounter. Correspondingly, the lack of expertise and qualified employees in business and accounting is manifested as an important obstacle since this shortcoming results in poor bookkeeping and the presentation of inadequate documentation, which together with the lack of general management skill, eventually result in undermining the implementation of a relevant set of standards, and ultimately in preventing the development of the business (Tushabomwe-Kazooba, 2006). These problems are echoed by Matar and Noor (2008) who also identify the main obstacles facing SMEs in their attempts to adopt international standards as lying in the weakness of knowledge in accounting, and the incapability of accounting and internal control systems. Likewise, Atteyah (2008) pinpoints the lack of experience among individuals working in the accounting fields, and limited financial resources that mean it is not possible to develop SMEs.

These general comments are reflections of findings obtained twenty years ago (Mahadea, 1996, Lussier, 1996) regarding the key factors impeding small business growth and development, since these were identified at that time as lack of management skill, inability to plan effectively, weakness of bookkeeping, lack of experience, and absence of market research. In response to such ongoing barriers, Strouhal et al. (2010) argue for the need to mitigate these challenges by providing training for employees to improve their skills, education, and qualifications, such that they are better placed to implement international standards.

In this connection, Albu et al. (2010) also recognise the role of education and training in decreasing the obstacles encountered by SMEs. They suggest that the quality of teaching in the general and higher education system should be improved, that accounting staff should be required to attend regular development programmes, that IT systems should receive attention, that the costs budgeted for training should be increased, and that attention be paid to the means of transferring concepts across cultures. In respect of the measurement and restatement difficulties experienced in the first year of adoption, although both respondent groups in the study deemed these as obstacles, the IFRS for SMEs do provide entities with some exemption during the first year of adoption so this particular barrier might well be eliminated. That said, companies can only gain the benefit of these exemptions once, and even in circumstances where a company applies the standards, subsequently decides to reject them, and then re-adopt them, that company would not be allowed to claim exemption again, as stated in the IFRS for SMEs section (35.2) (KPMG, 2010, IASB, 2009c). In addition, these companies are exempted from retrospective application if it is impracticable for this to be performed (35.11) (IASB, 2009c, Ernst & Young, 2010).

Factor Four, which related to taxation issues, was not perceived as an obstacle by the group of managers, and was only considered as a moderate obstacle by the auditors. Two taxation matters were included, these being the preference of SMEs to prepare accounts for tax purposes only, and the additional costs of preparing a second set of financial statements based on accounting regulations. The findings of this study are not in agreement with those of several other studies (Strouhal et al., 2010) that specify several impediments to the effective application of the IFRS for SMEs. These are identified as being the tax calculation and the fact that the majority of SMEs prefer to prepare accounts for tax purposes only rather than to present a fair view upon which sensible managerial decisions can be taken, and in this situation firms would be compelled to prepare numerous sets of accounts for either tax or statutory purposes (European Commission, 2010). This implies additional costs associated with the need to produce a second set of financial statements to satisfy users other than the tax authorities (Strouhal, 2012).

The findings of this study can be understood in the light of the current use of the Full IFRS in Jordan, thus suggesting that the adoption of the IFRS for SMEs might not represent a major departure from the current taxation procedure which incurs the need for a separate document. This is confirmed by Albu et al. (2010), who indicate that the implementation of the IFRS for SMEs may vary across countries according to those countries' accounting backgrounds. Where there is a robust relationship between the taxation system and the accounting system, as is the case in the Czech Republic, additional costs will be incurred if the IFRS for SMEs are employed because this move will demand a second set of financial statements for tax purposes (Strouhal, 2012)

Factor Five pertained to legislative issues such as the differences in the legal frameworks between Jordan and other countries, and especially those responsible for the development of the IFRS for SMEs, and the fact that some SMEs are not obligated by legislation to publish an annual audited report. These issues were perceived similarly to Factor One, being recognised as genuine obstacles to the implementation of the IFRS for SMEs by the auditors, but not accepted as barriers by the managers. Several studies reported in the literature find, like this one, that auditors express these opinions, but conversely that managers also have the same views. Dang-Duc (2011) and Siam (2005) for example, show that the legal requirements in different jurisdictions and the variations in the way that external parties use financial information influence SMEs' compliance with international accounting standards, and obviously determine whether they implement such standards. The reason for the differing attitudes found in the present study might be that the auditors have a more in-depth knowledge of the regulatory framework than do the managers. Managers generally prefer to disclose and prepare more financial information than is required by the regulatory framework, despite the fact that the entities where they work are exempted from the requirement to present audited financial statements (Collis, 2008, Collis, 2010, Collis et al., 2004)

Although both the auditors and managers express optimism regarding the ability of the IFRS for SMEs to contribute significantly to the enhancement of the accounting practices for SMEs, the auditors show more concern regarding the obstacles that may hinder the effective application of the IFRS for SMEs, with the exception of the taxation matter, as the introduction of these standards would not imply any major change from the current regime. Managers, on the other hand, only perceive the issue of funding difficulties, and lack of accounting and finance skill among employees as obstacles, which they described as real, and moderate respectively. Clearly, these variations in opinion result from demographic characteristics which differ between the two groups, especially those relating to the respondents' knowledge of the Full IFRS and their experiencing of using these standards.

In considering their responses conservatively, the auditors highlighted the issues that need to be considered in order to increase the SMEs' capability in respect of their adoption of the proposed IFRS for SMEs.

The main discussed results from both questionnaires and semi-structured interviews are summarised in Table 6.1. These results are also shown in section 7.5.

Table 6.1: summary of results from qualitative and quantitative methods.

Objective	Finding	Main sources of discussion with the results obtained.
One	Managers; banks and creditors; public authorities; and analysts were the most frequent and important SMEs' financial information users while both employees and shareholders were found as rare users.	(Lungu et al., 2007; Collis and Jarvis, 2000; Barker and Noonan, 1996; Page, 1984; Sian and Roberts, 2009; Hattingh, 2001; and Di Pietra et al. 2008; Corsi and Garzella, 2003; Sian and Roberts, 2009; McMahon and Stanger, 1995; Srijunpetch, 2009; Eierle and Schultze; 2009, Flegm, 2006; Jarvis and Collis, 2003; De Mesa Graziano, 2006; Albu et al., 2010; Quagli and Paoloni, 2012; Bruns and Fletcher, 2008, Berry and Robertson, 2006; IASB, 2009e; Scott, 2002; IASB, 2009c; Schiebel, 2008; Lennard, 2007).
Two	The current applied standards are substantially characterised to embrace many problems.	(Fearnley and Hines, 2007; Gray et al., 1997; Trulsson, 1997; Okpara and Kabongo, 2009; Tushabomwe-Kazooba, 2006; Coskun and Altunisk, 2002; Dincer, 1996; Arrunada, 2008; Pacter, 2008; Thompson et al.,2009; Nerudova and Bohusova, 2008; Jermakowicz and Epstein, 2010; Collis et al. , 2004; Dedman and Lennox, 2009;

		Quagli and Paoloni, 2012; Haller and Eirle, 2008; Harvey and Walton, 1996, Soderstrom and Sun, 2007; Cleminson and Rabin, 2002; Dang-Duc, 2011; Kitching , 2006; Cole et al., 2009; Haller and Eierle, 2004; Taylor, 2009).
Three	All respondents agreed to exclude earnings per share, interim financial reporting, segment reporting, issuance of Insurance, and assets held for sale from the content of standards for SMEs. The overall participants approved on the most proposals under IFRS for SMEs compared to those based on full IFRS. Except those proposal pertaining to measuring some kind of assets, for instance; investment property; intangible; property; plant and equipment, which were rejected only by the group of one or both group of respondents and the proposals to be exempt from disclosing the effect of changing in standards,	(IASB, 2005a; IASB, 2008; Singh and Newberry, 2008b; Fearnley and Hines, 2007; IASB, 2004a; European Commission, 2009a; Staubus, 2004; Benston, 2003; Fulbier and Gassen, 2010; Young, 2006, Gjesdal, 1981; John and Healeas, 2000; Sian and Roberts ,2009; Young, 2006; Gjesdal, 1981; Dang-Duc, 2011; Cole et al., 2009; Soderstrom and Sun, 2007; IASB, 2005b;Wyk and Rossouw,2009; Aboagye-Otchere and Agbeibor, 2012; Eierle and Haller, 2009; Quagli and Paoloni, 2012). And it was mainly by referring to the response to Discussion Paper: Preliminary Views on Accounting Standards for Small and Medium-sized Entities in 2004 (IASB, 2004a), Staff Questionnaire on Possible Recognition and Measurement Modifications for Small and Medium-sized Entities in 2005 (IASB, 2005), and to the Comment Letters to the ED for IFRS for

	to measure the investment property according to circumstances rather than give them the choice of using cost or fair value model, to review the leased assets impairment at each reporting date, and to exempt from using the straight line method to recognise the operating lease payments.	SMEs that was issued in 2007 (IASB, 2008).
Four	Preparers have the Willingness to adopt IFRS for SMEs as they also agreed on the general concept of IFRS for SMEs	(Kitching, 2006; Dang-Duc, 2011; Bohusova and Nerudova, 2007; Müllerova et al., 2010b; Deloitte, 2009b; Koumanakos and Alexandrou, 2012; Fearnley and Hines, 2007; Ram, 2012; IASB, 2009e; IASB, 2005b; Seifert and Lindberg, 2010).
Five	Both groups of users have positive expectations. But the managers were more optimistic	(Fearnley and Hines, 2007; Christie and Brozovsky, 2010; Müllerova et al., 2010b; Stainbank, 2010; Collis, 2008; Dang-Duc, 2011; European Commission, 2009a; Sian and Roberts, 2008; Strouhal, 2012; Neag et al., 2009; Jermakowicz and Epstein,2010; Nguyen,2010; Toma, 2011; Arrunada, 2008; Quagli and Paoloni, 2012; Pacter, 2008; Ploybut, 2012; Haller and Eirle, 2008; Bohusova and Nerudova, 2007; Kitching, 2006;

		Haller and Eierle, 2004; Neag et al., 2009; Aras and Crowther, 2008; Okpara and Kabongo, 2009; Mersereau, 2002; Joshi and Ramadhan, 2002).
Six	The respondents especially the auditors group were evidently worried about several potential obstacles.	(Alavvnah, 2008; Dincer, 1996; Coskun and Altunisk, 2002; Siam , 2005; Alexander and Servalh, 2009; Fearnley et al., 2000, Keasey et al., 1988, Kitindi, 2004; Okpara and Kabongo, 2009; Matar and Noor, 2008; Atteyah, 2008; Pacter, 2008; Siam and Al-Daass, 2011; Tushabomwe-Kazooba, 2006; Mahadea, 1996; Lussier, 1996; Strouhal et al., 2010; Albu et al., 2010; KPMG, 2010; IASB, 2009c; Ernst & Young, 2010; European Commission, 2010; Strouhal, 2012; Dang-Duc, 2011; Collis, 2008, Collis, 2010; Collis et al., 2004).
Seven	The influence of firm's characteristics were varied across topics, whereas some of these characteristics influence the perceptions of prepares regarding the suitability of some topics and did not affect regarding the other topics.	(Aboagye-Otchere and Agbeibor, 2012; Allee and Lombardi Yohn, 2009; Eierle and Haller, 2009; Shearer, 2007; Quagli and Paoloni, 2012; POBA, 2006; Dang-Duc, 2011).

6.8 Summary

This chapter has presented the findings from the questionnaire survey and interviews as they relate to each of the seven objectives and has analysed these outcomes, discussing them in the light of the literature. In the following chapter, a conclusion to the thesis is drawn, in which recommendations are made, and the contributions made by the study are discussed. Some suggestions for additional research are also offered.

Chapter 7 : Conclusion and Summary

7.1 Introduction

This chapter presents an overall conclusion to the research. It summarises the findings obtained and the conclusions reached in the preceding chapters, and discusses these with regard to the research objectives described in Chapter One.

Accordingly, the first section reminds the reader of the research objectives and the methods used to achieve them. The next section considers the key findings based on the empirical work performed in relation to each objective as well as the implications of the proposals. Subsequently, recommendations are offered on the basis of the conclusions. The contribution to knowledge made by the study is then highlighted, and this is followed by an outline of the limitations of the research, and some proposals for further study as a means of addressing these.

7.2 Aim of the Investigation

As indicated in Chapter One, the study aims to investigate the suitability of the IFRS for SMEs in Jordan. It was also the intention of the study to identify the current problems encountered by Jordanian SMEs in their application of the IFRS. Additionally, the anticipated benefits from the application of the IFRS for SMEs was raised as a key issue to be evaluated.

Investigating the usefulness and the suitability of the IFRS for SMEs is deemed a worthwhile undertaking given that the IFRS are already in place in Jordan, and thus represent a real alternative to these new proposals. Hence, an empirical examination was considered necessary to establish the perceptions of those responsible for preparing SMEs' accounting information regarding the current application of the Full IFRS as part of the local regime rather than the IFRS for SMEs, the possibility of implementing the IFRS for SMEs, and whether similar or different views emerge on the level of importance of the IFRS for SMEs.

7.3 Research Objectives

Seven objectives were formulated as a means of pursuing the above overall aim, these being:

1. To identify the main SMEs' financial accounting information users.
2. To identify the problems facing SMEs in Jordan regarding the preparation and use of financial information.
3. To assess the relevance of some accounting topics within the content of IFRS for SMEs to Jordanian context based on auditors' views. Moreover, to evaluate the perceptions of financial managers and auditors regarding the suitability of those relevant topics within the content of IFRS for SMEs based on their differences from the Full IFRS (omitted topics, measurement, recognition, presentation, and disclosure).
4. To empirically examine the perceptions of SMEs' accounting information preparers regarding the general concepts of the IFRS for SMEs as well as their willingness to adopt the IFRS for SMEs.
5. To determine whether the IFRS for SMEs can influence positively or negatively SMEs' accounting practices.
6. To identify the obstacles that may impede the effective application of the IFRS for SMEs.
7. To identify the differences and similarities of perceptions based on size, ownership structures, legal form, and economic sector with respect to Objective 3.

7.4 Research Methods

As explained in detail in Chapter Three which presented the methodology adopted to achieve the research objectives, the study was conducted using a mixed methods approach as follows:

- An extensive review of the appropriate literature was undertaken to ensure that all the variables relating to the effective implementation of the IFRS for SMEs were identified. Having established these variables, it was possible to design a research instrument that would allow for a proper investigation of the prevailing situation in Jordanian SMEs, with full confidence that no important issue had been omitted, and that no questions were asked that had already been effectively answered by previous studies.

- A series of interviews was held with a small sample of external auditors of SMEs' financial information in order to assist the researcher in developing the questionnaire survey. In particular, this assistance was required to construct the questions pertaining to the differences between the proposed IFRS for SMEs, and the Full IFRS, as it was important to determine the relevance and the level of adoption of each topic contained within the IFRS framework in the context of Jordanian SMEs.

- The resultant questionnaire survey was administered with a large sample of preparers of SMEs' financial information (financial managers of SMEs, auditors), and the findings analysed using the SPSS since this represents a user-friendly piece of software that offers reliable output in respect of social science data. The majority of questions used a rating scale with six response classes including the option of 'not applicable' or 'impossible to say'. As noted by Malhotra (2008), the adequacy of responses is enhanced by using a non-forced scale. All 'impossible to say' and 'not applicable' options were considered as missing answers.

7.5 Key Findings

The main findings of this study are now summarised in respect of each objective.

7.5.1 Objective One

The main users of SMEs' financial statements were found to be: managers, banks and creditors, public authorities, and analysts in that order. Moreover, the two different groups of respondent (financial managers and external auditors) ranked these users in exactly the same way.

It was clear that these stakeholders vary in their reliance on the information provided. Both respondent groups deemed individual investors, suppliers, credit agencies, institutional investors, and customers as moderate users of SMEs' financial information, and employees and shareholders as rare users of financial statements.

Although the different types of user group were believed to rely on the financial information provided by SMEs to a larger or greater extent, it is interesting to note that the highest level of usage was accorded to various groups other than investors who would naturally consider the reporting under the Full IFRS as valuable (and required by all listed enterprises). As stated in the literature, the financial standards designed for listed entities are concerned merely to fulfil the needs of shareholders as they are given priority, especially in Common Law countries, whereas taxation issues form the major interest in Code Law countries.

7.5.2 Objective Two

This objective sought to identify the extent to which the problems highlighted in the literature are applicable to the Jordanian SME context. Using factor analysis, those problems were assigned to four major categories, these being: lack of financial information and expertise; the cost and efforts to prepare financial reports; complexity of measurements and recognition; and cost of bookkeeping and audit fees.

First factor includes issues like, safeguarding assets and obtaining good control; disclosing critical information to competitors due to high disclosure requirements; making inappropriate decisions because of the complexity of financial information; and the difficulty in making wise decisions due to the lack of financial information. The group of auditors in particular, saw these as important issues.

Both respondent groups expressed less concern, however, about the lack of knowledge of the IFRS, and the inability of financial information to meet the users' needs of financial statements. And in respect of the three problems of lack of expertise and qualified employees in accounting, difficulty in obtaining finance, and the complexity in making comparisons of financial statements of firms of the same size abroad and domestically, there was some disagreement between the two groups, since these issues were viewed by managers as moderately applicable to SMEs in Jordan, but by auditors as genuine problems.

In respect of difficulties pertaining to the cost, time, and effort involved in preparing financial reports, and the high amount of disclosure required, both groups, and especially managers, confirmed that these are applicable to SMEs in Jordan. However, the complexity of measurements and recognitions, whilst deemed as problems by managers, are only perceived as moderately affecting SMEs by auditors. The costs of bookkeeping and audit were considered by both groups as moderately applicable to SMEs.

7.5.3 Objective Three

Both managers and auditors, and irrespective of their SMEs' numbers of employees, and total assets and turnover, expressed the view that that the topics included in the Full IFRS but omitted in the proposals for the IFRS for SMEs, are irrelevant to SMEs in the Jordanian context. The topics in question are: earnings per share, interim financial reporting, segment reporting, issuance of Insurance, and assets held for sale. This belief also held true across the different economic sectors, with the exception of the service sector, and the different legal forms of entity, with the exception of limited liability and private shareholder companies. In these respects, the exceptions cited deemed these topics to have some, but only low, relevance to SMEs in Jordan.

For better understanding, the main findings of this objective regarding the suitability of topics under the IFRS for SMEs in comparison to the Full IFRS are presented according to factors, which include only topics believed by the interviewees to be relevant to SMEs in Jordan.

7.5.3.1 Factor One

This factor involved certain presentation issues. Both groups, but particularly the managers, generally agreed on the proposal under the IFRS for SMEs to reduce the disclosure requirements, and to exempt SMEs from disclosing the fair value of their investment property. The proposals to present a combined statement of income and retained earnings, and to present only one comparative period in the statement of financial position were moderately favoured by auditors, and agreed upon by managers. Managers across different size entities (based on total assets and turnover, and on employee numbers), and across all economic sectors, showed their willingness to adopt those proposals. However, whilst there was also agreement from the managers of all different legal forms, those from limited liability enterprises showed relatively low agreement compared to that of managers from other legal forms of entity, and managers of private shareholder entities were neutral in their viewpoint. Furthermore, owner-managers were in greater agreement than non-owner managers, although the latter nonetheless did agree with these proposals.

Regarding the interviewees, 60% believed that presenting only one comparative period in the statement of financial position would reduce the benefit of financial information by undermining the internal comparability, while the rest found this proposal suitable as its implementation would simplify the presentation processes.

Presenting a combined statement of income and retained earnings was perceived by 70% of the interviewees as inappropriate because in cases where the SME had other comprehensive income, this practice may lead to a reduction in the comparability of same-size entities. The remaining 30% of the interview sample deemed the proposal to be acceptable on the grounds that it implied a major simplification of the process.

All interviewees agreed on the proposals to reduce disclosure requirements, and to exempt SMEs from disclosing the fair value of investment property. However, 50% of respondents were concerned about the reliability of financial information regarding the latter proposal, with some preferring to maintain a balance between simplification and reliability in the light of the cost and benefit trade-off.

7.5.3.2 Factor Two

Factor Two, pertaining to suggestions under the IFRS for SMEs to expense certain types of cost rather than capitalising them, and in respect of some lease and standards issues, did not meet with universal agreement or disagreement by the respondents, with just one exception. That exception concerned the proposal to disallow the reference by auditors to other standards-setting bodies, and in this case, managers agreed with this proposal, whereas auditors did not. On the other hand, the proposal to expense both borrowing, and R&D costs was agreed by auditors but not managers. Auditors also disagreed with the proposals to exempt SMEs from disclosing the effect of changing in standards, and to exempt them from the use of the straight line method to recognise the operating lease.

The opinions offered by managers did not vary according to economic sector, legal form of entity, amount of total assets and turnover, or owner-management/stewardship. However, managers of entities with less than ten employees expressed greater agreement on the proposals within this factor rather than those with more than ten employees, who remained neutral in their thoughts.

The majority of interviewees preferred to implement the proposals relating to expensing certain costs rather than capitalising them, on the grounds that such a change would substantially simplify the reporting procedure. However, EY3 and AF1, whilst appreciating the value of such simplification, also shared the viewpoint expressed by 20% of the sample who were in complete disagreement with this idea, that it was not preferable to charge these expenses to one financial period instead of allocating them to several periods. Furthermore, they pointed out that this would result in decreasing the profit and assets figures in the first period.

Six interviewees rejected the proposal to exempt SMEs from using the straight-line method to recognise operating leases, because this would not result in any simplification to the preparation process, and at the same time would reduce the reliability of accounting information. On the other hand, although 90% of respondents were not in favour of exempting SMEs from disclosing the effect of changes in standards, as they deemed such disclosure necessary to enhance the reliability of the statements, some did suggest making an analysis of the cost/benefit trade-off. In terms of the proposal to disallow the reference to another standards-setting body, 50% of interviewees preferred the IFRS for SMEs to be formulated as completely standalone standards with some small exception to allow the use of guidance provided by the Full IFRS in instances where issues arose that were not specifically covered by the IFRS for SMEs. The remainder of the respondents preferred to retain the standards already applied.

7.5.3.3 Factor Three

This factor concerned the measurement of certain types of asset. Within the proposed IFRS for SMEs, the suggestion was made to use only the cost model for intangible assets and property, plant and equipment, and to measure investment property based on circumstances by using the fair value or cost-depreciation-impairment methods. The auditors were in full agreement with all the aforementioned proposals. However, these suggestions did not gain agreement from the managers, although this group of respondents did indicate agreement in respect of using the most recent price for inventory. These instances of agreement and disagreement reflected the managerial view irrespective of the different variables associated with SMEs, i.e., different amounts of total assets, turnover ranges, number of employees, and whether owner-manager or steward. Indeed, the perceptions of managers across economic sectors were also similar to the previous overall opinions, except for those managers in trade and agriculture, who presented overall disagreement. This outcome may be the result of their neutral opinions regarding the use of the most recent price for inventory, which causes them to be more reluctant about the issues comprising this factor than managers in the other economic sectors. Likewise, the perceptions of managers across legal forms were similar to the previous overall opinions, with the exception of those from general partnerships, who registered greater overall rejection of the proposals included in this factor.

Regarding the perceptions of the interviewees, 70% agreed to use the most recent purchase price to approximate the cost of inventory, on the basis that this strategy produces the most recent information. The remaining interviewees were reluctant due to the possibility of undermining prudence.

In terms of using the cost model for Intangibles and PPE, and for measuring investment property according to circumstances, 70% of interviewees indicated that the common practice was to use the cost model as the revaluation approach is deemed to be neither cost-effective, nor easy to reliably determine. However, the remaining interviewees expressed the view that despite these drawbacks of the revaluation models, it was not appropriate to restrict preparers of financial information by reducing the options available to companies, since such restriction would weaken the reliability of accounting information, and if it were possible for the company to determine the fair value without incurring undo costs or efforts, this should be encouraged.

7.5.3.4 Factor Four

Both groups (auditors and managers) agreed on all the proposals under the IFRS for SMEs to presume the length of intangible assets as 10 years, consider the useful life of intangible assets as finite, and amortise other than goodwill indefinite life intangible assets over 10 years, using the impairment test only when an indication for impairment actually exists. This viewpoint was expressed by managers irrespective of the SME’s legal form, number of employees, total assets and turnover, and type of management structure. Agreement was varied among managers from different economic sectors, with those coming from the construction, and service sector, showing relatively less agreement than those from other sectors.

In respect of the interviewees, the majority agreed on the proposals comprising this factor on the grounds that they implied major simplifications. The relaxation in terms of the need to test intangible assets annually for impairment, and to take the amortisation approach was perceived as favourable for SMEs. In particular, they believed that the amortisation of intangible assets would not deprive SMEs' stakeholders from the financial information needed to evaluate the cash flows. That said, the minority who did not support these proposals, did so because of their concern about the possibility of creating secret reserves resulting from the amortisation.

7.5.3.5 Factor Five

The proposals in this respect, concerning estimation issues, were to discard the indication for impairment when the net assets of an entity exceed its market capitalisation, to exempt the entity from reviewing the estimations annually, and to account assets' depreciation separately if the pattern of expected economic benefit of that asset was different. All of these suggestions were agreed as relevant by auditors, managers as whole, and managers when the variables of size according to employee numbers, turnover and total assets, and management structures, were taken into account. Similar views were also expressed by managers across economic sectors, and legal forms, but there were slight anomalies in both these variables, with significant differences emerging in respect of managers from agriculture, and those from limited liability entities, as they indicated more and less agreement respectively with regard to these proposals.

The majority of interviewees believed that the requirement to review these estimations annually was costly, complex, time and effort-consuming for SMEs. Furthermore, these interviewees specified that firms had a habit of escaping from such reviews, in an attempt to avoid creating any deferred tax assets or liabilities, because these firms try to be in line with estimations produced by the tax department. Conversely, the remaining interviewees were of the opinion that the rapid developments in technology lead to frequent change in pre-determined estimations, and consequently, these assets should be repeatedly reviewed.

In terms of assets depreciated separately, 20% of interviewees believed that the suggestion to account for those assets according to the pattern of expected economic benefit would prove burdensome to SMEs as the process is more subjective than the procedure incorporated under the Full IFRS of using numbers to specify the significant cost. However, the vast majority (80%) of interviewees agreed with the proposal on the grounds that the Full IFRS require the application of the component depreciation, which increases the costs incurred by SMEs.

The majority of respondents agreed to discard the indication for impairment when the net assets of an entity exceed its market capitalisation, because this implies greater simplification which is welcomed by SMEs since they do not generally have employees with expertise in the accounting field. Conversely, 40% of respondents believed that the removal of the need to test for impairment would minimise the entities' capability to protect shareholders and maintain prudence.

7.5.3.6 Adopters versus Non-adopters

Only the suggestion regarding the use of the cost model for intangible assets received significantly different responses from adopters and non-adopters. In respect of the adopters, this suggestion was neither agreed nor disagreed, whilst there was definite disagreement from the non-adopters. Likewise, there was a significant difference in respect of the proposal under the IFRS for SMEs to exempt these entities from using the straight line method to recognise the operating lease payments when payments were organised to rise in line with anticipated inflation. This proposal was agreed by non-adopters, but received a neutral response from adopters. Likewise, the IFRS for SMEs' proposal to use the most recent purchase price to approximate the cost of inventory was considered differently, being agreed by non-adopters, but perceived neutrally by adopters.

7.5.4 Objective Four

Respondents of both groups indicated their willingness to adopt the IFRS for SMEs from the first year in which they are applied generally or used for tax purposes by all non-public entities, irrespective of whether such adoption was mandatory or voluntary. Additionally, both groups confirmed their belief in the need to apply a new uniform set of international standards rather than the Full IFRS.

Even though the group of managers were neutral in their opinions regarding the general concepts of the IFRS for SMEs, the auditors demonstrated agreement in this respect, essentially supporting the proposals to: create the IFRS for SMEs as a standalone document, cross-reference with the Full IFRS, and introduce general purpose financial statements rather than statements targeting the needs of particular users.

7.5.5 Objective Five

Clearly, the findings in the current research reveal that both the managers' and auditors' groups similarly believe that the proposed IFRS for SMEs would positively impact upon the accounting practice in all the aspects determined in this study. Their belief is founded upon the greater simplification of the reporting process which these standards are designed to produce. For example, they make it easier to prepare financial reports, measurements and recognition are simplified, the standards are more easily understood than the Full IFRS, audit work is simplified, the amount of time taken to prepare the financial reports is reduced, the overall effort needed to prepare financial reports is reduced, and tax department work is facilitated.

Furthermore, enhancing the usefulness of financial information for the decision-making process, and safeguarding and controlling the entity, were thought to be positive outcomes by both groups as they agreed that the IFRS for SMEs would improve the quality of accounting information for external and internal users, allow for more appropriate decision-making based on non-complex and more relevant financial information, fulfil the users' needs of financial statements, safeguard assets and obtain good control, and reduce the competition risk by avoiding the need to disclose critical information. In addition, they considered the proposed standards to contribute positively to reducing the cost and effort required to generate specialist accounting standards for Jordanian SMEs.

Likewise, both groups concurred in their belief that the IFRS for SMEs would play a key role in reducing the cost associated with the preparation of the financial report, audit, bookkeeping, documentation, and the implementation of the standards.

Similarly, both groups, but especially the auditors, pointed out that the comparability of same- size SMEs, domestically and abroad, would be enhanced, as also would the SMEs' capability to obtain credit from suppliers and finance.

The test to correlate answers to questions about problems pertaining to the use of the Full IFRS, and those about the potential use of the IFRS for SMEs, revealed that managers do genuinely believe that the IFRS for SMEs will contribute positively towards solving all the problems identified in Objective Two, with one exception – that concerning sources of finance. At the other extreme, there was a significant difference between the auditors and managers except in the pairwise of questions relating respectively to the high cost of preparing financial reports, and the difficulty in comparing the financial position of same-size enterprises domestically, whereas auditors showing much less agreement than managers to other issues. Therefore, managers were more optimistic about the capability of the IFRS for SMEs to help mitigate or even solve, the aforementioned problems.

7.5.6 Objective Six

This objective refers to the potential obstacles resulting from the differences between Jordan and the countries which developed these standards. In this context, it was indicated by the group of managers that variations in social and organisational culture, concepts and behaviour, cultural values and the extent to which modernisation has occurred, economic environment, and the role played by professional bodies and associations, were not considered as obstacles that might hinder the effective application of the IFRS for SMEs. In contrast, the auditors perceived most of these differences as potential external obstacles. The same viewpoints were offered in respect of other external hindrances, such as the failure to separate ownership from management, and the lack of attention paid to accounting responsibilities by external entities.

The funding difficulties encountered as a result of the limited financial resources available to SMEs, the lack of certainty in obtaining credit facilities, and general finance difficulties, were considered by both groups as obstacles that may impede the application of the IFRS for SMEs.

In respect of the weakness of human resources in the accounting field, the lack of accounting and finance knowledge among SMEs' owners, and the weakness of the accounting systems applied in SMEs, the group of managers were neutral in their opinions. Not surprisingly, however, the auditors viewed these issues pessimistically as barriers to the effective application of the IFRS for SMEs. On the other hand, all respondents were concerned about the measurement and restatement difficulties at first time adoption, believing that this strategy might impede the effective application of the IFRS for SMEs during the first period.

Taxation issues, such as the preference by SMEs to prepare accounts for tax purposes only, and the possible additional cost incurred in the preparation of a second set of financial statements based on the accounting regulations governing compliance with the tax law, were not deemed by managers as potential hindrances to the application of the IFRS for SMEs, but the group of auditors were less sure about this and remained neutral in their considerations.

The managers did not consider that legislative differences between Jordan and the countries responsible for developing the standards, and the fact that some SMEs are not obligated by the legislative framework to publish audited reports on an annual basis, would stand as impediments to the effective application of the IFRS for SMEs, but the auditors did perceive these issues as obstacles.

7.6 Recommendations

Clearly, as confirmed in the fieldwork, there are several different groups of stakeholder who make use of the financial information presented by SMEs, and therefore, such financial information should be tailored to the requirements of all these users, and not concentrate purely on providing information for investors in the stock market, as is the focus of the Full IFRS. Consequently, the standards-setting bodies must take a step forward by obligating SMEs to publish general financial statements which is beneficial for all users and satisfies the variety of needs they demonstrate. This recommendation was stressed within the content of the IFRS for SMEs (P7, P8) and within the basic conclusion in the IFRS for SMEs (BC54), where it is stated that the:

> *"IFRSs are designed to apply to the general purpose financial statements and other financial reporting of all profit-oriented entities. General purpose financial statements are directed towards the common information needs of a wide range of users, for example, shareholders, creditors, employees and the public at large. General purpose financial statements are intended to meet the needs of users that are not in a position to demand reports tailored to their particular information needs. General purpose financial statements provide information about an entity's financial position, performance and cash flows*" (IASB, 2009e:19, IASB, 2009c).

It was also obvious from the fieldwork that several problems associated with the use and preparation of financial information which is produced according to the standards currently applied, exist. The presence of such problems further emphasises the urgent need for a different mechanism for SMEs' financial reporting. Hence, the standards-setting bodies should issue or adopt a more relevant and simplified set of accounting standards for SMEs rather than the Full IFRS, since customised standards for these enterprises might make a significant contribution towards the solution or mitigation of these problems.

Due to the difficulties in terms of cost and effort, which standards-setters in Jordan would encounter were they required to develop and issue a new set of accounting standards for SMEs, and the possible resultant undermining of the ability to make sound comparisons with same-size entities abroad because of the adoption of self-developed accounting standards, it is sensible to consider the use of other sets of standards, such as the IFRS for SMEs. Indeed, the findings of the study revealed that SMEs' managers are willing to adopt the IFRS for SMEs as they are perceived as offering several benefits. For example: their adoption would contribute positively to the alleviation and potential solution of the problems caused by using the Full IFRS as they reduce the disclosure requirement and hence, minimise the risk to which these entities are exposed when providing information that could be critical to competitors; they allow for the simplification of financial information; they enhance the ability of that financial information to contribute both to the decision-making process and to the safeguarding and control of the entity; they reduce the cost incurred by companies; they boost comparability and promote more positive decisions when applying for finance; and they save the money and effort that would be needed to develop accounting standards for SMEs in Jordan.

Therefore, the content of the IFRS for SMEs should be considered for adoption by the Jordanian standards-setting body, and also as a standalone document, with reference to the Full IFRS being permitted for topics that are not covered by the IFRS for SMEs but which might arise within the SME context. Cross-reference by SMEs to the Full IFRS is preferred since this will facilitate the adoption of the proposed standards, as well as simplifying any future transition by an SME to a public company. It was stressed by the study participants, however, that such cross-referencing should only be allowed for topics that rarely occur within the context of SMEs, such as financial instruments. This recommendation can be justified by the need to consider the IFRS for SMEs as a standalone document as these proposed standards do not include those topics within the Full IFRS that are considered irrelevant, such as earnings per share, issuance insurance, interim financial reporting, segment reporting, and assets held for sale. It can also be rationalised on the basis that it is necessary to enhance comparability by minimising the number of topics treated under a dual set of accounting standards.

Bearing this in mind, and also considering the findings regarding the suitability of some accounting topics under the IFRS for SMEs in the light of these proposed standards' difference from the full IFRS, the adoption of certain topics under the IFRS for SMEs should be mandatory, while others should be with modification. Voluntary adoption is not a desirable strategy since this would reduce comparability among SMEs domestically and abroad. Hence, adoption should be compulsory. For the purpose of demonstrating the nature of the proposed adoption for each topic, Table 7.1 shows all the topics deemed relevant to SMEs in Jordan and provides a suggestion for modification if required. This takes into consideration the fact that the mandatory adoption without modification necessitates using only the proposal under the IFRS for SMEs for the related topic, while the mandatory adoption with modification implies implementing the Full IFRS in respect of the pertinent topics. If both categories have been determined, this means that the topic can be treated by using either the IFRS for SMEs or the Full IFRS.

Table 7.1: The Nature of Adoption of Several Accounting Topics under the IFRS for SMEs.

Topic	Mandatory without modification	Mandatory with modification
To include only one comparative period in the statements of financial position instead of two comparative periods under the Full IFRS.	✓	
To permit the presentation of combined statements of income and retained earning when only the change in equity was due to profit or loss, dividends, correction of prior periods errors, or changing in accounting policy. This option is not permitted under the Full IFRS.	✓	
To reduce the disclosure requirements by omitting those pertaining to investment decisions in the public market.	✓	
To be exempt from disclosing the fair value of investment property that is accounted as property, plant and equipment. This disclosure is required under Full IFRS unless the fair value cannot be determined reliably.	✓	
To be exempt from disclosing the effect of changing in standards that had been issued but had not been effective yet. This disclosure is required under the Full IFRS.		✓
To present separately the amount of dividend declared after the end of the reporting period in retained earnings. This is not permitted under the Full IFRS.	✓	
To measure the investment property according to circumstances rather than give them the choice of using cost or fair value model. By using the fair value through profit or loss only if the fair value can be measured without undue cost or effort, otherwise, the cost-depreciation-impairment method is allowed.		✓
To use only the cost model for property, plant and equipment, instead of, in addition to the cost model, making the revaluation model an option.		✓
To account for the assets' depreciation separately for assets with a different pattern of expected economic benefits consumption instead of considering the significant cost of an asset compared to total assets as a criterion to be depreciated separately.	✓	
To amortise the intangible assets (other than goodwill indefinite-life) over 10 years and to test the impairment	✓	

only when there is an indication of impairment instead of testing the impairment annually.		
To consider the useful life of intangible assets as finite. These can be either finite or infinite under the Full IFRS.	✓	
To use the cost model for intangible assets, instead of, in addition to the cost model, making the revaluation model an option.		✓
To presume the length of intangible assets as 10 years. This is not specified under the Full IFRS.	✓	
To exempt from the annual review of estimations (e.g. useful life, residual value, depreciation and amortisation) unless there is an indication of substantial variation between the current and last annual report. This review is required at least one time every financial year under the Full IFRS.	✓	
To review the leased assets impairment at each reporting date. This is not required under the Full IFRS.		✓
To recognise the cost incurred by manufacturers or dealers lessor regarding arrangement or negotiation of lease as expenses instead of capitalising them.	✓	✓
To exempt from using the straight line method to recognise the operating lease payments when payments have been organised to rise in line with anticipated inflation. This exemption is not provided under the Full IFRS.		✓
To reduce the use of fair value through profit or loss for agriculture, especially, when fair value cannot be determined without undue cost or effort, instead of the presumption under the Full IFRS that fair value can be reliably measured.	✓	
To permit the use of the most recent purchase price to approximate the cost of inventory. This is not allowed under the Full IFRS unless the difference is immaterial compared to the permitted method (e.g. standard cost or retail method).	✓	
To discard the indication of impairment that results in exceeding the net assets of an entity over its market capitalisation. This is considered as indication for impairment under the Full IFRS.	✓	
To recognise the borrowing cost as expenses instead of capitalising them.	✓	
To recognise the research and development cost as expenses when incurred, instead of capitalising the development cost.	✓	
To recognise the exchange differences in monetary items in other comprehensive income instead of reclassifying in profit or loss on disposal of the investment.	✓	

To disallow reference to another standards-setting body (management can refer to guidance in the Full IFRS). It is permitted under the Full IFRS to refer to another standards-setting body.	✓	

The first two proposals under the IFRS for SMEs in Table 7.1 could be optional for private shareholder companies. The criteria used to determine the nature of adoption are as presented in Table 7.2.

Table 7.2: Criteria for the Determination of the Nature of Adoption

Condition	Mandatory without modification	Mandatory without modification
If both managers' and auditors' groups agreed on the proposal.	✓	
If both or either of the managers' and auditors' groups rejected the proposal (conservative evaluation).		✓
If both the managers' and auditors' groups were neutral.	✓	✓
If one group was neutral and the other group agreed.	✓	
The next step is to evaluate the responses of managers across different categories: economic sector, legal form, employee numbers, total assets and turnover' and management structures. The purpose is to determine whether there is a need for different type of adoption for particular sorts of entity based on the differences tested before.		

All other topic within the content of IFRS for SMEs that were not included in this investigation should be treated according to IFRS for SMEs as they are similar to the full IFRS, which will not make a major departure from the current application.

Regarding giving the option to use the revaluation method to measure intangible and PEE, the suggestions of this study aligned with the action taken by IASB in 2014 after reviewing the needs of some changes (IASB, 2014b). This increase the credibility of the results of the current study.

To ensure the effective application of the IFRS for SMEs, the readiness of SMEs to adopt these standards should be boosted. This can be partially achieved by reducing the potential obstacles to implementation as determined in this study.

In such efforts, government, trade and industry chambers, and the universities must take action toward improving and enhancing the accounting skills possessed by personnel within SMEs by offering accounting training programmes for employees and managers, and by developing particular accounting guidelines for SMEs that also improve the accounting system. This is a view supported by other researchers (Coskun and Altunisk, 2002, Maseko and Manyani, 2011). In addition, the Ministry of Planning and International Co-operation should direct the financial institutions to reduce the conditions and guarantee requirements for SMEs, in order to increase SMEs' ability to obtain either finance or credit, which would eventually increase the financial resources available to SMEs.

In terms of measurement and restatement difficulties at first time adoption, standards- setters in Jordan must consider the options offered by the IFRS for SMEs (Section 35) at this point, such as accounting estimates, fair value as deemed cost, revaluation as deemed cost, and arrangements containing a lease.

Moreover, the Ministry of Planning and International Co-operation, and the universities should make the effort to increase awareness regarding the benefits to be derived from the separation of ownership from management, and regarding how to positively enhance the organisational culture, behaviour, and concepts within SMEs. At the same time, the Companies Control Department should co-operate with the JACPA to effectively activate their respective roles in supervising and obligating SMEs to comply with the need to issue general purpose financial statements based on the IFRS for SMEs, since ultimately such supervision will ensure the existence of accounting responsibilities among SMEs.

7.7 Contributions of the Study

The study has made several contributions both to knowledge, and to practitioners. It can be seen to benefit academics, the accounting literature, and the preparers of SMEs' accounting information and as an outcome of that, it will bring benefit to the users of SMEs' financial information.

In respect of the contribution to knowledge, the study makes a positive addition to the body of accounting literature by providing an example of a developing country, i.e. Jordan, and the suitability of international standards (the IFRS for SMEs) for its particular situation. Notably, the key contribution is the empirical evidence it provides as to whether the adoption of the IFRS for SMEs would be necessary in this context, and indeed appropriate. In doing this it highlights the main differences between the Full IFRS, and the IFRS for SMEs by referring to reports of the big four accounting companies as well as many academic articles and books in order to ensure that these differences have been comprehensively covered. It then determines which of these different topics are relevant to SMEs in general and Jordan in particular. Thus, a recommendation is made to the standards-setters on the basis of preparers' perceptions of the importance of applying such financial standards.

As a second contribution to the literature, the study adds to the existing corpus of knowledge on SMEs. In considering the many different characteristics of SMEs (owner-manager/stewardship, legal form, economic sector, size [employee numbers], total assets and turnover), it supports previous findings about the lack of professional accounting expertise in the owner-manager arrangement, and provides other insights into the influence of economic sector, and legal form. Such insights enrich the overall literature on SMEs, irrespective of their geographical and cultural setting.

A third contribution to the literature can be seen in the focus on developing countries, and in particular, the Middle East. Using the case of SMEs in the developing country context, the preparation of financial reports, and the terms of the use of the material in those reports is explored, and hence, the study helps to fill the gap in the literature that is seen in relation to developing environments and the adoption of international good practice by small and medium-sized entities. Particularly, the idea of developing countries' importation of practice and standards originated in developed environments is explored. In relation to Jordan, the differences between the current accounting regime, and the proposed IFRS for SMEs are explored, and the potential obstacles to the adoption of these international standards is examined. In this examination, insights are provided into the national standards-setting agencies, and regulators.

Consequently, the findings of this study make a valuable contribution to the work of practitioners, since they produce suggestions not only for SMEs' information preparers, but are also of interest to local and international standards-setters and regulators who may be considering developing accounting standards for SMEs either worldwide or in developing countries. In this case, they are of particular use to Jordanian standards-setters, since by highlighting the limitations associated with the current financial reporting practice of Jordanian SMEs, they deliver valuable information on whether a need exists for change in this respect. Moreover, the study reveals the reactions of SMEs' financial information preparers toward the IFRS for SMEs, as well as their expectations of the likely costs and benefits resulting from the adoption of these proposed standards, and the potential barriers that could hinder that adoption.

A further contribution is made by the methodology used in the study, since this can be replicated in other studies exploring the differences between the IFRS for SMEs and standards that are already being applied. In this respect, the research instrument was developed carefully and its validity and reliability ensured. Hence, it can be used by other researchers with only a little modification to accommodate the local scene.

In terms of its practical contribution, the current study provides evidence for the global discussion concerning the financial reporting of SMEs, and particularly, for the ongoing debate on the use of the Full IFRS within SMEs, whether these are genuinely appropriate for such enterprises, whether there is a need for different financial accounting standards, and if so, the suitability of the IFRS for SMEs.

Also, in addition to the interest brought by the findings of this study to standards-setters and regulators in Jordan and many other jurisdictions as mentioned earlier, other stakeholders such as SME managers, accounting practitioners, and other external users of SME financial statements (lenders or government authorities) are better informed. The preparers and users of SMEs' accounting information now have greater intelligence regarding whether the adoption of the IFRS for SMEs will mitigate the problems facing SMEs. Moreover, the decision-making process involving standards- setters and regulators is enhanced by the study's findings, and finally, the study marks a platform from which other research concerned with the relevance and applicability of the IFRS for SMEs in Jordan, and other developing countries can be pursued.

Ultimately, a contribution to the nation is made since by the effort to improve accounting practice and financial reporting information, the potential for success of SMEs in Jordan is raised, and therefore, economic progress should ensue.

7.8 Research Limitations

The main limitations of this study are as follows:

1. The combined definition provided by the European Commission and the IASB was used to classify SMEs in this study, and the European Commission definition may not suit SMEs in Jordan as it was formulated specifically with the characteristics of European entities in mind. However, there is no accurate definition of SMEs in Jordan, and it was necessary to establish some parameters.

2. Because the researcher encountered certain difficulties in obtaining the required number of responses from external auditors, mainly because of access restrictions and several questionnaires not being returned, the confidence level was reduced from 95% to 93%. In order to obtain a representative sample, 265 questionnaires were distributed in the hope of receiving 240. Falling short of this target (receiving 157 responses), therefore had an effect.

3. Although this study explored the overall influence of the tax law on SMEs and the effects that the IFRS for SMEs would have on reporting the figures for tax, it did not examine the impact of each topic under the IFRS for SMEs deemed suitable for Jordanian SMEs on the taxable amount. This is due to the fact that Jordan’s Taxation Law is separate from its financial reporting regulations, and the depth of investigation required to go beyond the general level was beyond the scope of the study.

4. The study did not investigate the suitability of the IFRS for SMEs from the viewpoints of external users such as lenders and governmental authorities. Their exclusion was on the grounds that certain technical accounting questions were considered to be too difficult for them to answer.

5. The data were collected from SMEs in Jordan, and whilst this was indeed the intention of the study, different jurisdictions have different institutional particularities, and different accounting regimes, and may define SMEs according to different criteria. Hence, generalisation of the results to other jurisdictions might be restricted.

6. This study covers some topics within the IFRS for SMEs and the Full IFRS that might be subject to change in the foreseeable future, thus limiting the results to the time prior to any update of these topics.

7.9 Suggestions for Future Research

The study has provided a solid platform from which other research can be undertaken. In this connection it would be useful to:

1. Explore the extent to which, and for what purposes, the financial reports published by SMEs are used by each user group.
2. Examine the impact of each topic under the IFRS for SMEs that might have an influence upon the amount of tax paid by Jordanian SMEs.
3. Investigate the suitability of the IFRS for SMEs from the viewpoints of external users such as lenders and governmental authorities.
4. Monitor the adoption of these standards to investigate whether the IFRS for SMEs meet the needs of SMEs' users of financial information better than when the previous set of standards was in use.
5. Analyse financial statements prepared in accordance with the IFRS for SMEs in an empirical study, since this will provide the literature with evidence regarding the impact of adopting these standards on many issues, such as financial ratio, performances, and compliance.
6. Investigate whether the IFRS for SMEs fulfil the users' needs for financial information by exploring users' perspectives based on disclosure requirements. This will assist in establishing the success of the new standards, and in prescribing additional efforts from the IASB if necessary to

introduce amendments, or develop another set of financial reporting standards for these entities.

7. Examine the effects of applying the IFRS for SMEs on the consolidation of financial statements based on the opinions of the financial managers of listed companies, as they are more familiar with these statements.
8. Undertake studies in other developing countries to gain comparative insights regarding the suitability and the impact of the IFRS for SMEs, as those countries' may implement different accounting standards.

7.10 Final Comment

This study was conducted with the overarching aim of improving accounting and auditing practice in small to medium-sized enterprises in Jordan. These enterprises make up the majority of trade for the country and as such are important economic contributors. With improvements to their reporting of financial information, there is a very good chance of greater finance being made available to SMEs for their development, and consequently, there is a good opportunity for the national advancement of Jordan. It is believed that the information gathered from those who are actually involved with SMEs and with their reporting practice will be of value to the nation.

References:

AAA 2006. Financial accounting and reporting standards for private entities. *Accounting Horizons,* 20**,** 179-194.

AAMIR, S. & FAROOQ, U. 2010. *Assessing the Preparedness of Small and Medium-sized Entities in Sweden to Adopt International Financial Reporting Standard (IFRS) for Small and Medium-sized Entities (SMEs).*

. Master, Umeå University.

ABOAGYE-OTCHERE, F. & AGBEIBOR, J. 2012. The International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMES) Suitability for small businesses in Ghana. *Journal of Financial Reporting and Accounting* 10**,** 190-214.

ABU-NASSAR, M. & RUTHERFORD, B. 1996. External Users of Financial Reports in Less Developed Countries. *The case of Jordan. British Accounting Review,* 28**,** 73−87.

ACSB. 2009. *Exposure Draft Generally Accepted Accounting Principles for Private Enterprises* [Online]. Toronto: Financial Reporting & Assurance Standards Canada. Available: http://www.frascanada.ca/search.aspx?q=+Generally+Accepted+Accounting+Principles+for+Private&c=standards_collection_en [Accessed 14/11/2013.

AICPA. 2005. *Private company financial reporting, task force report.* [Online]. American Institute of Certified Public Accountants. Available: http://www.aicpa.org/Interest [Accessed 3/12/2012.

AICPA. 2012a. *Financial Reporting Framework for SMEs* [Online]. US: American Institute of CPAs. . Available: http://www.aicpa.org/INTERESTAREAS/FRC/ACCOUNTINGFINANCIALREPORTING/PCFR/Pages/Financial-Reporting-Framework.aspx [Accessed 4/12/2012.

AICPA. 2012b. *IFRS Technical Summaries* [Online]. The American Institute of Certified Public Accountants Available: http://ifrs.com/ifrs_summaries.html [Accessed 12/05/2013.

AIVAZIAN, V., BOOTH, L. & CLEARY, S. 2003. Dividend Policy and the Organization of Capital Markets. *Journal of Multinational Financial Management,* 13.

AL-AKRA, M., ALI, M. J. & MARASHDEH, O. 2009. Development of accounting regulation in Jordan. *The International Journal of Accounting,* 44**,** 163-186.

AL-MAHROUQ, M. 2010. Success Factors of Small and Medium-Sized Enterprises (SMEs): The Case of Jordan *Anadolu University Journal of Social Sciences,* 10**,** 1-16.

AL-OMARI, A. 2010. The Institutional Framework of Financial Reporting in Jordan. *European Journal of Economics, Finance and Administrative Sciences***,** 32-50.

AL-SBATTI, S. & ABDUL-SALAAM, M. 2008. The Effect of Financing and Taxation on Small and Medium-Sized Enterprises. *ISPCSMSE.*

ALAVVNAH, S. 2008. Compliance with Auditing and Accounting Standards in the Small and Medium Enterprises: Exploring Study. *ISPCSMSE.*

ALBU, C., ALBU, N. & FEKETE, S. 2010. The context of the possible IFRS for SMEs implementation in Romania. An exploratory study. *Accounting and Management Information Systems,* 9**,** 45-71.

ALBU, C. N., ALBU, N., FEKETE, S., GÎRBINĂ, M. M., SELIMOGLU, S. K., KOVACS, D., LUKACS, J., MOHL, G., MÜLLEROVA, L., PASOKOVA, M.,

POROY ARSOY, A., SIPAHI, B. & STROUHAL, J. 2013. Implementation of the IFRS for SMEs in Emerging Economies: Stakeholders Perceptions in the Czech Republic, Hungary, Romania and Turkey. *Journal of International Financial Management and Accounting* 24**,** 140-175.

ALEXANDER, D. & SERVALH, S. 2009. Accounting Regulatory Change: Towards a General Model. *Annual Congress of the European Accounting Association.* Finland.

ALFREDSON, K., LEO, K., PICKER, R., LOFTUS, J., CLARK, K. & WISE, V. 2009. *Applying International Financial Reporting Standards,* Milton, John Wiley & Sons Australia, Ltd.

ALLEE, K. & LOMBARDI YOHN, T. 2009. The demand for financial statements in an unregulated environment: An examination of the production and use of financial statements by privately-held small businesses. *The Accounting Review,* 84**,** 1-25.

ALP, A. & USTUNDAG, S. 2009. Financial Feporting Transformation: The Experience of Turkey. *Critical Perspectives on Accounting,* 20**,** 680-699.

ALVER, L., ALVER, J. & TALPAS, L. 2014. Implementation of IFRSs and IFRS for SMEs: the Case of Estonia. *Accounting and Management Information Systems,* 13**,** 236–258.

ANACORETA, L. & SILVA, P. D. 2005. International Accounting Standards for SMEs: An exploratory study. Available: http://www.porto.ucp.pt/feg/links/papers/IASB_on_SME_Luisa_Anacoreta_e_Duarte_Silva.pdf [Accessed 3/12/2012].

ARAS, G. & CROWTHER, D. 2008. Developing Sustainable Reporting Standards. *Journal of Applied Accounting Research,* 9**,** 4-16.

ARCHAMBAULT, J. J. & ARCHAMBAULT, M. E. 2003. A Multinational Test of Determinants of Corporate Disclosure. *International Journal of Accounting,* 38.

ARINAITWE, J. K. 2006. Factors Constraining the Growth and Survival of Small Scale Businesses: A Developing Countries Analysis. *Journal of American Academy of Business, Cambridge,* 8**,** 167-178.

ARRUNADA, B. 2008. *Mandatory Accounting Disclosure by Small Private Companies* [Online]. European Journal of Law and Economics. Available: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CDwQFjAA&url=http%3A%2F%2Fwww.econ.upf.edu%2Fdocs%2Fpapers%2Fdownloads%2F1090.pdf&ei=MGt6UoucIofA0QWOxIGYAQ&usg=AFQjCNE196U4XwZ1ramucquLB9TocCHIEw [Accessed 22/04/2013.

ASB. 2008. *Financial Reporting Standard for Smaller Entities FRSSE (effective April 2008)* [Online]. London: The Financial Reporting Council Available: http://www.frc.org.uk/Our-Work/Codes-Standards/Accounting-and-Reporting-Policy/FRSSE.aspx [Accessed 29/09/2013.

ASB. 1999. *Statement of Principles for Financial Reporting* [Online]. London: Accounting Standards Board. Available: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CC0QFjAA&url=http%3A%2F%2Fwww.cpaireland.ie%2Fdocs%2Fdefault-source%2FTechnical-Resources%2FFinancial-Reporting%2Fstatements-of-principles-for-financial-reporting.pdf%3Fsfvrsn%3D0&ei=BwtLUuDjH6OU0AXwi4CYBQ&usg=AFQjCNFmke9bcD2YdOlX6Eu3wVLYMmlwqw [Accessed 15/12/2012.

ASHRAF, J. & GHANI, W. 2005. Accounting Development in Pakistan. *International Journal of Accounting* 40**,** 175-201.

ATKINSON, J. & MEAGER, N. 1994. Running to Stand Still: the Small Business in the Labour Market. *In:* ATKINSON, J. & STOREY, D. J. (eds.) *In Employment, the Small Firm and the Labour Market (Ed.).* LONDON: Routledge.

ATTEYAH, S. 2008. Relevance of Applying tbe International Finaneial Reporting Standard for Small and Medium-Sized Entitie. *ISPCSMSE.*

BANNOCK, G. 1981. *Economics of Small Firms: Return from the Wilderness (Mainstream series),* UK, Wiley-Blackwell.

BARKER, P. & NOONAN, C. 1996. Small Company Compliance with Accounting Standards : The Irish Situation. Dublin.: Dublin City University, DCU Business School,.

BARTLETT, M. S. 1954. A Note on the Multiplying Factors for Various Chi Square Approximations. *Journal of the Royal Statistical Society,* 16**,** 296-298.

BASKERVILLE, R. F. & CORDERY, C. J. 2006. Small GAAP: a large jump for the IASB. *Tenth Annual Conference for Financial Reporting and Business Communication.* Cardiff

BASTIC, M. & NEKREP, M. 2009. Differences of the Development of New Services between Developing Financial Markets. *WSEAS Transactions on Business and Economies,* 6**,** 491-501.

BEAVER, W. H. 1989. *Financial Reporting: An Accounting Revolution.,* New Jersey, Prentice Hall.

BENSTON, J. G. 2003. Accounting Doesn't Need Much Fixing (Just Some Reinterpreting). *Journal of Applied Corporate Finance,* 15**,** 83-96.

BERRY, A. & ROBERTSON, J. 2006. Overseas Bankers in the UK and Their Use of Information for Making Lending Decisions: Changes from 1985. *The British Accounting Review,* 38**,** 175-191.

BETTER REGULATION TASK FORCE. 2005. *Regulation - Less is More Reducing Burdens, Improving Outcomes* [Online]. London: Cabinet Office Publications & Publicity Team. Available: http://collections.europarchive.org/tna/20070807083019/brc.gov.uk/upload/assets/www.brc.gov.uk/lessismore.pdf [Accessed 4/12/2012.

BHIMANI, A. 2008. The Role of a Crisis in Reshaping the Role of Accounting. *Journal of Accounting and Public Policy,* 27**,** 444-454.

BOHUSOVA, H. & NERUDOVA, D. 2007. The Possible Transformation of International Reporting Standards (IFRS) for Small and Medium-Sized Enterprises (SME). *Economics and Management,* 12**,** 12-18.

BOLTON, J. E. 1971. *report of the Committee of Inquiry on Small Firms,* London, HMSO.

BOOTH, L., AIVAZIAN, V., DEMIRGUC-KUNT, A. & MAKSIMOVIC, V. 2001. Capital Structure in Developing Countries. *Journal of Finance,* 56**,** 87−130.

BOTOSAN, C. A., ASHBAUGH-SKAIFE, H., BEATTY, A. L., DAVIS-FRIDAY, P. Y., HOPKINS, P. E. & NELSON, K. K. 2006. Financial Accounting and Reporting Standards for Private Entities. *Accounting Horizons,* 20**,** 179-194.

BOVA, F. 2007. The Determinants and Consequences of Higher Accounting Quality Following IFRS Adoption in Emerging Markets: Inferences from Kenya. Kenya: Yale School of Management.

BRUNS, V. & FLETCHER, M. 2008. Banks' Risk Assessmenot f Swedish SMEs. *Venture Capital,* 10**,** 171-194.

BRYANT, M., GRAY, J. & STREET, D. 1999. Acceptance and Observance of International Accounting Standards: An Empirical Study of Companies Claiming to Comply with IASs. *Journal of International Accounting,* 34**,** 11-48.

BURRELL, G. & MORGAN, G. 1979. *Sociological paradigms and organisational*

analysis: Elements of the sociology of corporate life, London, Heinemann.
CARRIER, C. 1994. Intrepreneurship in Large Firms and SMEs: A Comparative Study. *International Small Business Journal,* 12**,** 54-61.
CATTELL, R. B. 1966. The Scree Test for the Number of Factors. *Multivariate Behavioral Research,* 1**,** 245-276.
CCD. 2013. *Companies Statistics* [Online]. Jordan: Companies Control Department. Available: http://www.ccd.gov.jo:7777/ccd_gov_jo_2/CompanyStatistics/menu_en.jsp [Accessed 20/7/2013 2013].
CHARTERED ACCOUNTANTS IRELAND. 2010. *Spotting the differences between IFRS for SMEs and full IFRS* [Online]. Chartered Accountants Ireland (CAI). Available: http://www.charteredaccountants.ie/Members/Technical/Finance-Leaders-Articles/Spotting-the-differences-between-IFRS-for-SMEs-and-full-IFRS---Robert-Clarke-ACA-and-Steven-Stewart-ACA-CTA/ [Accessed 4/12/2012.
CHEN, S., SUN, Z. & WANG, Y. 2002. Evidence from China on Whether Harmonized Accounting Standards Harmonize Accounting Practices. *American Accounting Association Accounting Horizons,* 16**,** 183-197.
CHEONG, C. S., KIM, S. & ZURBRUEGG, R. 2010. The Impact of IFRS on Financial Analysts' Forecast Accuracy in the Asia-Pacific Region: The Case of Australia, Hong Kong and New Zealand. *Pacific Accounting Review,* 22**,** 124-146.
CHOI, F. & MUELLER, G. 1984. *International Accounting,* New Jersey, Prentice Hall.
CHOI, N., FUQUA, D. R. & GRIFFIN, B. W. 2001. Exploratory Analysis of the Structure of Scores from the Multidimensional Scales of Perceived Self Efficacy. *Educational and Psychological Measurement,* 61**,** 475-489.
CHRISTENSEN, J. 2010. Conceptual Frameworks of Accounting From an Information Perspective. *Accounting and Business Research,* 40**,** 287-299.
CHRISTIE, N., BROZOVSKY, J. & HICKS, S. 2010. Accounting for Small Businesses: The Role of IFRS. *CPA Journal,* 80**,** 40-43.
CHRISTIE, N. L. & BROZOVSKY, J. 2010. New Standards Available for Private Companies: At Last a Little GAAP? *Academy of Entrepreneurship Journal,* 16**,** 55-69.
CLEMINSON, J. & RABIN, E. 2002. The Reporting Problems Faced by Small Business Entities in South Africa. *The Southern African Accounting Association Conference.* Port Elizabeth, SA.
COLE, V., BRANSON, J. & BREESCH, D. 2009. Are Users of Financial Statements of Publicly and Non-publicly Traded Companies, Different or not? An Empirical Study. Available: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1407566 [Accessed 3/12/2012].
COLLIS, J. 2008. Directors' Views on Accounting and Auditing Requirements for SMEs. *In:* REFORM, D. F. B. E. R. (ed.). London: BERR.
COLLIS, J. 2010. Audit Exemption and the Demand for Voluntary Audit: A Comparative Study of the UK and Denmark. *International Journal of Auditing,* 14**,** 211–231.
COLLIS, J. & HUSSEY, R. 2003. *Bussiness Research: A Practical Guide for Undergraduate and Postgraduate Students,* New York, PALGRAVE MACMILLAN.
COLLIS, J. & JARVIS, R. 2000. How Owner-managers Use Accounts. *ICAEW Research Report.* London: Institute of Chartered Accountants of England

and Wales.
COLLIS, J., JARVIS, R. & SKERRATT, L. 2004. The Demand for the Audit in Small Companies in the UK. *Accounting & Business Research,* 34**,** 87-100.
COMPANIES CONTROL DEPARTMENT. 2006. *Companies Inquiry* [Online]. Available: http://www.ccd.gov.jo:7777/ccd_gov_jo_2/CompanyInquiry/CompanyInquiry_en.jsp [Accessed 22/12/2012.
COMPANIES CONTROL DEPARTMENT. 2013. *Companies' Statistics* [Online]. Amman: CCD. Available: http://www.ccd.gov.jo/ar/home/e-services/companies-statistic.
CORSI, K. & GARZELLA, S. 2003. L'efficacia della comunicazione economico-finanziaria per gli interlocutori commerciali: Fornitori e clienti. *In Daniela Salvioni (Ed.).Trasparenza ed efficacia nella comunicazione economico-finanziaria.* Turin, Italy: Giappichelli.
COSKUN, R. & ALTUNISK, R. 2002. Managements' Concerns About the Issues Faced by Turkish SMEs. *International Journal of Entrepreneurial Behaviour and Research,* 8**,** 272-291.
CRESWELL, J. W. 1994. *Research Design: Qualitative and Quantitative Approaches,* Thousand Oaks, SAGE.
CROOK, K. 2008. Improved Conceptual Framework for Financial Reporting. *Chartered Accountants Journal,* 87**,** 56-58.
CURRAN, J., BLACKBURN, R. & WOODS, A. 1991. Profiles of the Small Enterprise in the Service Sector. University of Warwick.
CURRAN, J., STANWORTH, J. & WATKINS, D. 1986. *The Survival of the Small Firm: The Economics of Survival and Entrepreneurship* Ashgate Publishing Limited.
CYERT, R. M. & IJIRI, Y. 1974. Problems of Implementing the Trueblood Objectives Report. *Journal of Accounting Research,* 12**,** 29-42.
DANG-DUC, S. 2011. Compliance with Accounting Standards by SMEs in Transitional Economies: Evidence from Vietnam. *Journal of Applied Accounting Research,* 12**,** 96-107.
DAVIES, J. 2007. Reporting Requirements: Misguided Proposals to Reduce Red Tape. *Credit Management***,** 30-32.
DE MESA GRAZIANO, C. 2006. What Do Users Of Private Company Financial Statements Want? (cover story). *Financial Executive,* 22**,** 44-47.
DEDMAN, E. & LENNOX, C. 2009. Perceived Competition, Profitability and the Withholding of Information about Sales and the Cost of Sales. *Journal of Accounting and Economics,* 48**,** 210-230.
DEEGAN, C. & UNERMAN, J. 2006. *Financial Accounting Theory,* Maidenhead, McGraw-Hill Education.
DELOITTE. 2009a. IAS plus Update: Simplified Financial Reporting – IASB Provides Relief for SMEs. Available: http://www.iasplus.com/en/publications/ifrs-in-focus/2009/ias-plus-newsletter-2014-simplified-financial-reporting-iasb-provides-relief-for-smes [Accessed 3/12/2012].
DELOITTE. 2009b. *IFRS Survey 2009 for Private Companies* [Online]. U.S.A: Deloitte Development LLC. Available: http://www.deloitte.com/view/en_US/us/91baaf65a02a2210VgnVCM100000ba42f00aRCRD.htm [Accessed 12/02/2013.
DELOITTE. 2010a. *IFRS for SMEs in Your Pocket* [Online]. London: Deloitte Touche Tohmatsu Available: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd

=1&ved=0CC0QFjAA&url=http%3A%2F%2Fwww.deloitte.com%2Fassets%2FDcom-SouthAfrica%2FLocal%2520Assets%2FDocuments%2Fifrs_sme_pocket_guide_2010.pdf&ei=dASiUomRMsOM7Abb54GYBw&usg=AFQjCNGfBsUNEVORb_abOz-QbkKffeHWow [Accessed 25/08/2013.

DELOITTE. 2010b. *IFRS for SMEs May be Used in Jordan* [Online]. Jordan: Deloitte Global Services Limited. Available: http://www.iasplus.com/en/news/2010/April/news5481.

DELOITTE. 2010c. *Jordan's Statutory Framework for Accounting and Auditing* [Online]. Jordan: Deloitte Global Services Limited. Available: http://www.iasplus.com/en/jurisdictions/asia/country67 [Accessed 20/01/2012.

DENSCOMBE, M. 2003. The Good Research Guide: for Small-Scale Social Science Research Projects. 2nd ed. Maidenhead: Open University Press.

DEPARTMENT OF STATISTICS. 2011. *No. of Active Etablishment by Labor Catogory and economic Acitvity* [Online]. Available: http://www.dos.gov.jo/dos_home_a/main/index.htm [Accessed 12/11/2012.

DEVI, S. S. 2003. A Framework for Differential Reporting: a Response to ISAR'S Accounting and Financial Reporting Guidelinesfo r Small and Medium Sized Enterprises. *Confederation of Asian and Pacific Accountants (CAPA).* Kuala Lumpur.

DI PIETRA, R., EVANS, L., CHEVY, J., CISI, M., EIERLE, B. & JARVIS, R. 2008. Comment on the IASB's Exposure Draft 'IFRS for Small and Medium Sized Entities. *Accounting in Europe,* 5**,** 27-48.

DIGA, G. J. 1996. *The Feasibility and Desirability of Pursuing Accounting Harmonisation in Five Asian Countries: A Study of Corporate Financial Reporting in Indonesia, Malaysia, the Philippines, Singapore and Thailand.* PhD, The Australian National University.

DILLMAN, D. A. 2007. *Mail and Internet Survey: The Tailored Design Method,* Hoboken, NJ, Wiley.

DINCER, O. 1996. Stratejik Yonetim ve _I sletme Politikasi. Beta Yayinlari,Istanbul.

DOS. 2007. *Jordan in Figures* [Online]. Jordan, Amman: Department of Statistic. Available: http://www.dos.gov.jo/dos_home_e/main/jorfig/2007/jor_f_e.htm [Accessed 24/11/2012.

DOS. 2010. *Jordan in Figures* [Online]. Jordan: Department of Statistics. Available: http://www.dos.gov.jo/dos_home_e/main/index.htm [Accessed 3/12/2012.

DOUPNIK, T., S. 1987. Evidence of International Harmonization of Financial Reporting. *The International Journal of Accounting Education and Research,* 23**,** 47-67.

EAA FRSC 2005. Problems and Opportunities of an International Financial Reporting Standard for Small and Medium- sized Entities, The EAA FRSC's Comment on the IASB's Discussion Paper. European Accounting Association's Financial Reporting Standards Committee.

EASTERBY-SMITH, M., THORPE, R. & JACKSON, P. 2012. *Management Research* London, SAGE.

EIERLE, B. & HALLER, A. 2009. Does Size Influence the Suitability of the IFRS for Small and Medium-Sized Entities? – Empirical Evidence from Germany. *Accounting in Europe,* 6**,** 195-230.

EIERLE, B. & SCHULTZE, W. 2009. *The Role of Management as a User of Accounting Information: Implications for Standard Setting.* [Online]. Social

Science Research Network. . Available: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1130162 [Accessed 13/12/2012.
ELENA, H., CATALINA, M. C., STEFANA, C. I. & NICULINA, A. A. 2009. Some Issues About The Transition From U.S. Generally Accepted Accounting Principles (GAAP) To International Financial Reporting Standards (IFRS). *Annales Universitatis Apulensis Series Oeconomica,* 1**,** 28.
EPSTEIN, B. J. & JERMAKOWICZ, E. K. 2007. International Standards for Small and Medium-Sized Entities. *CPA Journal,,* 77**,** 38-40.
ERIXON, F. 2009. SMEs in Europe :Taking Stock and Looking Forward. *Centre for European Studies,* 8**,** 293-300.
ERNST & YOUNG. 2010. *IFRS for Small and Medium-sized Entities A comparison with IFRS — the basics* [Online]. EYGM Limited. Available: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CC0QFjAA&url=http%3A%2F%2Fwww.ey.com%2FPublication%2FvwLUAssets%2FIFRS_for_SMEs_Comparison%2F%24FILE%2FIFRS_for_SMEs_Comparison.pdf&ei=UWOfUvGzGIerhQfqs4BY&usg=AFQjCNFzabQsQqixhHe_akK4E1OzIcLblA.
EUROPEAN COMMISSION. 2005. *New SME Definition User Guide and Model Declaration* [Online]. EC Enterprise and Industry Publications. Available: http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf [Accessed 3/12/2012.
EUROPEAN COMMISSION. 2009a. *Consultation on the International Financial Reporting Standards for Small and Medium-Sized Entities* [Online]. Brussels, Belgium.: European Commission, Internal Market and Services DG. Available: http://www.abi.it/DOC_Normativa/Bilancio/Principi-contabili-internazionali-IasIfrs/consultation_IFRS_for_SMES_questionnaire_%20ABI%20def%2001%20ing%20rev.pdf [Accessed 4/12/2012.
EUROPEAN COMMISSION. 2009b. *Financial Reporting: Commission Gets Rid of Accounting Requirements for Micro Enterprises in Major Burden Reduction for the EU's Smallest Companies* [Online]. European Commission. Available: http://europa.eu/rapid/press-release_IP-09-328_en.htm [Accessed 22/04/2012.
EUROPEAN COMMISSION. 2010. *Summary Report of The Response Rseceived to the Commission's Consultation on the International Financial Reporting Standards for Small and Medium-sized Entities* [Online]. Brussels: Directorate General Internal Market and Services, European Commission. Available: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CDAQFjAA&url=http%3A%2F%2Fec.europa.eu%2Finternal_market%2Faccounting%2Fdocs%2Fifrs%2F2010-05-31_ifrs_sme_consultation_summary_en.pdf&ei=5D6GUr2LEZSShgeLlIDACQ&usg=AFQjCNFoOG--MbmIMrwlRuC9CLEGyLkTFQ [Accessed 22/05/2013.
EVANS, L. 2010. Reporting for SMEs: European Research Contributions. . *EAA 22nd Annual Congress.*
EVANS, L., GEBHARDT, G., HOOGENDOORN, M., MARTON, J., DI PIETRA, P., MORA, A., THINGGÅRD, F., VEHMANEN, P. & WAGENHOFER, A. 2011. Problems and Opportunities of an International Financial Reporting Standard for Small and Medium-sized Entities. The EAA FRSC's Comment on the IASB's Discussion Paper. *Accounting in Europe,* 2**,** 23-45.

EVANS, L., GEBHARDT, G., HOOGENDOORN, M., MARTON, J., PIETRA, R. D. & MORA, A. 2005. Problems and Opportunities of an International Financial Reporting Standard for Small and Medium-sized Entities. The EAA FRSC's Comment on the IASB's Discussion Paper. *Accounting in Europe,* 2**,** 23-45.
FASB. 2006. *Invitation to Comment: Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies* [Online]. London: FASB. Available: http://www.fasb.org/cs/BlobServer?blobkey=id&blobwhere=1175821375180&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs [Accessed 22/10/2012.
FASB & AICPA. 2006. *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies* [Online]. FASB. Available: http://www.fasb.org/cs/BlobServer?blobkey=id&blobwhere=1175821375180&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs [Accessed 15/03/2013.
FEARNLEY, S. & HINES, T. 2007. How IFRS Has Destabilised Financial Reporting For UK Non-Listed Entities. *Journal of Financial Regulation and Compliance,* 15**,** 394-408.
FEARNLEY, S., HINES, T., MCBRIDE, K. & BRANDT, R. 2000. Raising the Threshold for Audit Exemption for Small Companies: Some Implications for Other Users of Audit Services. *Journal of Financial Regulation and Compliance,* 8**,** 300-308.
FELEAGĂ, L., FELEAGĂ, N. & VASILE, C. 2008. The Stakes in applying the International Financial Reporting Standards (IFRS) Within the Small and Medium Enterprises. *Accounting and Management Information Systems,* 26**,** 43-54.
FERF. 2006. *What Do Users of Private Companies Financial Statements Want?* [Online]. New Jersey, USA.: Financial Executives Research Foundation. Available: http://www.pcfr.org/downloas/05_07_Meet_Materials/FERF_Private_Co_User_Survey. [Accessed 3/12/2012.
FIELD, A. 2009. *Discovering Statistics Using SPSS,* London, SAGE Publications Ltd.
FITZPATRICK, M. & FRANK, F. 2009. IFRS for SMEs: The Next Standard for U.S. Private Companies? *Journal of Accountancy,* 208**,** 50-54.
FLEGM, E. H. 2006. Debate over FASB's Conceptual Framework Ignores Owners and Managers. *CPA Journal,* 79**,** 6-9.
FLOWER, J. 2002. *Global Financial Reporting.,* Basingstoke, Palgrave Macmillan.
FOX, A., HANNAH, G., HELLIAR, C. & VENEZIANI, M. 2013. The Costs and Benefits of IFRS Implementation in the UK and Italy. *Journal of Applied Accounting Research,* 14**,** 86-101.
FULBIER, R. U. & GASSEN, J. 2010. IFRS for European Small and Medium-Sized Entities? : A Theoretical and Empirical Analysis (Research Report). Bayreuth-Germany: Institute of Financial Accounting and Auditing.
GASSEN, J. 2008. *Are Stewardship and Valuation Usefulness Compatible or Alternative Objectives of Financial Accounting?* [Online]. Humboldt University of Berlin Available: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1095215 [Accessed 22/03/2012.
GJESDAL, F. 1981. Accounting for Stewardship. *Journal ofAccounting Research,* 79**,** 208-231.
GODFREY, J., HODGSON, A., TARCA, A., HAMILTON, J. & HOLMES, S. 2010.

Accounting Theory, Milton, John Wiley & Sons Australia, Ltd.
GÖRANSSON, W. 2008. *The Pain Versus Gain.....IFRS "Light" Anyone! A Qualitative Study on the Proposed IFRS for SMEs Would It be Suitable for Companies in Sweden"?* Master, Umeå University.
GORE, R. & ZIMMERMAN, D. 2007. Building the Foundations of Financial Reporting: The Conceptual Framework. *CPA Journal,* 77**,** 30-34.
GRANT, R. M. 1991. Porter's `Competitive Advantage of nations': An Assessment. *Strategic Management Journal,* 12**,** 535-548.
GRAY, K. R., COOLEY, W. & LUTABINGWA, J. 1997. Small-scale Manufacturing in Kenya. *Journal of Small Business Management,* 1**,** 66-72.
HALBOUNI, S. 2005. An Empirical Investigation of the Perceived Suitability of International Accounting Standards for Jordan. *Journal of Economic and Administrative Sciences,* 21**,** 73 -102.
HALLER, A. & EIERLE, B. 2004. The Adaptation of German Accounting Rules to IFRS: a Legislative Balancing Act. *Accounting in Europe,* 1**,** 27-50.
HALLER, A. & EIERLE, B. 2007. Final Report of the Survey on the ED-IFRS for SMEs Among German SME. Berlin: Accounting Standards Committee of Germany.
HALLER, A. & EIRLE, B. 2008. Does Size Influence Attitudes of Preparer Financial Statements Towards Financial Accounting – The Case of ED – IFRS for SMEs. *Annual Congress of European Accounting Association.* Rotterdam, the Netherlands
HAPPER, M. 1998. *Profit for the Poor: Case of Micro- Finance,* London, London Intermediate Technology Publications.
HARVEY, D. & WALTON, P. 1996. Differential Reporting - an Analysis. London: The Foundation for Manufacturing and Industry.
HASAN, E., MALA, S., FINAU, G. & RANI, P. 2014. The 2012 Reivew OF IFRS FOR SMES: Possible Responses from the FIJI Institute of Accountants. *Accounting & Taxation,* 6**,** 71-83.
HATTINGH, C. P. 2001. *Straight talking: the need for a second tier accounting system in South Africa* [Online]. South Africa: Accountancy SA. Available: http://www.highbeam.com/doc/1P3-72354769.html.
HENRY, E. & HOLZMANN, J. 2011. Conceptual Framework Revisions: Say Goodbye to "Reliability" and "Stewardship". *Journal of Corporate Accounting & Finance,* 22**,** 91-94.
HILLARY, R. E. 2000. *Small and Medium-sized Enterprises and the Environment: Business Imperatives,* Sheffield, Greenleaf Publishing Ltd.
HORN, J. L. 1965. A Rationale and Test for the Number of Factors in Factor analysis. *Psychometrika,* 30**,** 179-185.
HUBBARD, R. & ALLEN, S. J. 1987. An Empirical Comparison of Alternative Methods for Principle Component Extraction *Journal of Business Research,* 15**,** 173-190.
HUSSAIN, J., MILLMAN, C. & MATLAY, H. 2006. SME Financing in the UK and in China: a Comparative Perspective. *Journal of Small Business and Enterprise Development,* 13**,** 584-599.
HUTCHESON, G. & SOFRONIOU, N. 1999. *The Multivariate Social Scientist,* London, Sage.
IASB. 2003. *Board Decisions on International Financial Reporting Standards* [Online]. London: IFRS Foundation. Available: http://www.ifrs.org/search/Pages/results.aspx?k=%20standards%20for%20small%20and%20medium-sized%20entities%2C%20IASB%20board%20meeting%20july%202003

[Accessed 22/03/2013.
IASB. 2004a. *Discussion Paper : Preliminary Views on Accounting Standards for Small and Medium-sized Entities* [Online]. London: IFRS Foundation. Available: http://www.ifrs.org/search/Pages/results.aspx?k=preliminary%20review%20on%20accounting%20standards%20for%20small%20and [Accessed 19/01/2013.
IASB. 2004b. *Financial Reporting Standards for Small and Medium-sized Enitities* [Online]. London: IFRS Foundation. Available: http://www.ifrs.org/search/Pages/Results.aspx?k=financial%20reporting%20standards%20for%20small%20%20and%20medium%20%2C%202004 [Accessed 23/12/2012.
IASB. 2005a. *SME Questionnaire* [Online]. UK: IFRS Foundation. Available: http://www.ifrs.org/IFRS-for-SMEs/history/Pages/SME-Questionnaire.aspx [Accessed 22/11/2014.
IASB. 2005b. *Staff Questionnaire on Possible Recognition and Measurement Modifications for Small and Medium-sized Entities* [Online]. London: IFRS Foundation. Available: http://www.ifrs.org/search/Pages/results.aspx?k=the%20staff%20questionnaire%20on%20recognition [Accessed 19/09/2013.
IASB. 2007. *Exposure Draft of the Proposed International Financial Reporting Standard for Small and Medium-sized Entities* [Online]. London: IFRS Foundation. Available: based on full IFRS [Accessed 09/07/2013.
IASB. 2008. *Comment Letters* [Online]. IFRS Foundation Available: http://www.ifrs.org/Current-Projects/IASB-Projects/Small-and-Medium-sized-Entities/Exposure-Drafts-and-Comment-Letters/Comment-Letters/Pages/Comment-letters.aspx [Accessed 25/11/2014.
IASB. 2009a. *Framework for the Preparation and Presentation of Financial Statements* [Online]. London: IFRS Foundation and the IASB Available: http://www.ifrs.org/search/Pages/results.aspx?k=IASC%20Framework%20For%20Preparation%20And%20Presentation%20Of%20Financial%20Statements [Accessed 13/04/2012.
IASB. 2009b. *IASB Publishes IFRS for SMEs* [Online]. London: IFRS Foundation. Available: http://www.ifrs.org/News/Press+Releases/IASB+publishes+IFRS+for+SMEs.htm [Accessed 3/12/2012.
IASB. 2009c. *IFRS for SMEs* [Online]. IFRS Foundation and the IASB. Available: http://eifrs.iasb.org/eifrs/sme/en/IFRSforSMEs2009.pdf [Accessed 1/12/2012.
IASB. 2009d. *Illustrative Financial Statements Presentation and Disclosure Checklist* [Online]. London: IFRS Foundation and the IASB. Available: http://eifrs.iasb.org/eifrs/sme/en/IFRSforSMEsImplementationGuidance2009.pdf [Accessed 3/12/2012.
IASB. 2009e. *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) Basis for Conclusions* [Online]. London: IFRS Foundation and the IASB. Available: http://eifrs.iasb.org/eifrs/sme/en/IFRSforSMEsBasisforConclusions.pdf [Accessed 3/12/2012.
IASB. 2010. *Conceptual Frameworkfor Financial Reporting 2010* [Online]. London: IFRS Foundation and the IASB Available: http://www.ifrs.org/search/Pages/results.aspx?k=Conceptual%20Framework%20for%20Financial%20Reporting%202010. [Accessed 25/02/2013.

IASB. 2012a. *The Unaccompanied IASs and Their Technical Summaries* [Online]. London: IFRS Foundation and the IASB. Available: http://www.ifrs.org/IFRSs/Pages/IAS.aspx [Accessed 4/12/2012.
IASB. 2012b. *Unaccompanied IFRSs in English as of 1 January 2012 and Their Technical Summaries* [Online]. London: IFRS Foundation and the IASB Available: http://www.ifrs.org/IFRSs/Pages/IFRS.aspx [Accessed 4/12/2012.
IASB. 2014a. *The Conceptual Framework for Financial Reporting* [Online]. London IFRS Foundation. Available: http://www.ifrs.org/IFRSs/Documents/Technical-summaries-2014/Conceptual%20Framework.pdf [Accessed 24/11/2014.
IASB. 2014b. *IASB Finalises its Technical Discussions on the Amendments to the IFRS for SMEs* [Online]. London: IFRS Foundation. Available: http://www.ifrs.org/Meetings/MeetingDocs/IASB/2014/December/AP05-IFRS-for-SMEs.pdf [Accessed 22/11/2014.
IASB. 2014c. *Use of IFRS Around the World: What We Have Learned So Far* [Online]. London: IFRS foundation Available: http://www.ifrs.org/Meetings/MeetingDocs/Trustees/2014/January/MB2%20IFRS%20Use%20Around%20the%20World.pdf [Accessed 15/11/2014.
IJIRI, Y. 1975. *Theory of Accounting Measurement,* USA, American Accounting Association.
IONASCU, I., IONASCU, M., OLIMID, L. & CALU, D. C. 2007. An Emperical Evaluation of the Cost of Harmonizing Romanian Accounting with International Regulation (EU Directives and IAS/IFRS). *Accounting in Europe,* 4**,** 169-206.
ISTAR 2004. Standards for Small and Meduim-sized Entities - IASB Board Meeting Apprial 2004. London.
JAIN, A. 2010. Key aspects of IFRS for SMEs *The Gleaner.* Jamaica Gleaner Company Ltd.
JANKOWICZ, A. D. 2000. Business Research Projects. London: Business Press.
JARVIS, R. & COLLIS, J. 2003. IFRSs and Differential Reporting. *British Accounting Association Annual Conference of the South Eastern Accounting Group.* UK.
JEDCO. 2009. *SMEs Development in Jordan* [Online]. Jordan: Jordan Enterprise Development Corporation Investments. Available: http://worldsmeexpo.hktdc.com/pdf/2011/SeminarRoom_C/Dec_3/1630_1800_24/2_AAl-Ahmad.pdf [Accessed 2/12/2012.
JERMAKOWICZ, E. K. & EPSTEIN, B. R. 2010. IFRS for SMEs – An Option for U.S. Private Entities? *Review of Business,* 30**,** 72-79.
JERMAKOWICZ, E. K. & GORNIK-TOMASZEWSKI, S. 2006. Implementing IFRS from the Perspective of EU Publicly Traded Companies. *Journal of International Accounting, Auditing and Taxation,* 15**,** 170-196.
JOHN, B. & HEALEAS, S. 2000. Financial Reporting Standard for Smaller Entities: a Fundamental or Cosmetic Change? *Occasional Research Paper No. 30* [Online]. Available: http://www2.accaglobal.com/pubs/general/activitiesx/research/research_archive/orp-030-001.pdf [Accessed 3/12/2012].
JORDAN NATIONAL COMPETITIVENESS TEAM. 2007. *Jordan's Competitiveness Report 2007* [Online]. Amman: Jordan National Competitiveness Team. Available: http://pdf.usaid.gov/pdf_docs/PNADM945.pdf [Accessed 12/12/2011.
JORDAN NATIONAL COMPETITIVENESS TEAM. 2009. *Jordan's National*

Competitiveness Report 2008-2009 [Online]. Amman: Jordan National Competitiveness Team. Available: http://www.amman.msz.gov.pl/resource/da05662f-eeb9-4f38-9b3b-a9bb1286a067 [Accessed 17/03/2012.

JORDAN SMALL BUSINESSES AND HUMAN DEVELOPMENT. 2011. *Jordan Human Development Report* [Online]. Jordan, Amman: The Ministry of Planning and International Cooperation By the United Nations Development Programme. Available: http://hdr.undp.org/en/reports/national/arabstates/jordan/Jordan_NHDR_2011.pdf [Accessed 3/12/2012.

JOSHI, P. L. & AL-BASTEK, H. 1999. Development of Accounting Standards and Adoption of IFRS: Perceptions of Accountants from a Developing country. *Asian Review of Accounting,* 7**,** 96-117.

JOSHI, P. L. & RAMADHAN, S. 2002. The Adoption of International Accounting Standards by Small and Closely Held Companies in Bahrain. *International Journal of Accounting,* 37**,** 429-440.

KAISER, H. F. 1970. A Second Generation Little Jiffy. *Psychometrika,* 35**,** 401-415.

KAISER, H. F. 1974. An Index of Factorial Simplicity *Psychometrika,* 39**,** 31-36.

KANDAH, A. 2011. *SMEs Iin the MENA Region Access to Finance* [Online]. Jordan: Association of Banks In Jordan. Available: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=17&ved=0CEUQFjAGOAo&url=http%3A%2F%2Fwww.assaif.org%2Findex.php%2Fcontent%2Fdownload%2F33060%2F173846%2Ffile%2FSMEs%2520in%2520the%2520MENA%2520Region.pdf&ei=DcTXVOn0Fc7GsQTw1IC4Ag&usg=AFQjCNHF256wGIlfuyppBHhIcT9s8YFKIA [Accessed 20/03/2015.

KAPAYA, G. 2000. International Accounting Standards and Accounting in Developing/emerging Nations – How about a Fresh Start. *the International Association for Accounting Education and Research Conference.* Kobe-Japan.

KAYA, D. & KOCH, M. 2015. Countries' Adoption of the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) – Early Empirical Evidence. *Accounting and Business Research,* 45**,** 93–120.

KEASEY, K., WATSON, R. & WYNARCZYK, P. 1988. The Small Company Audit Qualification: A Preliminary Investigation. *Accounting & Business Research,* 18**,** 323-333.

KıLıÇ, M., UYAR, A. & ATAMAN, B. 2014. Preparedness for and Perception of IFRS for SMEs: Evidence from Turkey. *Accounting and Management Information Systems,* 13**,** 492-519.

KITCHING, J. 2006. A Burden on Business? Reviewing the Evidence Base on Regulation and Small-Business Prformance. *Environment and Planning : Government and Policy,* 24**,** 799-814.

KITINDI, E. 2004. The Small and Micro Enterprise Audit in Tanzania: Is it Worth the Effort? Evidence from an Exploratory Study. *The African Journal of Finance Management* 8**,** 1-10.

KOUMANAKOS, E. & ALEXANDROU, G. 2012. Survey on the Views of IFRS for SMEs in Four Countries. Greece: Leonardo De Vinci - Transfer of Innovation EU Program

KPMG. 2010. *The IFRS for SMEs: Considering the Alternatives* [Online]. KPMG International Cooperative Available: http://www.kpmg.com/global/en/issuesandinsights/articlespublications/the-ifrs-for-smes/pages/considering-the-alternatives.aspx [Accessed

25/02/2013.
KURESHI.N, QURESHI.F & SAJID.A 2009. An Empirical Study of Supplier Development Practices in a Developing Economy – SMEs Perspective. *WSEAS Transactions on Business and Economies,* 6**,** 255-268.
LA PORTA, R., LOPEZ-DE-SILANES, F., SHLEIFER, A. & VISHNY, R. W. 1997. Legal Determinants of External Finance. *The Journal of Finance,* 52**,** 1131−1150.
LA PORTA, R., LOPEZ-DE-SILANES, F., SHLEIFER, A. & VISHNY, R. W. 1998. Law and Finance. *Journal of Political Economy,* 106**,** 1113−1155.
LACOB, C. & SIMIONESCU BUSE, S. 2010. Necessity and Reality Between Information Transparency in Performance to Track. . *Annals of the University of Petrosani, Economics,* 10**,** 117-124.
LENNARD, A. 2007. Stewardship and the Objectives of Financial Statements: A Comment on IASB's Preliminary Views on an Improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-Useful Financial Reporting Information. *Accounting in Europe,* 4**,** 51-66.
LOZADA RIVERA, A. & RÍOS FIGUEROA, C. 2014. IFRS FOR SME'S: Fashion Movement or Route to Convergence. *Revista Global De Negocios,* 2**,** 41-54.
LOZADA RIVERA, A. R. 2015. Seductive Route TowardsConveregnce Disclosure: IFRS for SMEs. *Revista Internacional Administracion & Finansas,* 8**,** 83-103.
LOZI, B. M. 2008. Small Scale Industries in the Globalization Era: the Case of Jordan. *Journal of Business and Public Affairs,* 2**,** 1-11.
LUCKY, E. O.-I. & OLUSEGUN, A. I. 2012. Is Small and Medium Enterprises (SMEs) an Entrepreneurship? *International Journal of Academic Research in Business & Social Sciences,* 2**,** 487-496.
LUNGU, C. I., CARAIANI, C. & DASCALU, C. 2007. New Directions of Financial Reporting within Global Accounting Standards for Small and Medium sized Entities. Academy of Economic Studies of Bucharest.
LUSSIER, R. N. 1996. Reasons Why Small Businesses Fail: An How to Avoid Failure. *The Entrepreneur Executive,* 1**,** 10-17.
MA, R. 1997. *Financial Reporting in the Pacific Asia Region.,* Singapore, World Scientific Publishing. Co. Pte. Ltd. .
MACCALLUM, R. C., WIDAMAN, K. F., ZHANG, S. & HONG, S. 1999. Sample Size in Factor Analysis. *Psychological Methods,* 4**,** 84-99.
MACKENZIE, B., LOMBARD, A., COETSEE, D., NJIKIZANA, T., CHAMBOKO, R. & SELBST, E. 2011. *Applying IFRS for SMEs,* Hboken, New Jersey and Published Simultaneously in Canada, John Wily & Sons, Inc.
MAHADEA, D. 1996. Financial Constraints on Small Business Entrepreneurs: aTranskei Case Study. *Acta Academia,* 29**,** 70-89.
MAINGOT, M. & ZEGHAL, D. 2006. Financial Reporting of Small Business Entities in Canada. *Journal of Small Business Management,* 44**,** 513-530.
MALHOTRA, N. K. 2008. *Marketing Research: An Applied Orientation,* New Jersey, Pearson.
MASEKO, N. & MANYANI, O. 2011. Accounting Practices of SMEs in Zimbabwe: An Investigative Study of Record keeping for Performance Measurement (A Case Study of Bindura). *Journal of Accounting and Taxation* 3**,** 171-181.
MATAR, M. & NOOR, A., NATURE AND 2008. Limitations of Disclosure about tbe Financial Information for Small and Medium-Sized Enterprises. *ISPCSMSE.*
MATAR , M. A. 2009. The Impact of Accounting Systems and Professional

Standards in Enbancing Effectiveness and Efficiency of Corporate Governance Systems of Jordanian Public Shareholding Companies. *Dirasat Journal: Administrative Sciences,* 36**,** 459-476.

MATHEWS, M. R. & PERERA, M. H. B. 1996. *Accounting Theory and Development. ,* Melbourne, Thomas Nelson.

MATLAY, H. & WESTHEAD, P. 2005. Virtual Teams and Rise of E-entrepreneurship in Europe. *International Small Business Journal,* 23**,** 279 – 300.

MCALEESE, G. 2001. FRSSE: The Solution to Accounting for Small Companies? *Accountancy Ireland,* 33**,** 18.

MCMAHON, R. G. P. & STANGER, A. M. J. 1995. Understanding the Small Enterprise Financial Objective Function. *Entrepreneurship: Theory & Practice,* 19.

MCQUAID, L. 2009. IFRS for SMEs: More Good News! *Accountancy Ireland,* 41**,** 24-25.

MENSAH, S. 2004. A Review of SME Financing Schemes in Ghana *the UNIDO Regional Workshop of Financing Small and Medium Scale Enterprises.* Accra, Ghana.

MERSEREAU, A. 2002. Differential Reporting: A Change in Canadian GAAP That Will be of Interest to Most Canadian Corporations. *CA Magazine.* Jun-July.

MINH LE, P. N. 2012. What Determines the Access to Credit by SMEs? A Case Study in Vietnam. *Journal of Management Research,* 4**,** 90-115.

MINISTRY OF INDUSTRY AND TRADE. 2005. *The Companies Law No. 22 of 1997 And its amendments* [Online]. Available: http://www.mit.gov.jo/Default.aspx?tabid=502 [Accessed 10/5/2012.

MINISTRY OF INDUSTRY AND TRADE. 2011. *Companies' Incquires* [Online]. Available: http://www.mit.gov.jo/Default.aspx?tabid=554 [Accessed 12/01/2013.

MINISTRY OF INDUSTRY AND TRADE IN JORDAN. 2009. *SMEs Classifications in Jordan* [Online]. Jordan: Ministry of Industry and Trade. Available: http://www.mit.gov.jo/tabid/36/default.aspx.

MIRZA, A., HOLT, G. & M., O. 2008. *IFRS Practical Implementation Guide and Workbook,* New Jersey, John Wiley & Sons, Inc.

MOSSO, D. 1983. Standard overload. No Simple Solution. *The CPA Journal*.

MOUTON, J. 2008. *How to Succeed in Your Master and Doctoral Studies,* Pretoria, Van Schaik

MULHERN, A. 1995. The SME Sectors in Eurpoe: A Broad Perspective. *Journal of Small Business Management,* 33**,** 83-87.

MÜLLEROVA, L., PASEKOVA, M. & HYBILOVA, E. 2010a. Harmonization of Financial Reporting of Small and Medium-sized Enterprises in the Czech Republic. *Journal of Modern Accounting and Auditing,* 6**,** 55-64.

MÜLLEROVA, L., PASEKOVA, M. & KUBICKOVA, D. 2010b. Analysis of Differences in Reporting According to IFRS in SMEs in the Czech Republic and its Influence on Performance Measurement. *Economic Studies & Analyses / Acta VSFS,* 4**,** 106-124.

MYDDELTON, D. R. 2004. *Unshackling Accountants,* London, The Institute of Economic Affairs.

NASER, K. 1998. Comprehensiveness of Disclosure of Non-financial Companies Listed on the Amman Financial Market. *International Journal of Commerce & Management,* 2**,** 88−119.

NASER, K. & AL-KHATIB, K. 2000. Determinants of the Depth of Information Disclosure in the Board of Directors' Statements of a Sample of Jordanian

Listed Companies. *Advances in International Accounting,* 13**,** 99−118.
NATIONAL SME COUNCIL OF MALAYSIA. 2008. Available: http://www.smeinfo.com.my/index.php/en/sme-definition.
NEAG, R., MASCA, E. & PĂSCAN, I. 2009. Actual Aspects Regarding the IFRS for SME – Opinions, Debates and Future Devel Opments. *Annales Universitatis Apulensis Series Oeconomica,* 1**,** 32-42.
NERUDOVA, D. & BOHUSOVA, H., . 2008. The Empirical Study of the SMEs Position in the Process of IFRS for SME Application in the Czech Republic. *Economics & Management Research News***,** 163-169.
NGUYEN, T. P. U. 2010. *History of the Development of New Zealand Accounting Standards for Small and Medium Enterprises and the Future Prospects of IFRS for SMEs* Master, The Auckland University of Technology
NICOLETA, P. D., VICTORIA, B. & MARIANA, F., III, 2009. Standards, Rules or Principles Based Accounting Regulation. *Journal of Faculty of Economics,* 3**,** 1125-1131.
NOBES, C. 1984. *International Classification of Financial Reporting,* London, Croom Helm Ltd.
NOBES, C. & PARKER, R. 2006. *Comparative International Accounting,* Harlow, England, Pearson Education.
O'CONNELL, V. 2007. Reflections on Stewardship Reporting. *Accounting Horizons,* 21**,** 215-227.
OECD 2002. OECD Small and Medium Enterprise Outlook. Paris: Organisation for Economic Co-operation and Development (OECD) Publication Service.
OECD 2006. *The SME Financing Gap: Theory and Evidence,* France, Organization for Economic Co-operation and Development (OECD).
OKPARA, J. O. & KABONGO, J. D. 2009. An Empirical Evaluation of Barriers Hindering the Growth of Small and Medium Enterprises (SMEs) in a Developing Economy. *African Jornal of Business and Economic Research,* 4**,** 7-21.
OZER, B. & YAMAK, S. 2000. Self-sustaining Pattern of Finance in Small Business: Evidence from Turkey. *Hospitality Management,* 19**,** 261-273.
PACTER, P. 2004. Will the GAAP Widen for SMEs? *Accountancy,* 133**,** 118-122.
PACTER, P. 2008. An IFRS for Private Entities. *International Journal of Disclosure and Governance,* 6**,** 4-20.
PACTER, P. 2009. IFRS for Most Private Companies Go Lives. *Financial Executive,* 25**,** 28-30.
PACTER, P. 2011a. Implementing the IFRS for SMEs. *The World Standards Setters Meeting.* London
PACTER, P. 2011b. *World Standard-setters Meeting* [Online]. London: IFRS Foundation. Available: http://www.ifrs.org/search/Pages/results.aspx?k=at%20the%20World%20Standards%20Setters%20Meeting%202011%2C%20pacter [Accessed 10/09/2013.
PAGE, M. 1984. Corporate Financial Reporting and the Small Independent Company. *Accounting & Business Research,* 14**,** 271-282.
PAGE, M. 1992. The ASB's Proposed Objective of Financial Statements: Marching in Step Backwards? . *The British Accounting Review,* 24**,** 77-85.
PAGE, M. & HINES, T. 2006. *Response to IASB/FASB Exposure Draft: An Improved Conceptual Framework for Financial Reporting* [Online]. London: IFRS Foundation and the IASB. Available: http://www.ifrs.org/search/Pages/Results.aspx?k=Response%20to%20FASB%2FIASB%20Preliminary%20Views [Accessed 14/11/2012.

PALLANT, J. 2011. *SPSS Survival Manual* Australia-NSW, Allen & Unwin.
PARKER, L. D. & ROFFEY, B. H. 1997. Methodological Themes: Back to the Drawing Board: Revisting Grounded Theory and the Everyday Accountant's and Manager's Reality. *Accounting, Auditing, & Accountability Journal,* 10**,** 212-247.
PEASNELL, K. E. N., DEAN, G. & GEBHARDT, G. 2009. Reflections on the Revision of the IASB Framework by EAA Academics. *Abacus,* 45**,** 518-527.
PLOYBUT, S. 2012. *Financial Reporting by Small and Medium Enterprises in Thailand.* Doctor of Philosophy, University of Portsmouth.
POBA 2006. Review of How Accountants Support the Needs of Small and Mediumsized Companies and Their Stakeholders. London: Financial Reporting Council.
POTOBSKY, G. 1992. Small and Medium-Sized Enterprises and Labour Law. *International Labour Review,* 131**,** 601-628.
PWC. 2009. *Similarities and Differences, A Comparison of Full IFRS and IFRS for SMEs* [Online]. PricewaterhouseCoopers. Available: http://www.pwc.com/gx/en/ifrs-reporting/similarities-differences-ifrs-local-gaap/comparison-ifrs-for-smes.jhtml [Accessed 4/12/2012.
QUAGLI, A. & PAOLONI, P. 2012. How is the IFRS for SME Accepted in the European Context? An Analysis of the Homogeneity Among European Countries, Users and Preparers in the European Commission Questionnaire. *Advances in Accounting,* 28**,** 147-156.
RAM, R. D. 2012. *Development of the International Financial Repoting Standards for Small and Medium-sized Entities.* Doctor of Philosophy, The University of Sydeny.
RAWASHDEH, M. 2003. Effects of introducing International Accounting Standards on Amman Stock Exchange. *Journal of American Academy of Business,* 3**,** 361−366.
RENNIE, M. D. & SENKOW, D. W. 2009. Financial Reporting for Private Companies: The CanadianE xperience. *Accounting Perspectives,* 8**,** 43-67.
ROBSON, J. 2002. *Real World Research,* Oxford, Blackwell.
RODNEY, J., TURNER, A. L. & KELLY, J. 2009. Project Management in Small to Medium-sized Enterprises A Comparison Between Firms by Size and Industry. *International Journal of Managing Projects in Business,* 2**,** 282-292.
RODRIGUES, L. L. & CRAIG, R. 2007. Assessing International Accounting Harmonization Using Hegelian Dialectic, Isomorphism and Foucault. *Critical Perspectives on Accounting,* 18**,** 739-757.
ROSC. 2004. *Report on the Observance of Standards and Codes (Jordan)* [Online]. Jordan: Accounting and Auditing by a team from the World Bank. Available: http://www.worldbank.org/ifa/rosc_aa_jor.pdf [Accessed 22/12/2012.
RUNDFELT, R. 2007. *Accounting Standards for Unlisted Entities: Do We Need Special Accounting Standards for Unlisted Entities and, if so, What Should They Look Like?* [Online]. Available: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CC0QFjAA&url=http%3A%2F%2Fwww.snee.org%2Ffiler%2Fpapers%2F434.pdf&ei=4-N7Uta8BdDe7Abxk4DgCA&usg=AFQjCNGb_YgDDJau7xFYH4jiZIVGklZ86Q&bvm=bv.56146854,d.d2k [Accessed 22/06/2013.
SALE, J. T., SALTER, S. B. & SHARP, D. J. 2007. *Advances in International Accounting,* UK, Elsevier.

SALTER, S. & DOUPNIK, T. 1992. The Relationship Between Legal Systems and Accounting Practices: A Classification Exercise. *Advances in International Accounting,* 5**,** 3−22.
SARAPAIVANICH, N. & KOTEY, B. 2006. The Effect of Investment Readiness in Accounting External Finance of SMEs in Thailand *29th Institute for Small Bussiness and Enterpreneurship* Cardiff.
SAUNDERS, M., LEWIS, P. & THORNHILL, A. 2009. *Research Methods for Business Students,* England, Pearson Education Limited.
SCHIEBEL, A. 2008. Is There Solid Empirical Evidence for the IASB's Draft IFRS for SMEs? *Congress of the European Accounting Association.* Rotterdam,The Netherlands.
SCHULTZ, J. J. & LOPEZ, T. J. 2001. The Impact of National Influence on Accounting Estimates: Implications for International Accounting Standard-setters. *The International Journal of Accounting,* 36**,** 271-290.
SCOTT, M. & BRUCE, R. 1987. Five Stages of Growth in Small Business . . *Long Range Planning,* 20**,** 45-52.
SCOTT, W. R. 2002. An International Comparison and Evaluation of Financial Accounting Concepts Statements. . *Canadian Accounting Perspectives,* 1**,** 163-184.
SEIFERT, D. L. & LINDBERG, D. L. 2010. Key Provisions of IFRS for Small and Medium-sized Entities. *CPA Journal,* 80**,** 34-37.
SHARMA, D. S. & ISELIN, E. R. 2003. The Decision-Usefulness of Reported Cash Flow and Accrual Information in a Behavioural Field Experiment. *Accounting and Business Research,* 33**,** 123-135.
SHEARER, B. 2007. Decision Time for Private Company GAAP? *Accountancy magazine.*
SIAM, W. Z. 2005. Advantages of and Obstacles Facing the application of International Accounting Standards in Jordan: An Exploratory Study of Views of Accounting Professionals. *Journal of Business Administration,* 1**,** 1-17
SIAM, W. Z. & AL-DAASS, A. 2011. The Applicability of Applying International Einancial Reporting Standards for Small and Medium-sized Enterprises in the Jordanian Environment. *Advances In Management :,* 4**,** 39-46.
SIAN, S. & ROBERTS, C. 2008. *Micro-Entity Financial Reporting: Some Empirical Evidence on the Perspectives of Preparers and Users* [Online]. New York: International Federation of Accountants. Available: http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CC0QFjAA&url=http%3A%2F%2Fwww.ifac.org%2Fsites%2Fdefault%2Ffiles%2Fpublications%2Ffiles%2Fmicro-entity-financial-repo.pdf&ei=BUSGUrAekZKGB-blgNgE&usg=AFQjCNHvtwPpmmg6BByDjlwC_FH95srUPw [Accessed 25/06/2013.
SIAN, S. & ROBERTS, C. 2009. UK Small Owner-managed Businesses: Accounting and Financial Reporting Needs. *Journal of Small Business and Enterprise Development,* 16**,** 289-305.
SIMÖES, F. D. 2012. *Legal Capital Rules in Europe: Is There Still Room in Credit Protection?* [Online]. Available: http://www.researchgate.net/publication/228246417_Legal_Capital_Rules_in_Europe_Is_There_Still_Room_for_Creditor_Protection [Accessed 12/04/2013.
SINGH, R. D. & NEWBERRY, S. 2008a. Corporate Governance and International Financial Reporting Standards (IFRS): the case of developing countries.

Corporate Governance in Less Developed and Emerging Economies, 8**,** 483-518.
SINGH, R. D. & NEWBERRY, S. 2008b. Corporate Governance and International Financial Reporting Standards (IFRS): The Case of Developing Countries. *Research in Accounting in Emerging Economies,* 8**,** 483-518.
SODERSTROM, N. S. & SUN, K. J. 2007. IFRS Adoption and Accounting Quality: A Review. *European Accounting Review,* 16**,** 675-702.
SRIJUNPETCH, S. 2009. A Survey of Small Business Entrepreneurs toward Accounting Standards for SMEs. *Journal of Accounting Profession, Thammasat Business Journal of Accountancy,* 5**,** 32-55.
STAINBANK, L. J. 2010. An Examination of the Due Process in South Africa Which Led to the Adoption of the Draft International Financial Reporting Standard for Small and Medium-sized Entities. *Meditari Accountancy Research,* 18**,** 57-74.
STAUBUS, G. J. 1961. A Theory of Accounting to Investors. Berkeley, CA: University of California Press.
STAUBUS, G. J. 1977. *Making Accounting Decisions,* Houston, TX., Scholars Book Co.
STAUBUS, G. J. 2000. *The Decision-Usefulness Theory of Accounting: A Limited History (New Works in Accounting History),* New York, NY, Garland Publishing.
STAUBUS, G. J. 2004. Two Views of Accounting Measurement. *Abacus,* 40**,** 265-279.
STEPHENA, O. & DICKSON, M. O. 2010. International Financial Reporting Standards (IFRS) and SMEs in Nigerria : Perceptions of Academic. *International Journal of Recearch in Commerce & Management,* 2**,** 12-19.
STEVENS, J. P. 2002. *Applied Multivariate Statistics for the Social Sciences,* Hillsdale, NJ, Erlbaum.
STOBER, J. 1998. The Frost Multidimensional Perfectionism Scale Revisited: More Perfect with Four (Instead of Six). *Personality and Individual Differences,* 24**,** 481-491.
STOREY, D. J. 1994. *Understanding the Small Business Sector,* London, International Thomson Business Press.
STREET, D. & GRAY, S. 2001. Observance of International Accounting Standards: Factors Explaining Non-Compliance. . *ACCA Research Report.* London: ACCA.
STREET, D. L. & GRAY, S. J.-. 1999. How Wide Is the Gap Between IASC and U.S. GAAP? Impact of the IASC Comparability Project and Recent International Developments. *Journal of International Accounting, Auditing & Taxation 8,* 8**,** 133-164.
STROUHAL, J. 2012. Applicability of IFRS for SMEs in the Czech Republic *Economics and Management,* 17**,** 452-458.
STROUHAL, J., PASEKOVA, M. & MULLEROVA, L. 2010. Is Harmonization of SMEs Reporting Really Necessary? A Case of Central and Eastern European Countries. *Journal of Business & Economics,* 2**,** 48-63.
SULAIMAN, A. 2008. Relevance of Applying tbe International Finaneial Reporting Standard for Small and Medium-Sized Entities. *ISPCSMSE.*
TABACHNICH, B. G. & FIDELL, L. S. 2007. *Using Multivariate statistics,* Boston, Pearson Education.
TAYLOR, D. W. 2009. Costs-Benefits of Adoption of IFRSs in Countries With Different Harmonization Histories. *Asian Review of Accounting,* 17**,** 40-58.
TOMA, F. 2011. The Future of Micro-Entity Financial Reporting. *OTOC - EFAA*

Conference. Porto, Portugal: International Federation of Accountants.
TONGE, J. 2001. A Review of Small Business Literature Part 2: Birth, Growth and Death of The Small Business. Manchester Metropolitan University Business School: The Graduate School of Business of the Manchester Metropolitan University.
TRULSSON, P. 1997. *Understanding Industrial Entrepreneurship and Structural Change in Northern Tanzania,* Swedish, Department of Technology and Social Change, Linköping University.
TUSHABOMWE-KAZOOBA 2006. Causes of Small Business Failure in Uganda: A Case Study from Bushenyi and Mbarara Towns Charles. *African Studies Quarterly,* 8**,** 27-35.
TYRRALL, D., WOODWARD, D. & RAKHIMBEKOVA, A. 2007. The Relevance of International Financial Reporting Standards to a Developing country: Evidence from Kazakhstan. *The International Journal of Accounting,* 42**,** 82-110.
VAN WYK, H. A. 2005. Do Small Entities Require more Relaxed Differential Reporting in South Africa? *the International Research Conference for Accounting Educators.* Bordeaux, France.
VASEK, L. 2011. IFRS for SMES - A new Challenge for Worldwide Financial Reporting. *International Journal of Management Cases,* 13**,** 115-120.
VERONICA, G. & IONEL, B. 2010. IAS/IFRS Standards for SMES and the Impact on the Romanian Accounting System. *International Journal of Academic Research in Business & Social Sciences,* 2**,** 323-328.
WALKER, R. G. 2003. Objectives of Financial Reporting. *Abacus,* 39**,** 340-355.
WOOLDRIDGE, J. 2005. *Introductory Econometrics: A Modern Approach*, South-Western
WYK, H. A. V. & ROSSOUW, J. 2009. IFRS for SMEs in South Africa: A Giant Leap for Accounting, but too Big for Smaller Entities in General. *Meditari Accountancy Research,* 17**,** 99-116.
YAMANE, T. 1967. *Statistics: An Introductory Analysis,* New York, Harper and Row.
YOUNG, J. J. 2006. Making up Users. . *Accounting, Organizations and Society,* 31**,** 576-600.
ZEFF, A. S. 1999. The Evolution of The Conceptual Framework For Business Enterprises in The United States. *Accounting Historians Journal,* 26**,** 90-131.
ZEGHAL, D. & MHEDHBI, K. 2006. An Analysis of the Factors Affecting the Adoption of International Accounting Standards by Developing Countries. *The International Journal of Accounting,* 41**,** 373-386.
ZUELCH, H. & BURGHARDT, S. 2010. The Granting of Loans by German Banks to SMEs Against the Background of International Financial Reporting. *Journal of Applied Accounting Research,* 11**,** 43-57.
ZWICK, W. R. & VELICER, W. F. 1986. Comparison of Five Rules for Determining the Number of Component to Retain. *Psychological Bulletin,* 99**,** 432-442.

Appendices

Appendix (A): Differences between full IFRS and IFRS for SMEs

Table (1): *main differences between IFRS for SMEs and full IFRS regarding the presentation.*

Topic	IFRS for SMEs	Full IFRS	References
Numbers of comparative periods included in the statement of financial position	Includes only one comparative period in the statements of financial position.	Includes two comparative periods in the statements of financial position. [IAS 1.10]	(Mackenzie et al., 2011, IASB, 2012a)
Exemption from preparing consolidated financial statements	Available if there is only one subsidiary acquired with the intention of sale within a year. [IFRS for SMEs. 9]	Not available under full IFRS.	(Mackenzie et al., 2011, IASB, 2009c)
Assets held for sales and disposable groups	Assets held for sales and disposable groups are not included in separate section in the statements of financial position as assets held for sales is not covered in this IFRS. [Basic for Conclusion BC118-119]	Presented in a separate section in the statements of financial position. [IFRS 5]	(Vasek, 2011, Mackenzie et al., 2011, Deloitte, 2009a, IASB, 2012b, IASB, 2009e, PWC, 2009)
The different dates for presenting	Could be more than three months. [IFRS for SMEs 9.16]	Must not exceed three months. [IAS 27R.22-23]	(Mackenzie et al., 2011, PWC, 2009, IASB,

financial statements between subsidiary and parent			2012a, IASB, 2009c)
Whether a combined statement of income and retained earnings is permitted or not	Permitted If only the change in equity throughout the financial year was caused by profit or loss, payment of dividends, correction of prior period errors or changes in accounting Policy. [IFRS for SMEs 3.17-3.18 and 6.4-6.5]	Not permitted	(Vasek, 2011, Mackenzie et al., 2011, IASB, 2009c, PWC, 2009)
Reporting cash flow from operating, investing and financing activities	Reported separately in gross. [IFRS for SMEs 7.7,7.10 and 7.18-7.19]	Same as IFRS for SMEs but allows some cash flow to be presented according to net basis. Furthermore full IFRS encourages the direct method to report the cash flow from operating. [IAS 7.18-7.20, 7.22]	(IASB, 2009c, IASB, 2012a, PWC, 2009)
Investment property that	Not required to disclose the fair	Required to disclose the fair value unless it	

is accounted as PPE	value of that property	cannot be determined reliably.	(Mackenzie et al., 2011, KPMG, 2010)
Disclosing the accounting policy pertaining to government grant	Not required to be disclosed	Disclosure is required	(Mackenzie et al., 2011)
Disclosing leases	Not required to be under financial instruments.	Must be under IFRS 7 *Financial Instrument: disclosure.*	(Mackenzie et al., 2011)
Disclosure regarding the effect of changing in standards that had been issued but had not been effective yet	Not required	Required	(Mackenzie et al., 2011)
Dividends declared after the end of reporting period	Not recognised as a liability, but the amount of these dividends could be presented separately in retained earnings.	Neither recognised as a liability nor the amount of these dividends could be presented separately in retained earnings	(Ernst & Young, 2010)
Source: Compiled by the author from various sources as indicated in the reference Column.			

Table (2): *differences between IFRS for SMEs and full IFRS regarding the simplification of options, measurements and recognitions.*			
Topic	IFRS for SMEs	Full IFRS	References
Joint venture, associate and business combination.			
Business combinations	Uses the acquisition method by using cost approach-attributable costs capitalised for business combinations (purchase method, cost allocation model). [IFRS for SMEs 19.11]	Fair value exchange approach – attributable costs are expensed (revised acquisition method based on fair value. [IFRS 3R.37, 3R.42, 3R.53]	(Vasek, 2011, Seifert and Lindberg, 2010, Chartered Accountants Ireland, 2010, IASB, 2009c, IASB, 2012b, Deloitte, 2010a)
Goodwill and other indefinite-life intangible assets.	Amortises the goodwill and other indefinite-life intangible assets over 10 years and to test the impairment only when there is an indication of impairment instead of testing the impairment annually. And the full goodwill method is not applied. [IFRS for SMEs 27, 19.22-19.23]	Subject to impairment test rather than amortising. The full goodwill method might be applied [IAS 36, 38 3R.32, 36.9-10]	(Jermakowicz and Epstein, 2010, Christie et al., 2010, Seifert and Lindberg, 2010, Vasek, 2011, McQuaid, 2009, Veronica and Ionel, 2010, Chartered Accountants Ireland, 2010, Deloitte, 2009a, IASB, 2009c, IASB, 2012a, PWC,

			2009, Deloitte, 2010a)
Contingent consideration for business combination	Involved as a part of acquisition costs providing that this consideration is likely to be paid as well as fair value can be reliably determined.	Recognised regardless of the probability of payment occurrence. [IFRS 3]	(Vasek, 2011, IASB, 2012b, PWC, 2009)
Contingent consideration adjustment outside of the measurement period.	Against goodwill	To profit and loss or other comprehensive income.	(Chartered Accountants Ireland, 2010)(Deloitte, 2010a)
Contingent liability	Recognised only if the fair value can be measured reliably	Recognised when meeting the definition in the *framework for the preparation and presentation of financial statements* without requiring the reliability measurement as stated in IFRS for SMEs	(Deloitte, 2010a, Ernst & Young, 2010)
Acquisition cost	Included in both purchase consideration and goodwill.	Recognised as expense.	(Deloitte, 2010a, Mackenzie et al., 2011)
Transaction cost of business	Included in acquisition cost, capitalised.	Not included and recognised as	(Vasek, 2011, Mackenzie et

combination		expense. [IFRS 3]	al., 2011, IASB, 2012b)
Retained interest after disposal (loss of control) of subsidiary	Measuring at the carrying amount at the point of disposal.	Measuring at fair value	(Mackenzie et al., 2011)
Accounting for non-controlling interest	IFRS for SMEs does not give an option to measure non-controlling interest at fair value at the date of acquisition. [IFRS for SMEs 9]	Gives an option for non-controlling interest to be measured at fair value at the date of acquisition. [IFRS 3R. 118]	(Mackenzie et al., 2011, IASB, 2009c, IASB, 2012b)
Joint venture	Uses the cost or equity method of accounting for joint venture unless there is a published price quotation (in this case, fair value through profit or loss will be used) where the proportionate consolidated method is disallowed. [IFRS for SMEs 15.9]	The cost and fair value models are not permitted under full IFRS (only permitted in separate financial statements, which use only the equity method or proportionate consolidation method). [IAS 31.2, 31.30]	(Christie and Brozovsky, 2010, Jermakowicz and Epstein, 2010, McQuaid, 2009, Veronica and Ionel, 2010, Mackenzie et al., 2011, Deloitte, 2009a, IASB, 2009c, IASB, 2012a, PWC, 2009)

Associate	Uses cost or equity method of accounting for associate unless there is a published price quotation (in this case fair value through profit or loss will be used). [IFRS for SMEs 14.4] [Basic for Conclusion BC115-117]	The cost method is not permitted under full IFRS which uses only the equity model except when investments are classified as held for sale use IFRS 5 (75) (the cost and fair value are permitted in a separate financial statement). [IAS 28.13, 28.35]	(Jermakowicz and Epstein, 2010, Mackenzie et al., 2011, Deloitte, 2009a, PWC, 2009, IASB, 2009c, IASB, 2009e, IASB, 2012a)
Transaction costs of associate	Included when implementing equity method. Section: 14.8	There is no requirement to include transaction cost, where it could be expense or included in investment cost as the choice is based on the accounting policy implemented in the entity. [IAS 28.11, 25.23, 28.29, 28.30]	(Mackenzie et al., 2011, PWC, 2009)
When losing the significant influence for any reason that is not pertaining to disposal of investment.	Investments' carrying amount is the cost for recognition.	Fair value is the initial measurement for financial instrument.	(Mackenzie et al., 2011)

Goodwill under equity method of associate	Subject to amortisation and treated separately.	Included in the investments' carrying amount and not subject to amortisation.	(Mackenzie et al., 2011)
Elements make up the financial position statement			
Classification of financial instruments	Divided into two categories which are: 3. Basic financial instruments such as simple payables and receivables. 4. More complex financial instruments or other financial instruments such as hedging instruments or commitments to make a loan to another entity. The available-for-sale and held-to-maturity categories according to IAS 39 are not available under IFRS for SMEs. [IFRS for SMEs 11.1, 12.1]	According to IAS 39, 'Financial instruments fall into four categories which are: 1. Financial assets or liabilities 2. Held-to-maturity investments 3. Loans and receivables 4. Available-for-sale financial assets. [IAS 39.9]	(Christie and Brozovsky, 2010, Jermakowicz and Epstein, 2010, Seifert and Lindberg, 2010, IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)

	[Basic for Conclusion BC101a]		
Initial measurement of financial instruments	Basic financial instruments are measured at transaction price. However, if any financial arrangement exists, the present value of future cash flow which is discounted at a market price will be used. The more complex financial instrument is measured at fair value. However, if the fair value of equity instruments cannot be measured reliably, financial instruments will be measured at cost. [IFRS for SMEs 11.13, 12.7]	According to IFRS 39.43, IAS 39 (AG64-65) all financial instruments are measured at fair value. However, if the fair value of equity instruments cannot be measured reliably, financial instruments will be measured at cost.	(Mackenzie et al., 2011, IASB, 2009c, PWC, 2009, IASB, 2012a)
Subsequent measurement of	Basic instruments measured at	According to IAS 39 (IAS 46-47, 39.66),	(McQuaid, 2009, Seifert

financial instruments	amortised cost by using the effective interest method for all debt instruments unless the arrangement constitutes a financing transaction. In this case, it will be measured at present value of future cash flow discounted at a market rate, While loan commitment is measured at cost less impairment. The equity instruments are measured at fair value through profit and loss unless the fair value cannot be reliably measured, in this case, equity instruments will be measured at cost less impairment. Regarding the more complex instruments, the fair value is used unless the fair value cannot be reliably measured for equity instruments. In this case, equity	financial instruments that are held for trading are measured at fair value through profit or loss. In addition, held-to-maturity instruments and loans and receivables are measured at amortised cost. Available-for-sale instruments are measured at fair value through equity, while equity instruments that its fair value cannot be determined reliably, are measured at cost less impairment. However, loan commitments are not included in [IAS 39]	and Lindberg, 2010, Chartered Accountants Ireland, 2010, IASB, 2009c, IASB, 2012a, PWC, 2009)

	instruments will be measured at cost less impairment. [IFRS for SMEs 11.14, 12.8]		
Financial instruments measured at cost less impairment	The impairment loss is the difference between carrying amount and amount received if assets were to be sold. [IFRS for SMEs 11.25b]	According to (IAS 39.66), the impairment loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at a market rate for alike financial assets.	(IASB, 2009c, IASB, 2012a, PWC, 2009)
Derecognition of financial assets	Creates a clear pattern of principles for derecognition where financial assets would be derecognised if only : 1. The right of receiving cash flow from assets has expired or been settled. 2. All risk and rewards of financial assets' ownership has been transferred. Or on	IAS 39 is similar to IFRS for SMEs; on the other hand, [IAS 39. (17-39.37)] includes other directions that rely on "pass through" and "continuing involvement" in addition to some other aspects pertaining to the transfer of financial assets.	(IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)

	other hand, the control of such assets has been transferred to another party. [IFRS for SMEs 11.33] [Basic for Conclusion BC101b]		
Hedge accounting that is permitted according to the kinds of risk	Restricted to hedging for only the following categories of risk: 1. An interest rate risk of a debt instrument measured at amortised cost. 2. A foreign exchange or interest rate risk in a firm commitment or a highly probable forecast transaction. 3. A foreign exchange risk in a net investment in a foreign operation.	IAS 39.86 allows three kinds of hedging relationship which are cash flow hedges, fair value hedges and net investment in a foreign operation hedge. A broader range of risks and portfolio hedge are permitted under IAS 39.	(IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)

	4. A price risk for commodity that it holds, or in a firm commitment, or a highly probable forecast transaction to purchase or sell a transaction. Portfolio hedging is not permitted under IFRS for SMEs. [IFRS for SMEs 12.17] [Basic for Conclusion BC101c]		
Deferral of actuarial gain and losses of defined benefit pension plan	Disallows the deferral of actuarial gain and losses of defined benefit pension plan as they must be recognised immediately in full either in profit and loss or other comprehensive income. [IFRS for SMEs 28.24] [Basic for Conclusion	Allowed under full IFRS. [IAS 19.92-19.93D]	(Christie and Brozovsky, 2010, Jermakowicz and Epstein, 2010, McQuaid, 2009, Veronica and Ionel, 2010, Mackenzie et al., 2011, Deloitte, 2009a, IASB,

	BC126-127]		2009c, IASB, 2009e, IASB, 2012a, PWC, 2009, Chartered Accountants Ireland, 2010)
Use of projected unit credit method for defined benefit obligations and related expenses	Makes use of the projected unit credit method optional with no specific steps that measure the defined benefit obligations and related expenses. [IFRS for SMEs 28.18-28.20] [Basic for Conclusion BC125]	Opposite to IFRS for SMEs. [IAS 19.64-19.65]	(Jermakowicz and Epstein, 2010, McQuaid, 2009, Veronica and Ionel, 2010, IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)
Employees' benefits	Disallows the distinctions between current and past cost regarding employees benefits (past services cost recognised immediately in profit or loss as the current	Where under full IFRS past services costs are spread over the vesting period. [IAS 19.96]	(Jermakowicz and Epstein, 2010, Veronica and Ionel, 2010, Christie et al., 2010, IASB, 2009c, IASB, 2009e,

	one). [IFRS for SMEs 28.16,28.2, 28.25 (e)] [Basic for Conclusion BC128]		IASB, 2012a, PWC, 2009)
Discounting for defined contribution benefit	Not required	Required	(Mackenzie et al., 2011)
Share based payment	Treats the share based payments as a cash- settled share based payment (except if the company has a past practice of settling by using equity instrument or the option to settle in cash has no commercial substances). [IFRS for SMEs 26.15] [Basic for Conclusion BC131]	Treatment under full IFRS akin to compound instruments. [IFRS2]	(Christie and Brozovsky, 2010, McQuaid, 2009, IASB, 2009c, IASB, 2009e, IASB, 2012b)
Exemptions for transactions related to combination or acquiring goods or services under a contract.	Not provided	Provided, could be settled in net in cash or another financial instruments. IFRS 3 (Business combination)	(Mackenzie et al., 2011)

Investment property	Measures the investment property according to circumstances rather than give them the choice of using cost or fair value model. Using the fair value through profit or loss only if the fair value can be measured without undue cost or effort, otherwise, the cost-depreciation-impairment method is allowed. [IFRS for SMEs 16.7-16.8] [Basic for Conclusion BC133]	Measures the investment property by giving a choice of using cost or fair value model. [IAS 40.30]	(Jermakowicz and Epstein, 2010, Vasek, 2011, McQuaid, 2009, Veronica and Ionel, 2010, Mackenzie et al., 2011, Deloitte, 2009a, Chartered Accountants Ireland, 2010, IASB, 2009c, IASB, 2009e, IASB, 2012b, PWC, 2009, KPMG, 2010, Ernst & Young, 2010)
Mixed-use property	Divided between investment property and PPE, providing that it is without incurring undue cost or efforts.	Accounted separately if either might be sold or leased under financial lease.	(Mackenzie et al., 2011)
When the residual value of investment property cannot be	Accounted as PPE, that should be estimated and taken	Accounted as PPE, that should be considered to be zero.	(Mackenzie et al., 2011)

determined reliably without incurring cost and effort	into account when depreciated.		
Property, plant, equipment and	Uses the cost model. [IFRS for SMEs 17.15]	Uses revaluation model or cost model. [IAS 16.29-16.31]	(Christie and Brozovsky, 2010, Jermakowicz and Epstein, 2010, McQuaid, 2009, Seifert and Lindberg, 2010, Eierle and Haller, 2009, Deloitte, 2009a, Chartered Accountants Ireland, 2010, IASB, 2009c, IASB, 2012a, PWC, 2009)
Assets that are depreciated separately	Assets with different patterns of expected economic benefits consumption.	Assets with significant cost compared to total assets	(PWC, 2009, Deloitte, 2010a)
The length of intangible assets useful life	Presumed to be ten years	Not specified	(Jermakowicz and Epstein, 2010, Mackenzie et al., 2011,

			PWC, 2009)
Useful life of intangible assets	Considered as finite	Could be either finite or infinite	(KPMG, 2010, PWC, 2009)
Useful life of contractual or other legal right	Must not be more than the contractual or legal right period. Section: 18.19	Similar except the renewal period might be applied under specific circumstances. [IAS, 38.88 38.94]	(PWC, 2009)
Other than goodwill indefinite-life intangible assets	Not applicable as all intangible assets under IFRS for SMEs are presumed to have a finite life and amortised over 10 years and to test the impairment only when there is an indication of impairment instead of testing the impairment annually.	Subject to impairment test rather than amortising.	(Jermakowicz and Epstein, 2010, Christie et al., 2010, Seifert and Lindberg, 2010, Vasek, 2011, McQuaid, 2009, Veronica and Ionel, 2010, Chartered Accountants Ireland, 2010, Deloitte, 2009a, IASB, 2009c, IASB, 2012a, PWC, 2009, Deloitte, 2010a, Ernst & Young, 2010, KPMG, 2010)

Intangible assets	Uses the cost model.	Uses revaluation model or cost model.	(Vasek, 2011, McQuaid, 2009, Eierle and Haller, 2009, Deloitte, 2009a, PWC, 2009)
Annual review of useful life, residual value and depreciation and amortisation methods	Not required unless there is an indication of substantial variations between current and last annual report. [IFRS for SMEs 17.16-17.19, 18.24] [Basic for Conclusion BC136]	IAS16 and IAS38 require this review at least once every financial year. [IAS 38.97 38.100 38.104]	(Christie and Brozovsky, 2010, McQuaid, 2009, Veronica and Ionel, 2010, IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)
Cost of intangible assets acquired in government grant	Measures at fair value. IFRS for SMEs section : 18	Gives the choice of measuring at either fair value or nominal value [IAS:20]	(Mackenzie et al., 2011, Ernst & Young, 2010)
Intangible assets acquired in business combination	Recognised only where the fair value can be determined reliably.	The real measurement and determination of fair value is presumed.	(Mackenzie et al., 2011)
Assessment of	Must be reviewed	Not required	(Mackenzie et

leased assets' impairment	every reporting date		al., 2011, IASB, 2009c)
Recognition of the cost incurred by manufacturer or dealer lessors regarding arrangement or negotiation of lease	As expense	Capitalised	(Mackenzie et al., 2011)
Operating lease payment when payments have been organised to rise in line with anticipated inflation	Not recognised in straight line method.	No exemption has been provided.	(Mackenzie et al., 2011, PWC, 2009, KPMG, 2010, Ernst & Young, 2010, Deloitte, 2010a)
Onerous contract in the lease	Excluded	Included	(Deloitte, 2010a, Mackenzie et al., 2011)
Using the fair value in accounting for agriculture recognition and measurement of agriculture	Measures biological assets at fair value less cost to sell providing that the fair value is readily and reliably measured without undue cost or effort. Otherwise, the entity uses the cost, less any accumulated depreciation and any accumulated impairment losses, instead of fair value.	Similar to IFRS for SMEs except the cases where fair value cannot be measured reliably. In such cases biological assets are Measured at cost. IAS41 presume that fair value can be reliably measured. [IAS 41]	(Jermakowicz and Epstein, 2010, McQuaid, 2009, Veronica and Ionel, 2010, Christie et al., 2010, IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)

	The operations of agriculture that result in harvest of biological assets will be measured at fair value less estimated costs to sell at the time in which the harvest is produced. Any gain or losses due to the change in fair value is recognised through Profit and loss of the period. Therefore, IFRS for SMEs tends to reduce the use of fair value through profit or loss for agriculture, especially, when fair value cannot be determined without undue cost or effort. [IFRS for SMEs 34] [Basic for Conclusion BC124]		
Exploration expenditure in extractive industry	Recognised as acquisition or development of tangible or intangible assets by	Measured at cost as full IFRS determines several kinds of expenditure to be as assets, by applying	(Ernst & Young, 2010, KPMG, 2010, PWC, 2009)

	implementing section 17 and 18	IFRS 6.8-6.9. Also developing an accounting policy option is given under IFRS 6, without referring to IAS 8: *Accounting Policy, Change in Accounting Estimates and Errors.*	
Using the most recent purchase price to approximate the cost of inventories	Allowed	Not allowed, unless the differences is immaterial when comparing to this method	(KPMG, 2010)
When net assets of an entity is more than its market capitalisation	Not considered as an indicator for impairment	considered as an indicator for impairment IAS36.12	(PWC, 2009)
Elements make up the statements of income and other comprehensive income			
Research and development cost	Recognises the research and development cost as expenses when incurred. [IFRS for SMEs 18.14] [Basic for Conclusion BC113-114]	Capitalises the development cost. [IAS 38]	(Christie and Brozovsky, 2010, Jermakowicz and Epstein, 2010, Eierle and Haller, 2009, Vasek, 2011, McQuaid, 2009, Veronica and Ionel, 2010, Deloitte, 2009a, Chartered

			Accountants Ireland, 2010, IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)
Borrowing cost	Recognises the borrowing cost as expenses. [IFRS for SMEs 25.2] [Basic for Conclusion BC120]	Capitalises the borrowing cost. [IAS 23R.5, 23R.8]	(Jermakowicz and Epstein, 2010, Veronica and Ionel, 2010, Christie et al., 2010, Deloitte, 2009a, Chartered Accountants Ireland, 2010, IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)
Exchange differences in monetary items that form part of a net investment in the foreign operation	Recognises the exchange differences in monetary items (that form a part in foreign operating in consolidated statements) in other comprehensive income.	Reclassifies the exchange differences in monetary form equity (other comprehensive income) to items in profit or loss on disposal of the investment.	(Jermakowicz and Epstein, 2010, McQuaid, 2009, Mackenzie et al., 2011, IASB, 2009c, IASB, 2009e, PWC,

	[IFRS for SMEs 30.10, 30.12-31.13] [Basic for Conclusion BC123]	[IAS 21.28, 30, 32]	2009)
Government grants	Accounting model based on future performance. The recognition of government grants is based on the form of the grant which can be summarised as follows: 1- When there is no determined future performance imposed by grants, it will be recognised in the income once its proceeds are receivable. 2- When there is a determined future performance imposed by grants, it will be recognised in income once	Accounting model based on whether this grant is related to expenses and assets. Two options are available which are the capital approach and the income approach. Therefore the presentation and accounting treatments will be unalike. There are two conditions to recognise grants as revenue which are: the companies act upon and fulfil the grants' conditions; the government's grant becomes account receivable. The grants which are recognised and presented in the statements of comprehensive income must be	(Jermakowicz and Epstein, 2010, Veronica and Ionel, 2010, Deloitte, 2009a, IASB, 2009c, IASB, 2009e, IASB, 2012a, PWC, 2009)

	the performance conditions to receive the grant are met. 3- If grant has been received before the income recognition criteria are fulfilled, it is recognised as a liability and forwarded to income once all required conditions have been met. [IFRS for SMEs 24.4-24.5] [Basic for Conclusion BC134]	matched with related expenses derived from those grants as those grants are not credited directly to shareholders' interest. [IAS 20.7, 20.12]	
Deducting the grant from the carrying amount of related assets	Not deducted	Might be deducted	(Mackenzie et al., 2011, KPMG, 2010, Deloitte, 2010a)
Issues that are not	Not allowed to refer to	Allowed to refer to	(Deloitte,

addressed in standards.	another standards-setting body. Management may refer to the guidance in full IFRS 10.4-10.6	another standards-setting body. IAS 8.10-8.12	2010a, Ernst & Young, 2010, Mackenzie et al., 2011, PWC, 2009)
Source: Compiled by the author from various sources as indicated in the reference Column.			

Appendix (B): Managers' questionnaire.

Cover sheet

Dear Financial Manager,

I am currently engaged in research for PhD at Liverpool John Moores University and conducting an investigation study into international financial reporting standards for small and medium size enterprises (IFRS for SMEs) in Jordan.

This research will enhance the accounting practices by testing the applicability and the usefulness of IFRS for SMEs that has been issued by IASB in 2009. This aim can be achieved by presenting the advantage and disadvantage of current accounting regime compare to IFRS for SMEs in order to decide whether to apply IFRS for SMEs that could eliminate or at least mitigate any existing problems or to continue with the current accounting regime.

I would be grateful if you could support me to carry out my research by completing the attached questionnaire. Your responses are important in enabling me to obtain as full an understanding as possible of this topic.

The questionnaire should take you about fifteen to twenty minutes to complete. Please note that answering this questionnaire is voluntary. Please answer the questions in spaces provided and in sequent order, if you wish to add further comment, please feel free to do so. The information you provide will be treated in strictest confidence. You will notice that you are not asked to include your name or address on questionnaire.

I hope you will find completing the questionnaire enjoyable, and thank you for taking the time to help us. If you have any queries or would like further information about the study, please telephone me on 0797917971 or email me at M.S.Altarawneh@2011.ljmu.ac.uk.

Thank you for your help

Kind regards

PhD Student: Mohammad Altarawneh

Liverpool John Moores University, Business School

Please tick ✓ in the appropriate box unless otherwise stated

1- What level of knowledge or experience do you have of full IFRS?

- ☐ good
- ☐ slight
- ☐ reasonable

2- How long is your experience in small and medium sized enterprises?

- ☐ 1 to 3 years
- ☐ 6 to 9 years
- ☐ 3 to six years
- ☐ over 9 years

3- What is the economic sector of your enterprise?

- ☐ Manufacturing
- ☐ Construction
- ☐ Trade
- ☐ Services
- ☐ Agriculture

4- What is the legal form of your enterprise?

- ☐ Limited Liability Company
- ☐ Civil Company
- ☐ General Partnership Company
- ☐ Private shareholder Company
- ☐ Limited Partnership Company

5- Does your enterprise adopt the International Financial Reporting Standards (full IFRS)

- ☐ Yes
- ☐ No

If no, would you please in brief explain why?

....

6- How many employees does your enterprise have?

- ☐ From 1 to 9
- ☐ From 50 to 249
- ☐ From 10 to 49
- ☐ Above 250

7- What is the range of your enterprise's annual turnover?

- ☐ From 1 JD to 1,810,000 JD
- ☐ From 9,050,001 JD to 45,250,000 JD
- ☐ From 1,810,001 JD to 9,050,000 JD
- ☐ More than 45,250,000 JD

8- What is the range of your enterprise's total assets?

- ☐ From 1 JD to 1,810,000 JD
- ☐ From 1,810,001 JD to 9,050,000 JD
- ☐ From 9,050,001 JD to 38,915,000 JD
- ☐ More than 38,915,000 JD

9- Are you one of the owner of this company?

- ☐ Yes
- ☐ No

10- How often do the following users use your enterprise's financial information?

Group of users	Never	Rarely	Sometime	Often	Very often	Impossible to say
Banks and creditors	☐	☐	☐	☐	☐	☐
Suppliers	☐	☐	☐	☐	☐	☐
Financial analysts	☐	☐	☐	☐	☐	☐
Managers	☐	☐	☐	☐	☐	☐
Customers	☐	☐	☐	☐	☐	☐
Public authorities	☐	☐	☐	☐	☐	☐
Individual investors	☐	☐	☐	☐	☐	☐
Employees	☐	☐	☐	☐	☐	☐
Credit agencies	☐	☐	☐	☐	☐	☐
Institutional investors	☐	☐	☐	☐	☐	☐
shareholders	☐	☐	☐	☐	☐	☐

11- How far are the following types of problems applicable (pertaining to accounting information) to your enterprise?

Type of Problems	No applicability	Low applicability	Moderate applicability	High applicability	Very high applicability	Impossible to say
Lack of expertise and qualified employees in accounting	☐	☐	☐	☐	☐	☐
Lack of knowledge of IFRS	☐	☐	☐	☐	☐	☐
High bookkeeping cost	☐	☐	☐	☐	☐	☐
High audit fees	☐	☐	☐	☐	☐	☐
Weakness of accounting system in safeguarding assets or obtaining good control	☐	☐	☐	☐	☐	☐
Inappropriate decisions due to the complexity of financial information presented	☐	☐	☐	☐	☐	☐

Type of Problems	No applicability	Low applicability	Moderate applicability	High applicability	Very high applicability	Impossible to say
High amount of disclosure is required	☐	☐	☐	☐	☐	☐
Complex measurements of full IFRS	☐	☐	☐	☐	☐	☐
Complex recognitions of full IFRS	☐	☐	☐	☐	☐	☐
Financial information does not meet the users' needs in the financial statements	☐	☐	☐	☐	☐	☐
Tax estimation problems	☐	☐	☐	☐	☐	☐
Difficulty in making wise decisions because of lack of appropriate financial information	☐	☐	☐	☐	☐	☐
The high amount of time to prepare financial reports	☐	☐	☐	☐	☐	☐
The heavy effort to prepare financial reports	☐	☐	☐	☐	☐	☐
High cost to prepare financial reports	☐	☐	☐	☐	☐	☐
Comparisons of financial position of same size enterprises domestically are very hard	☐	☐	☐	☐	☐	☐
Comparisons of financial position of same size enterprises abroad are very hard.	☐	☐	☐	☐	☐	☐
Exposure of critical information of entity to competitors due to high disclosure requirements	☐	☐	☐	☐	☐	☐
The barriers regarding appropriate sources of finance because of the irrelevant financial information presented.	☐	☐	☐	☐	☐	☐

12- IFRS for SMEs does not include the topics below, how relevant are these topics to your enterprise?

Topics	No relevance	Low relevance	Moderate relevance	High relevance	Very high relevance	Impossible to say
Earnings per share	☐	☐	☐	☐	☐	☐
Interim financial reporting	☐	☐	☐	☐	☐	☐
Segmental reporting	☐	☐	☐	☐	☐	☐
Issuance of Insurance	☐	☐	☐	☐	☐	☐
Assets held for sale	☐	☐	☐	☐	☐	☐

13- Have the following topics or method been subjected to accounting treatment or used during your employment period?

Topics and method	**Yes**	**No**
Investment property	☐	☐
Dividend declared after the reporting period	☐	☐
Property, plant and equipment	☐	☐
Assets with different pattern of expected economic benefits	☐	☐
Intangible assets	☐	☐
Leased assets	☐	☐
Cost incurred by manufacturers or dealer lessor regarding arrangement or negotiation of lease	☐	☐
Straight line method to recognise the operation lease payments method	☐	☐
Agriculture accounting	☐	☐
Inventory	☐	☐
Borrowing cost	☐	☐
Research and development cost	☐	☐
Exchange differences in monetary items	☐	☐

14- To what extent do you agree with the proposal under IFRS for SMEs regarding the following statements?

Proposed changes by IFRS for SMEs compared to full IFRS.	**Strongly disagree**	**Disagree**	**neutral**	**Agree**	**Strongly agree**	**Impossible to say**
To include only one comparative period in the statements of financial position instead of two comparative periods under full IFRS.	☐	☐	☐	☐	☐	☐
To permit the presentation of combined statements of income and retained earning when only the change in equity was due to profit or loss, dividends, correction of prior periods errors, or changing in accounting policy. While this option is not permitted under full IFRS.	☐	☐	☐	☐	☐	☐
To reduce the disclosure requirements by omitting those pertaining to investment decisions in public market.	☐	☐	☐	☐	☐	☐

Proposed changes by IFRS for SMEs compared to full IFRS.	**Strongly disagree**	**Disagree**	**neutral**	**Agree**	**Strongly agree**	**Impossible to say**
To be exempt from disclosing the fair value of investment property that it is accounted as property, plant and equipment. While this disclosure is required under full IFRS unless the fair value cannot be determined reliably.	☐	☐	☐	☐	☐	☐
To be exempt from disclosing the effect of changing in standards that had been issued but had not been effective yet. While this disclosure is required under full IFRS.	☐	☐	☐	☐	☐	☐
To present separately the amount of dividend declared after the end of reporting period in retained earnings. While this is not permitted under the full IFRS.	☐	☐	☐	☐	☐	☐
To measure the investment property according to circumstances rather than give them the choice of using cost or fair value model. By using the fair value through profit or loss only if the fair value can be measured without undue cost or effort, otherwise, the cost-depreciation-impairment method is allowed.	☐	☐	☐	☐	☐	☐
To use only cost model for property, plant and equipment. Instead of, in addition to cost model, making revaluation model as an option.	☐	☐	☐	☐	☐	☐
To account for the assets' depreciation separately for the assets with different pattern of expected economic benefits consumption instead of considering the significant cost of an asset compared to total assets as a criteria to be depreciated separately.	☐	☐	☐	☐	☐	☐
To amortize the (other than goodwill indefinite-life) intangible assets over 10 years and to test the impairment only when there is an indication of impairment instead of testing the impairment annually.	☐	☐	☐	☐	☐	☐
To consider the useful life of intangible assets as finite. While they could be either finite or infinite under full IFRS.	☐	☐	☐	☐	☐	☐
To use the cost model for intangible assets. Instead of, in addition to cost model, making revaluation model as an option.	☐	☐	☐	☐	☐	☐
To presume the life of intangible assets as 10 years, while it is not specified under full IFRS.	☐	☐	☐	☐	☐	☐
To exempt from the annual review of estimations (E.g. Useful life, residual value, depreciation and amortization) unless there is an indication of substantial variation between current and last annual report. While this review is required at least one time every financial year under the Full IFRS.	☐	☐	☐	☐	☐	☐
To review the leased assets impairment each reporting dates while it is not required under full IFRS.	☐	☐	☐	☐	☐	☐
To recognize the cost incurred by manufacturers or dealers lessor regarding arrangement or negotiation of lease as expenses instead of capitalizing them.	☐	☐	☐	☐	☐	☐

Proposed changes by IFRS for SMEs compared to full IFRS.	Strongly disagree	Disagree	neutral	Agree	Strongly agree	Impossible to say
To exempt from using the straight line method to recognize the operating lease payments when payments have been organized to rise in line with anticipated inflation. While this exemption is not provided under full IFRS.	☐	☐	☐	☐	☐	☐
To reduce the use of fair value through profit or loss for agriculture. Especially, when fair value cannot be determined without undue cost or effort, instead of the presumption under full IFRS that fair value can be reliably measured.	☐	☐	☐	☐	☐	☐
To permit the use of the most recent purchase price to approximate the cost of inventory. Whereas this is not allowed under the full IFRS unless the differences is immaterial compared to permitted method (E.g. standard cost or retail method).	☐	☐	☐	☐	☐	☐
To discard the indication of impairment that results in exceeding the net assets of an entity over its market capitalization. While it is considered as indication for impairment under the full IFRS.	☐	☐	☐	☐	☐	☐
To recognize the borrowing cost as expenses instead of capitalizing them.	☐	☐	☐	☐	☐	☐
To recognize the research and development cost as expenses when they incurred instead of capitalizing the development cost.	☐	☐	☐	☐	☐	☐
To recognize the exchange differences in monetary items in other comprehensive income instead of, reclassify in profit or loss on disposal of the investment.	☐	☐	☐	☐	☐	☐
To disallow the references to another standards-setting body (management can refer to guidance in full IFRS). While it is permitted under the full IFRS to refer to another standard-setting body.	☐	☐	☐	☐	☐	☐

15- To what extent do you agree with the following statements?

Statements	Strongly disagree	Disagree	neutral	Agree	Strongly agree	Impossible to say
General purpose financial statement will meet the users' needs for SMEs' financial information rather than that focus on a particular user.	☐	☐	☐	☐	☐	☐
The cross references to full IFRS is deemed as an effective way to deal with specific topics that are either complex or rarely occurred within the SMEs context.	☐	☐	☐	☐	☐	☐
IFRS for SMEs must be applied by all non-public entities.	☐	☐	☐	☐	☐	☐
Despite the cross references of some topic with full IFRS, IFRS for SMEs must be applied as a stand-alone document.	☐	☐	☐	☐	☐	☐
The company must start adopting IFRS for SMEs from the first year in which IFRS for SMEs is applied generally or used for tax purposes.	☐	☐	☐	☐	☐	☐

Statements	Strongly disagree	Disagree	neutral	Agree	Strongly agree	Impossible to say
SMEs must adopt a uniform (new) set of International Financial Reporting Standards that are more relevant to these kinds of enterprises.	☐	☐	☐	☐	☐	☐
The company will adopt IFRS for SMEs even if the adoption was not mandatory	☐	☐	☐	☐	☐	☐

16- **To what extent do you believe that the application of IFRS for SMEs in Jordan will influence positively or negatively the following aspects, whereas 1 indicates a very negative effect and 5 indicates a very positive effect.**

Expected contributions	1	2	3	4	5	Impossible to say
Reducing the competition risk by avoiding exposure of the critical information of the entity to the competitors due to irrelevant disclosure requirements	☐	☐	☐	☐	☐	☐
Increasing the enterprises' ability to obtain appropriate credit from suppliers.	☐	☐	☐	☐	☐	☐
Increasing the enterprises' ability to obtain appropriate finance.	☐	☐	☐	☐	☐	☐
Preparing financial reports easily	☐	☐	☐	☐	☐	☐
Making appropriate decisions based on simplified information	☐	☐	☐	☐	☐	☐
Making appropriate decisions based on more relevant information	☐	☐	☐	☐	☐	☐
easily understood standards compared to full IFRS	☐	☐	☐	☐	☐	☐
Reducing the audit fees	☐	☐	☐	☐	☐	☐
Reducing the bookkeeping cost	☐	☐	☐	☐	☐	☐
Increasing the ability of safeguarding assets and obtaining good control	☐	☐	☐	☐	☐	☐
Only the relevant information will be disclosed by abbreviating disclosure requirements in the international financial reporting standards applied on larger enterprises	☐	☐	☐	☐	☐	☐
Simplifying measurements compared to full IFRS	☐	☐	☐	☐	☐	☐
Simplifying recognitions compared to full IFRS	☐	☐	☐	☐	☐	☐
The financial information will meet the users' need of the financial statements	☐	☐	☐	☐	☐	☐

Expected contributions	1	2	3	4	5	Impossible to say
Facilitating the tax department work	☐	☐	☐	☐	☐	☐
Reduce the amount of time to prepare financial reports	☐	☐	☐	☐	☐	☐
Reduce the amount of effort to prepare financial reports	☐	☐	☐	☐	☐	☐
Reduce the cost spent to prepare financial report	☐	☐	☐	☐	☐	☐
Improving the comparability of financial position of same size enterprises domestically	☐	☐	☐	☐	☐	☐
Improving the comparability of financial position of same size enterprises abroad	☐	☐	☐	☐	☐	☐
Reducing the cost for implementation of standards.	☐	☐	☐	☐	☐	☐
Reducing the cost of documentation.	☐	☐	☐	☐	☐	☐
Increasing the cost to comply with standards.	☐	☐	☐	☐	☐	☐
Will improve the quality of accounting information for external decision making	☐	☐	☐	☐	☐	☐
Will improve the quality of accounting information for internal decision making	☐	☐	☐	☐	☐	☐
Increase the quality of audited report by simplifying the auditors work?	☐	☐	☐	☐	☐	☐
Decreasing the heavy effort to put a specialized standards for Jordan	☐	☐	☐	☐	☐	☐
Decreasing the large amount of money needed to put a specialized standards for Jordan	☐	☐	☐	☐	☐	☐

17- To what extent do you think that the following issues will hinder the effective application of IFRS for SMEs in Jordan?

Issues	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Impossible to say
Weaknesses of the applied accounting systems.	☐	☐	☐	☐	☐	☐
Weakness of experiences or knowledge of human resources working in accounting fields.	☐	☐	☐	☐	☐	☐
Failure to separate the ownership of these enterprises from management.	☐	☐	☐	☐	☐	☐
Weaknesses of accounting and finance knowledge among the SMEs’ owners.	☐	☐	☐	☐	☐	☐

Issues	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Impossible to say
Finance difficulties that SMEs face.	☐	☐	☐	☐	☐	☐
Limited financial resources necessary to develop SMEs.	☐	☐	☐	☐	☐	☐
Lack of accounting responsibilities by external enterprises.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the role of professional bodies and associations which are responsible for supervising the profession of accounting and auditing.	☐	☐	☐	☐	☐	☐
Some SMEs are not obligated by the legislator to issue annual audited reports.	☐	☐	☐	☐	☐	☐
Measurement and restatement difficulties at first time adoption.	☐	☐	☐	☐	☐	☐
Additional costs connected to the preparation of second financial statements based on accounting regulation due to the tax purposes.	☐	☐	☐	☐	☐	☐
The preference of some SMEs managers to prepare accounts for tax purposes only rather than for presenting fair view or for managerial decisions.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the economic environment in which SMEs are operating.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the social and organizational culture.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the concepts, behaviours and values prevailing in the working environment of SMEs.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the cultural value and modernism.	☐	☐	☐	☐	☐	☐
Lack of guarantees required to obtain the necessary credit and facilities.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the law and legislations applicable to SMEs.	☐	☐	☐	☐	☐	☐

18- Do you understand all questions?

- ☐ Yes
- ☐ No if your answer is No, please specify the question/s …………………………………………

………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………..

19- If you have any comment regarding this questionnaire, or any suggestion that enrich this study, please provide it as your valuable feedback is very important and it will be taken in consideration.

………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………
………………………………………………………………………………………………………

Thank you for your cooperation

Appendix (C): auditors' questionnaire.

Cover sheet

Dear Auditor,

I am currently engaged in research for PhD at Liverpool John Moores University and conducting an investigation study into international financial reporting standards for small and medium size enterprises (IFRS for SMEs) in Jordan.

This research will enhance the accounting practices by testing the applicability and the usefulness of IFRS for SMEs that has been issued by IASB in 2009. This aim can be achieved by presenting the advantage and disadvantage of current accounting regime compare to IFRS for SMEs in order to decide whether to apply IFRS for SMEs that could eliminate or at least mitigate any existing problems or to continue with the current accounting regime.

I would be grateful if you could support me to carry out my research by completing the attached questionnaire. Your responses are important in enabling me to obtain as full an understanding as possible of this topic.

The questionnaire should take you about fifteen to twenty minutes to complete. Please note that answering this questionnaire is voluntary. Please answer the questions in spaces provided and in sequent order, if you wish to add further comment, please feel free to do so. The information you provide will be treated in strictest confidence. You will notice that you are not asked to include your name or address on questionnaire.

I hope you will find completing the questionnaire enjoyable, and thank you for taking the time to help us. If you have any queries or would like further information about the study, please telephone me on 0797917971 or email me at M.S.Altarawneh@2011.ljmu.ac.uk.

Thank you for your help

Kind regards

PhD Student: Mohammad Altarawneh

Mohammad Altarawneh

Liverpool John Moores University, Business School

Please tick ✓ in the appropriate box unless otherwise stated

1- What level of knowledge or experience do you have of full IFRS?

- ☐ good
- ☐ reasonable
- ☐ slight

2- Did you ever organize or audit accounts for small and medium-sized enterprises?

- ☐ Yes
- ☐ No

3- How long is your experience in auditing small and medium sized enterprises?

- ☐ 1 to 3 years
- ☐ 3 to six years
- ☐ 6 to 9 years
- ☐ over 9 years

4- How often do the following users use your enterprise's financial information?

Group of users	Never	Rarely	Sometime	Often	Very often	Impossible to say
Banks and creditors	☐	☐	☐	☐	☐	☐
Suppliers	☐	☐	☐	☐	☐	☐
Financial analysts	☐	☐	☐	☐	☐	☐
Managers	☐	☐	☐	☐	☐	☐
Customers	☐	☐	☐	☐	☐	☐
Public authorities	☐	☐	☐	☐	☐	☐
Individual investors	☐	☐	☐	☐	☐	☐
Employees	☐	☐	☐	☐	☐	☐
Credit agencies	☐	☐	☐	☐	☐	☐
Institutional investors	☐	☐	☐	☐	☐	☐
shareholders	☐	☐	☐	☐	☐	☐

5- How far are the following types of problems applicable (pertaining to accounting information) to your enterprise?

Type of Problems	No applicability	Low applicability	Moderate applicability	High applicability	Very high applicability	Impossible to say
Lack of expertise and qualified employees in accounting	☐	☐	☐	☐	☐	☐
Lack of knowledge of IFRS	☐	☐	☐	☐	☐	☐
High bookkeeping cost	☐	☐	☐	☐	☐	☐
High audit fees	☐	☐	☐	☐	☐	☐
Weakness of accounting system in safeguarding assets or obtaining good control	☐	☐	☐	☐	☐	☐
Inappropriate decisions due to the complexity of financial information presented	☐	☐	☐	☐	☐	☐
High amount of disclosure is required	☐	☐	☐	☐	☐	☐
Complex measurements of full IFRS	☐	☐	☐	☐	☐	☐
Complex recognitions of full IFRS	☐	☐	☐	☐	☐	☐
Financial information does not meet the users' needs in the financial statements	☐	☐	☐	☐	☐	☐
Tax estimation problems	☐	☐	☐	☐	☐	☐
Difficulty in making wise decisions because of lack of appropriate financial information	☐	☐	☐	☐	☐	☐
The high amount of time to prepare financial reports	☐	☐	☐	☐	☐	☐
The heavy effort to prepare financial reports	☐	☐	☐	☐	☐	☐
High cost to prepare financial reports	☐	☐	☐	☐	☐	☐
Comparisons of financial position of same size enterprises domestically are very hard	☐	☐	☐	☐	☐	☐
Comparisons of financial position of same size enterprises abroad are very hard.	☐	☐	☐	☐	☐	☐
Exposure of critical information of entity to competitors due to high disclosure requirements	☐	☐	☐	☐	☐	☐
The barriers regarding appropriate sources of finance because of the irrelevant financial information presented.	☐	☐	☐	☐	☐	☐

6- IFRS for SMEs does not include the topics below, how relevant are these topics to your enterprise?

Topics	No relevance	Low relevance	Moderate relevance	High relevance	Very high relevance	Impossible to say
Earnings per share	☐	☐	☐	☐	☐	☐
Interim financial reporting	☐	☐	☐	☐	☐	☐
Segmental reporting	☐	☐	☐	☐	☐	☐
Issuance of Insurance	☐	☐	☐	☐	☐	☐
Assets held for sale	☐	☐	☐	☐	☐	☐

7- To what extent do you agree with the proposal under IFRS for SMEs regarding the following statements?

Proposed changes by IFRS for SMEs compared to full IFRS	Strongly disagree	Disagree	neutral	Agree	Strongly agree	Impossible to say
Presentation and disclosures						
To include only one comparative period in the statements of financial position instead of two comparative periods under full IFRS.	☐	☐	☐	☐	☐	☐
To permit the presentation of combined statements of income and retained earning when only the change in equity was due to profit or loss, dividends, correction of prior periods errors, or changing in accounting policy. While this option is not permitted under full IFRS.	☐	☐	☐	☐	☐	☐
To reduce the disclosure requirements by omitting those pertaining to investment decisions in public market.	☐	☐	☐	☐	☐	☐
To be exempt from disclosing the fair value of investment property that it is accounted as property, plant and equipment. While this disclosure is required under full IFRS unless the fair value cannot be determined reliably.	☐	☐	☐	☐	☐	☐
To be exempt from disclosing the effect of changing in standards that had been issued but had not been effective yet. While this disclosure is required under full IFRS.	☐	☐	☐	☐	☐	☐

Proposed changes by IFRS for SMEs compared to full IFRS	Strongly disagree	Disagree	neutral	Agree	Strongly agree	Impossible to say
To present separately the amount of dividend declared after the end of reporting period in retained earnings. While this is not permitted under the full IFRS.	☐	☐	☐	☐	☐	☐
To measure the investment property according to circumstances rather than give them the choice of using cost or fair value model. By using the fair value through profit or loss only if the fair value can be measured without undue cost or effort, otherwise, the cost-depreciation-impairment method is allowed.	☐	☐	☐	☐	☐	☐
To use only cost model for property, plant and equipment. Instead of, in addition to cost model, making revaluation model as an option.	☐	☐	☐	☐	☐	☐
To account for the assets' depreciation separately for the assets with different pattern of expected economic benefits consumption instead of considering the significant cost of an asset compared to total assets as a criteria to be depreciated separately.	☐	☐	☐	☐	☐	☐
To amortize the (other than goodwill indefinite-life) intangible assets over 10 years and to test the impairment only when there is an indication of impairment instead of testing the impairment annually.	☐	☐	☐	☐	☐	☐
To consider the useful life of intangible assets as finite. While they could be either finite or infinite under full IFRS.	☐	☐	☐	☐	☐	☐
To use the cost model for intangible assets. Instead of, in addition to cost model, making revaluation model as an option.	☐	☐	☐	☐	☐	☐
To presume the life of intangible assets as 10 years, while it is not specified under full IFRS.	☐	☐	☐	☐	☐	☐
To exempt from the annual review of estimations (E.g. Useful life, residual value, depreciation and amortization) unless there is an indication of substantial variation between current and last annual report. While this review is required at least one time every financial year under the Full IFRS.	☐	☐	☐	☐	☐	☐
To review the leased assets impairment each reporting dates while it is not required under full IFRS.	☐	☐	☐	☐	☐	☐
To recognize the cost incurred by manufacturers or dealers lessor regarding arrangement or negotiation of lease as expenses instead of capitalizing them.	☐	☐	☐	☐	☐	☐
To exempt from using the straight line method to recognize the operating lease payments when payments have been organized to rise in line with anticipated inflation. While this exemption is not provided under full IFRS.	☐	☐	☐	☐	☐	☐
To reduce the use of fair value through profit or loss for agriculture. Especially, when fair value cannot be determined without undue cost or effort, instead of the presumption under full IFRS that fair value can be reliably measured.	☐	☐	☐	☐	☐	☐

Proposed changes by IFRS for SMEs compared to full IFRS	Strongly disagree	Disagree	neutral	Agree	Strongly agree	Impossible to say
To permit the use of the most recent purchase price to approximate the cost of inventory. Whereas this is not allowed under the full IFRS unless the differences is immaterial compared to permitted method (E.g. standard cost or retail method).	☐	☐	☐	☐	☐	☐
To discard the indication of impairment that results in exceeding the net assets of an entity over its market capitalization. While it is considered as indication for impairment under the full IFRS.	☐	☐	☐	☐	☐	☐
To recognize the borrowing cost as expenses instead of capitalizing them.	☐	☐	☐	☐	☐	☐
To recognize the research and development cost as expenses when they incurred instead of capitalizing the development cost.	☐	☐	☐	☐	☐	☐
To recognize the exchange differences in monetary items in other comprehensive income instead of, reclassify in profit or loss on disposal of the investment.	☐	☐	☐	☐	☐	☐
To disallow the references to another standards-setting body (management can refer to guidance in full IFRS). While it is permitted under the full IFRS to refer to another standard-setting body.	☐	☐	☐	☐	☐	☐

8- To what extent do you agree with the following statements?

Statements	Strongly disagree	Disagree	neutral	Agree	Strongly agree	Impossible to say
General purpose financial statement will meet the users' needs for SMEs' financial information rather than focus on a particular user.	☐	☐	☐	☐	☐	☐
The cross references to full IFRS is deemed as an effective way to deal with specific topics that are either complex or rarely occurred within the SMEs context.	☐	☐	☐	☐	☐	☐
IFRS for SMEs must be applied by all non-public entities.	☐	☐	☐	☐	☐	☐
Despite the cross references of some topic with full IFRS, IFRS for SMEs must be applied as a stand-alone document.	☐	☐	☐	☐	☐	☐
The company must start adopting IFRS for SMEs from the first year in which IFRS for SMEs is applied generally or used for tax purposes.	☐	☐	☐	☐	☐	☐
SMEs must adopt a uniform (new) set of International Financial Reporting Standards that are more relevant to these kinds of enterprises.	☐	☐	☐	☐	☐	☐
The company will adopt IFRS for SMEs even if the adoption was not mandatory	☐	☐	☐	☐	☐	☐

9- **To what extent do you believe that the application of IFRS for SMEs in Jordan will influence positively or negatively the following aspects, whereas 1 indicates a very negative effect and 5 indicates a very positive effect.**

Expected contributions	**1**	**2**	**3**	**4**	**5**	**Impossible to say**
Reducing the competition risk by avoiding exposure of the critical information of the entity to the competitors due to irrelevant disclosure requirements	☐	☐	☐	☐	☐	☐
Increasing the enterprises' ability to obtain appropriate credit from suppliers.	☐	☐	☐	☐	☐	☐
Increasing the enterprises' ability to obtain appropriate finance.	☐	☐	☐	☐	☐	☐
Preparing financial reports easily	☐	☐	☐	☐	☐	☐
Making appropriate decisions based on simplified information	☐	☐	☐	☐	☐	☐
Making appropriate decisions based on more relevant information	☐	☐	☐	☐	☐	☐
easily understood standards compared to full IFRS	☐	☐	☐	☐	☐	☐
Reducing the audit fees	☐	☐	☐	☐	☐	☐
Reducing the bookkeeping cost	☐	☐	☐	☐	☐	☐
Increasing the ability of safeguarding assets and obtaining good control	☐	☐	☐	☐	☐	☐
Only the relevant information will be disclosed by abbreviating disclosure requirements in the international financial reporting standards applied on larger enterprises	☐	☐	☐	☐	☐	☐
Simplifying measurements compared to full IFRS	☐	☐	☐	☐	☐	☐
Simplifying recognitions compared to full IFRS	☐	☐	☐	☐	☐	☐
The financial information will meet the users' need of the financial statements	☐	☐	☐	☐	☐	☐
Facilitating the tax department work	☐	☐	☐	☐	☐	☐
Reduce the amount of time to prepare financial reports	☐	☐	☐	☐	☐	☐
Reduce the amount of effort to prepare financial reports	☐	☐	☐	☐	☐	☐
Reduce the cost spent to prepare financial reports	☐	☐	☐	☐	☐	☐
Improving the comparability of financial position of same size enterprises domestically	☐	☐	☐	☐	☐	☐
Improving the comparability of financial position of same size enterprises abroad	☐	☐	☐	☐	☐	☐

Expected contributions	1	2	3	4	5	Impossible to say
Reducing the cost for implementation of standards.	☐	☐	☐	☐	☐	☐
Reducing the cost of documentation.	☐	☐	☐	☐	☐	☐
Increases the cost to comply with standards.	☐	☐	☐	☐	☐	☐
Will improve the quality of accounting information for external decision making	☐	☐	☐	☐	☐	☐
Will improve the quality of accounting information for internal decision making	☐	☐	☐	☐	☐	☐
Increase the quality of audited report by simplifying the auditors work?	☐	☐	☐	☐	☐	☐
Decreasing the heavy effort to put a specialized standards for Jordan	☐	☐	☐	☐	☐	☐
Decreasing the large amount of money needed to put a specialized standards for Jordan	☐	☐	☐	☐	☐	☐

10- To what extent do you think that the following issues will hinder the effective application of IFRS for SMEs in Jordan?

Issues	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Impossible to say
Weaknesses of the applied accounting systems.	☐	☐	☐	☐	☐	☐
Weakness of experiences or knowledge of human resources working in accounting fields.	☐	☐	☐	☐	☐	☐
Failure to separate the ownership of these enterprises from management.	☐	☐	☐	☐	☐	☐
Weaknesses of accounting and finance knowledge among the SMEs' owners.	☐	☐	☐	☐	☐	☐
Finance difficulties that SMEs face.	☐	☐	☐	☐	☐	☐
Limited financial resources necessary to develop SMEs.	☐	☐	☐	☐	☐	☐
Lack of accounting responsibilities by external enterprises.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the role of professional bodies and associations which are responsible for supervising the profession of accounting and auditing.	☐	☐	☐	☐	☐	☐
Some SMEs are not obligated by the legislator to issue annual audited reports.	☐	☐	☐	☐	☐	☐
Measurement and restatement difficulties at first time adoption.	☐	☐	☐	☐	☐	☐
Additional costs connected to the preparation of second financial statements based on accounting regulation due to the tax purposes.	☐	☐	☐	☐	☐	☐

Issues	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Impossible to say
The preference of some SMEs managers to prepare accounts for tax purposes only rather than for presenting fair view or for managerial decisions.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the economic environment in which SMEs are operating.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the social and organizational culture.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the concepts, behaviours and values prevailing in the working environment of SMEs.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the cultural value and modernism.	☐	☐	☐	☐	☐	☐
Lack of guarantees required to obtain the necessary credit and facilities.	☐	☐	☐	☐	☐	☐
The differences between Jordan and the countries that develop standards for SMEs the law and legislations applicable to SMEs.	☐	☐	☐	☐	☐	☐

11- Do you understand all questions?

☐ Yes

☐ No if your answer is No, please specify the question/s ……………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
………………………………………………………………………………..

12- If you have any comment regarding this questionnaire, or any suggestion that enrich this study, please provide it as your valuable feedback is very important and it will be taken in consideration.
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………..

Thank you for your cooperation

Appendix (D): abbreviation used in analysis based on managers questionnaire.

Please tick ✓ in the appropriate box unless otherwise stated

1- What level of knowledge or experience do you have of full IFRS?

- ☐ good
- ☐ reasonable
- ☐ slight

2- How long is your experience in small and medium sized enterprises?

- ☐ 1 to 3 years
- ☐ 3 to six years
- ☐ 6 to 9 years
- ☐ over 9 years

3- What is the economic sector of your enterprise?

- ☐ Manufacturing
- ☐ Trade
- ☐ Agriculture
- ☐ Construction
- ☐ Services

4- What is the legal form of your enterprise?

- ☐ Limited Liability Company
- ☐ General Partnership Company
- ☐ Limited Partnership Company
- ☐ Civil Company
- ☐ Private shareholder Company

5- Does your enterprise adopt the International Financial Reporting Standards (full IFRS)

- ☐ Yes
- ☐ No

If no, would you please in brief explain why?

....

6- How many employees does your enterprise have?

- ☐ From 1 to 9
- ☐ From 10 to 49
- ☐ From 50 to 249
- ☐ Above 250

7- What is the range of your enterprise's annual turnover?

- ☐ From 1 JD to 1,810,000 JD
- ☐ From 1,810,001 JD to 9,050,000 JD
- ☐ From 9,050,001 JD to 45,250,000 JD
- ☐ More than 45,250,000 JD

8- What is the range of your enterprise's total assets?

- ☐ From 1 JD to 1,810,000 JD
- ☐ From 1,810,001 JD to 9,050,000 JD
- ☐ From 9,050,001 JD to 38,915,000 JD
- ☐ More than 38,915,000 JD

9- Are you one of the owners of this company?

- ☐ Yes
- ☐ No

10- How often do the following users use your enterprise's financial information?

reference	Group of users
1	Banks and creditors
2	Suppliers
3	Financial analysts
4	Managers
5	Customers
6	Public authorities
7	Individual investors
8	Employees
9	Credit agencies
10	Institutional investors
11	shareholders

11- How far are the following types of problems applicable (pertaining to accounting information) to your enterprise?

reference	Type of Problems
1	Lack of expertise and qualified employees in accounting
2	Lack of knowledge of IFRS
3	High bookkeeping cost
4	High audit fees
5	Weakness of accounting system in safeguarding assets or obtaining good control
6	Inappropriate decisions due to the complexity of financial information presented
7	High amount of disclosure is required
8	Complex measurements of full IFRS
9	Complex recognitions of full IFRS
10	Financial information does not meet the users' needs in the financial statements
11	Tax estimation problems
12	Difficulty in making wise decisions because of lack of appropriate financial information
13	The high amount of time to prepare financial reports
14	The heavy effort to prepare financial reports
15	High cost to prepare financial reports
16	Comparisons of financial position of same size enterprises domestically are very hard
17	Comparisons of financial position of same size enterprises abroad are very hard.
18	Exposure of critical information of entity to competitors due to high disclosure requirements
19	The barriers regarding appropriate sources of finance because of the irrelevant financial information presented.

12- IFRS for SMEs does not include the topics below, how relevant are these topics to your enterprise?

reference	Topics
1	Earnings per share
2	Interim financial reporting
3	Segmental reporting
4	Issuance of Insurance
5	Assets held for sale

13- Have the following topics or method been subjected to accounting treatment or used during your employment period?

Reference	topic
1	Investment property
2	Dividend declared after the reporting period
3	Property, plant and equipment
4	Assets with different pattern of expected economic benefits
5	Intangible assets
6	Leased assets
7	Cost incurred by manufacturers or dealer lessor regarding arrangement or negotiation of lease
8	Straight line method to recognise the operation lease payments method
9	Agriculture accounting
10	Inventory
11	Borrowing cost
12	Research and development cost
13	Exchange differences in monetary items

14- To what extent do you agree with the proposal under IFRS for SMEs regarding the following statements?

Reference	Proposed changes by IFRS for SMEs compared to full IFRS.
1	To include only one comparative period in the statements of financial position instead of two comparative periods under full IFRS.
2	To permit the presentation of combined statements of income and retained earning when only the change in equity was due to profit or loss, dividends, correction of prior periods errors, or changing in accounting policy. While this option is not permitted under full IFRS.
3	To reduce the disclosure requirements by omitting those pertaining to investment decisions in public market.
4	To be exempt from disclosing the fair value of investment property that it is accounted as property, plant and equipment. While this disclosure is required under full IFRS unless the fair value cannot be determined reliably.
5	To be exempt from disclosing the effect of changing in standards that had been issued but had not been effective yet. While this disclosure is required under full IFRS.
6	To present separately the amount of dividend declared after the end of reporting period in retained earnings. While this is not permitted under the full IFRS.
7	To measure the investment property according to circumstances rather than give them the choice of using cost or fair value model. By using the fair value through profit or loss only if the fair value can be measured without undue cost or effort, otherwise, the cost-depreciation-impairment method is allowed.
8	To use only cost model for property, plant and equipment. Instead of, in addition to the cost model, making revaluation model as an option.
9	To account for the assets' depreciation separately for the assets with different pattern of expected economic benefits consumption instead of considering the significant cost of an asset compared to total assets as a criteria to be depreciated separately.
10	To amortize the (other than goodwill indefinite-life) intangible assets over 10 years and to test the impairment only when there is an indication of impairment instead of testing the impairment annually.
11	To consider the useful life of intangible assets as finite. While they could be either finite or infinite under full IFRS.
12	To use the cost model for intangible assets. Instead of, in addition to cost model, making revaluation model as an option.
13	To presume the length of intangible assets as 10 years, while it is not specified under full IFRS.

Reference	Proposed changes by IFRS for SMEs compared to full IFRS.
14	To exempt from the annual review of estimations (E.g. Useful life, residual value, depreciation and amortization) unless there is an indication of substantial variation between current and last annual report. While this review is required at least one time every financial year under the Full IFRS.
15	To review the leased assets impairment each reporting dates while it is not required under full IFRS.
16	To recognize the cost incurred by manufacturers or dealers lessor regarding arrangement or negotiation of lease as expenses instead of capitalizing them.
17	To exempt from using the straight line method to recognize the operating lease payments when payments have been organized to rise in line with anticipated inflation. While this exemption is not provided under full IFRS.
18	To reduce the use of fair value through profit or loss for agriculture. Especially, when fair value cannot be determined without undue cost or effort, instead of the presumption under full IFRS that fair value can be reliably measured.
19	To permit the use of the most recent purchase price to approximate the cost of inventory. Whereas this is not allowed under the full IFRS unless the differences is immaterial compared to permitted method (E.g. standard cost or retail method).
20	To discard the indication of impairment that results in exceeding the net assets of an entity over its market capitalization. While it is considered as indication for impairment under the full IFRS.
21	To recognize the borrowing cost as expenses instead of capitalizing them.
22	To recognize the research and development cost as expenses when incurred instead of capitalizing the development cost.
23	To recognize the exchange differences in monetary items in other comprehensive income instead of, reclassify in profit or loss on disposal of the investment.
24	To disallow the references to another standards-setting body (management can refer to guidance in full IFRS). While it is permitted under the full IFRS to refer to another standard-setting body.

15- To what extent do you agree with the following statements?

Reference	Statements
1	General purpose financial statement will meet the users' needs for SMEs' financial information rather than focus on a particular user.
2	The cross references to full IFRS is deemed as an effective way to deal with specific topics that are either complex or rarely occurred within the SMEs context.
3	IFRS for SMEs must be applied by all non-public entities.
4	Despite the cross references of some topic with full IFRS, IFRS for SMEs must be applied as a stand-alone document.
5	The company must start adopting IFRS for SMEs from the first year in which IFRS for SMEs is applied generally or used for tax purposes.
6	SMEs must adopt a uniform (new) set of International Financial Reporting Standards that are more relevant to these kinds of enterprises.
7	The company will adopt IFRS for SMEs even if the adoption was not mandatory.

16- To what extent do you believe that the application of IFRS for SMEs in Jordan will influence positively or negatively the following aspects, whereas 1 indicates very negative effect and 5 indicates very positive effect.

Reference	Expected contributions
1	Reducing the competition risk by avoiding exposure of the critical information of the entity to the competitors due to irrelevant disclosure requirements
2	Increasing the enterprises' ability to obtain appropriate credit from suppliers.
3	Increasing the enterprises' ability to obtain appropriate finance.
4	Preparing financial reports easily
5	Making appropriate decisions based on simplified information
6	Making appropriate decisions based on more relevant information
7	Easily understood standards compared to full IFRS

Reference	Expected contributions
8	Reducing the audit fees
9	Reducing the bookkeeping cost
10	Increasing the ability of safeguarding assets and obtaining good control
11	Only the relevant information will be disclosed by abbreviating disclosure requirements in the international financial reporting standards applied on larger enterprises
12	Simplifying measurements compared to full IFRS
13	Simplifying recognitions compared to full IFRS
14	The financial information will meet the users' need of the financial statements
15	Facilitating the tax department work
16	Reduce the amount of time to prepare financial reports
17	Reduce the amount of effort to prepare financial reports
18	Reduce the cost spent to prepare financial reports
19	Improving the comparability of financial position of same size enterprises domestically
20	Improving the comparability of financial position of same size enterprises abroad
21	Reducing the cost for implementation of standards.
22	Reducing the cost of documentation.
23	Increasing the cost to comply with standards.
24	Will improve the quality of accounting information for external decision making
25	Will improve the quality of accounting information for internal decision making
26	Increase the quality of audited report by simplifying the auditors work?
27	Decreasing the heavy effort to put a specialized standards for Jordan
28	Decreasing the large amount of money needed to put a specialized standards for Jordan

17- To what extent do you think that the following issues will hinder the effective application of IFRS for SMEs in Jordan?

Reference	Issues
1	Weaknesses of the applied accounting systems.
2	Weakness of experiences or knowledge of human resources working in accounting fields.
3	Failure to separate the ownership of these enterprises from management.
4	Weaknesses of accounting and finance knowledge among the SMEs' owners.
5	Finance difficulties that SMEs face.
6	Limited financial resources necessary to develop SMEs.
7	Lack of accounting responsibilities by external enterprises.
8	The differences between Jordan and the countries that develop standards for SMEs in the role of professional bodies and associations which are responsible for supervising the profession of accounting and auditing.
9	Some SMEs are not obligated by the legislator to issue annual audited reports.
10	Measurement and restatement difficulties at first time adoption.
11	Additional costs connected to the preparation of second financial statements based on accounting regulation due to the tax purposes.
12	The preference of some SMEs managers to prepare accounts for tax purposes only rather than for presenting fair view or for managerial decisions.
13	The differences between Jordan and the countries that develop standards for SMEs in the economic environment in which SMEs are operating.
14	The differences between Jordan and the countries that develop standards for SMEs in the social and organizational culture
15	The differences between Jordan and the countries that develop standards for SMEs in the concepts, behaviours and values prevailing in the working environment of SMEs.
16	The differences between Jordan and the countries that develop standards for SMEs in the cultural value and modernism.
17	Lack of guarantees required to obtain the necessary credit and facilities.
18	The differences between Jordan and the countries that develop standards for SMEs in the law and legislations applicable to SMEs.

Appendix (E): Factor analysis

Construct one:

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.842
Bartlett's Test of Sphericity	Approx. Chi-Square	4919.396
	df	171
	Sig.	.000

Table 2: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	5.577	29.351	29.351	5.577	29.351
2	3.091	16.267	45.617	3.091	16.267
3	1.612	8.483	54.101	1.612	8.483
4	1.229	6.470	60.570	1.229	6.470
5	.960	5.050	65.620		
6	.878	4.624	70.244		
7	.747	3.934	74.178		
8	.742	3.907	78.085		
9	.580	3.053	81.137		
10	.541	2.848	83.986		
11	.474	2.497	86.483		
12	.442	2.324	88.807		
13	.383	2.017	90.825		
14	.375	1.973	92.797		
15	.343	1.804	94.601		
16	.327	1.720	96.321		
17	.302	1.588	97.909		
18	.225	1.182	99.091		
19	.173	.909	100.000		

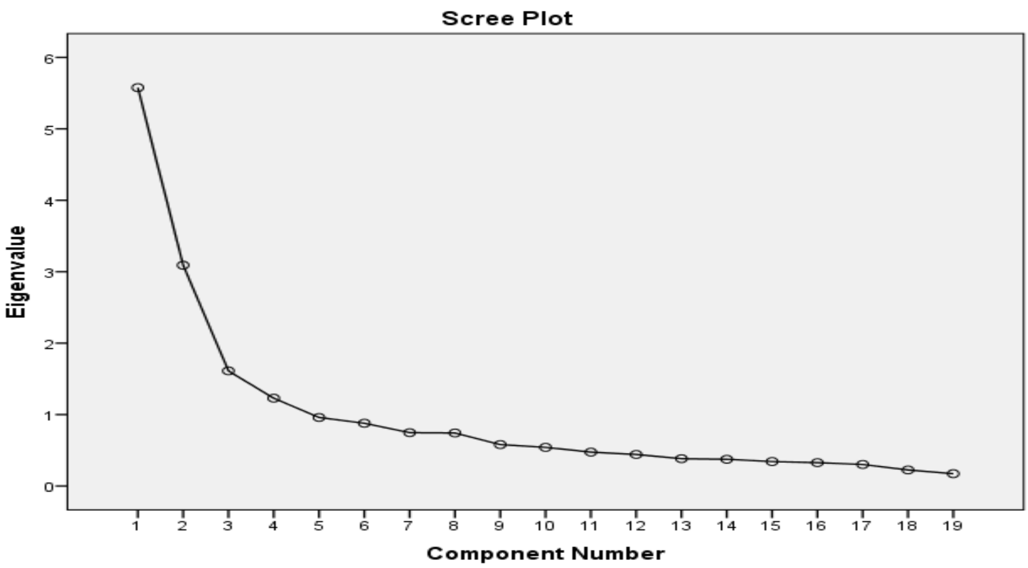
Total Variance Explained

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
	Cumulative %	Total
1	29.351	4.896
2	45.617	3.008
3	54.101	2.201
4	60.570	3.172
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		

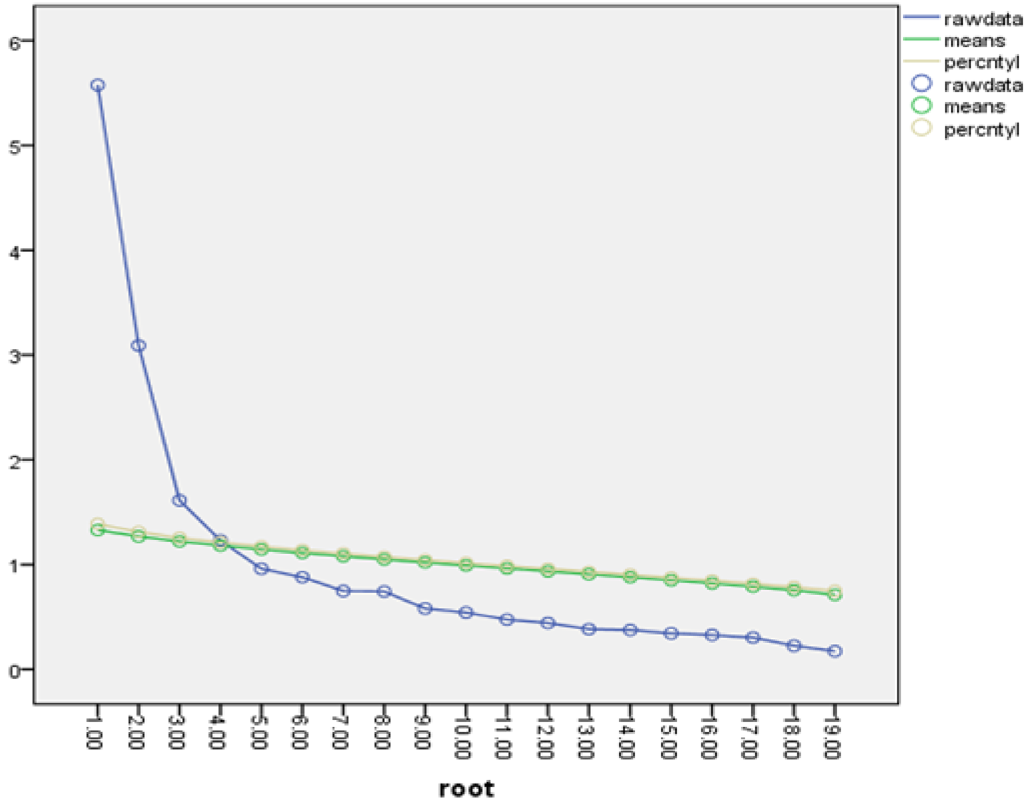
Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Graph 1: Scree Plot



Graph 2: Parallel analysis



Reliability of factors comprising construct one

Factor one:

Reliability Statistics

Cronbach's Alpha	N of Items
.868	10

Factor two:

Reliability Statistics

Cronbach's Alpha	N of Items
.357	5

Table 3: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q11.7	13.9781	5.860	.215	.277
Q11.11	15.4310	10.121	-.485	.778
Q11.13	13.9949	4.430	.549	-.039[a]
Q11.14	13.9747	4.682	.513	.014
Q11.15	14.0556	4.120	.574	-.097[a]

a. The value is negative due to a negative average covariance among items. This violates reliability model assumptions. You may want to check item codings.

Factor two after deleting question 11.11

Reliability Statistics

Cronbach's Alpha	N of Items
.777	4

Factor three

Reliability Statistics

Cronbach's Alpha	N of Items
.774	2

Factor four

Reliability Statistics

Cronbach's Alpha	N of Items
.858	2

Factor Analysis After deleting Q11.11 and determining the number of factors by parallel analysis and scree plot, which gave the same loading for variables within factors that consequently imply the same reliability for each factor.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.838
Bartlett's Test of Sphericity	Approx. Chi-Square	4692.329
	df	153
	Sig.	.000

Table 5: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	5.562	30.900	30.900	5.562	30.900
2	2.781	15.449	46.348	2.781	15.449
3	1.510	8.390	54.738	1.510	8.390
4	1.207	6.703	61.442	1.207	6.703
5	.954	5.300	66.742		
6	.874	4.853	71.595		
7	.743	4.130	75.724		
8	.718	3.989	79.714		
9	.577	3.204	82.918		
10	.490	2.721	85.639		
11	.450	2.500	88.139		
12	.390	2.164	90.303		
13	.375	2.082	92.385		
14	.344	1.908	94.293		
15	.327	1.817	96.110		
16	.303	1.682	97.792		
17	.224	1.246	99.038		
18	.173	.962	100.000		

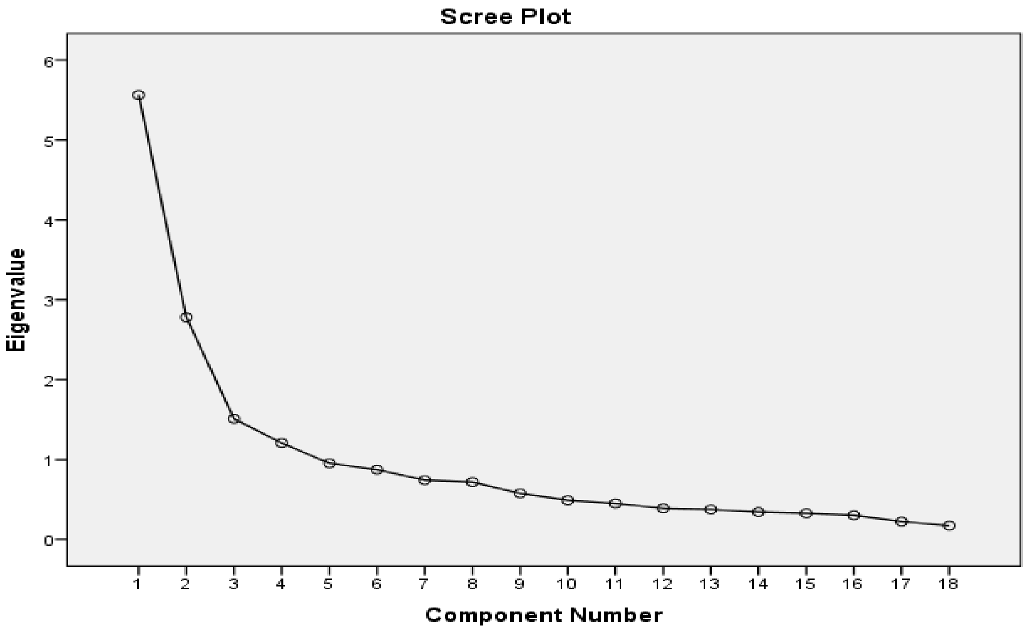
Total Variance Explained

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
	Cumulative %	Total
1	30.900	4.736
2	46.348	2.826
3	54.738	2.039
4	61.442	3.364
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		

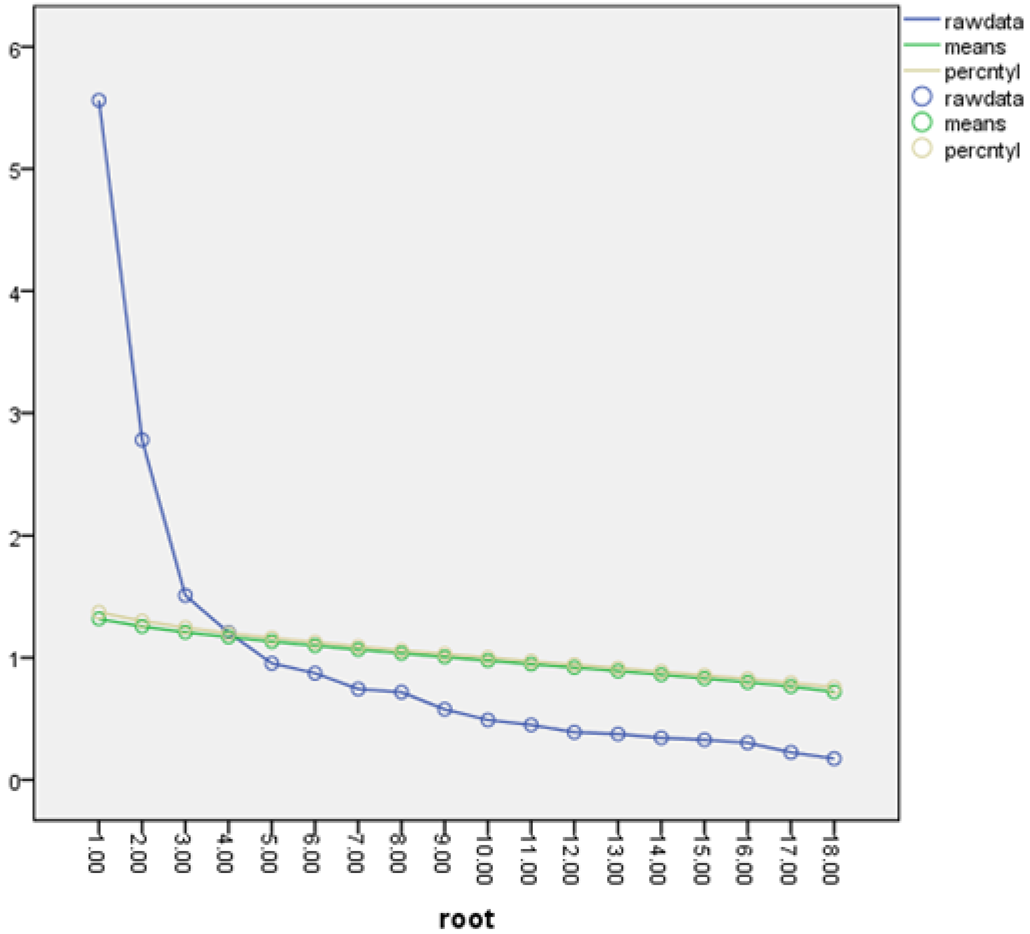
Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Graph 3: Scree Plot



Graph 4: Parallel analysis



Construct two:

Table 6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.727
Bartlett's Test of Sphericity	Approx. Chi-Square	4821.695
	df	276
	Sig.	.000

Table 7: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	3.851	16.048	16.048	3.851	16.048
2	3.267	13.613	29.661	3.267	13.613
3	2.062	8.591	38.252	2.062	8.591
4	1.942	8.091	46.343	1.942	8.091
5	1.662	6.924	53.267	1.662	6.924
6	1.148	4.783	58.050	1.148	4.783
7	1.048	4.368	62.418	1.048	4.368
8	.999	4.164	66.581		
9	.902	3.757	70.338		
10	.823	3.430	73.769		
11	.799	3.330	77.098		
12	.669	2.786	79.885		
13	.609	2.537	82.422		
14	.576	2.399	84.822		
15	.562	2.344	87.165		
16	.532	2.215	89.380		
17	.511	2.128	91.508		
18	.424	1.766	93.273		
19	.393	1.636	94.910		
20	.346	1.441	96.351		
21	.311	1.295	97.645		
22	.258	1.075	98.720		
23	.230	.960	99.680		
24	.077	.320	100.000		

Total Variance Explained

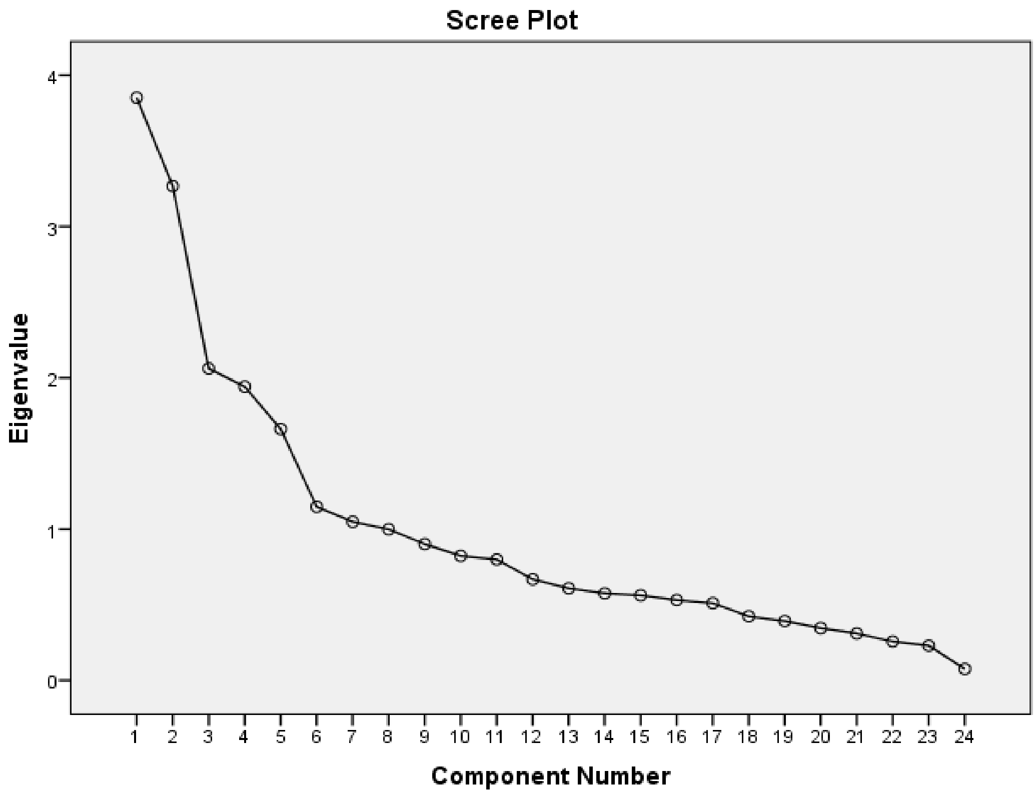
Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
	Cumulative %	Total
1	16.048	3.204
2	29.661	3.131
3	38.252	2.567
4	46.343	2.295
5	53.267	2.216
6	58.050	1.570
7	62.418	1.208

8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

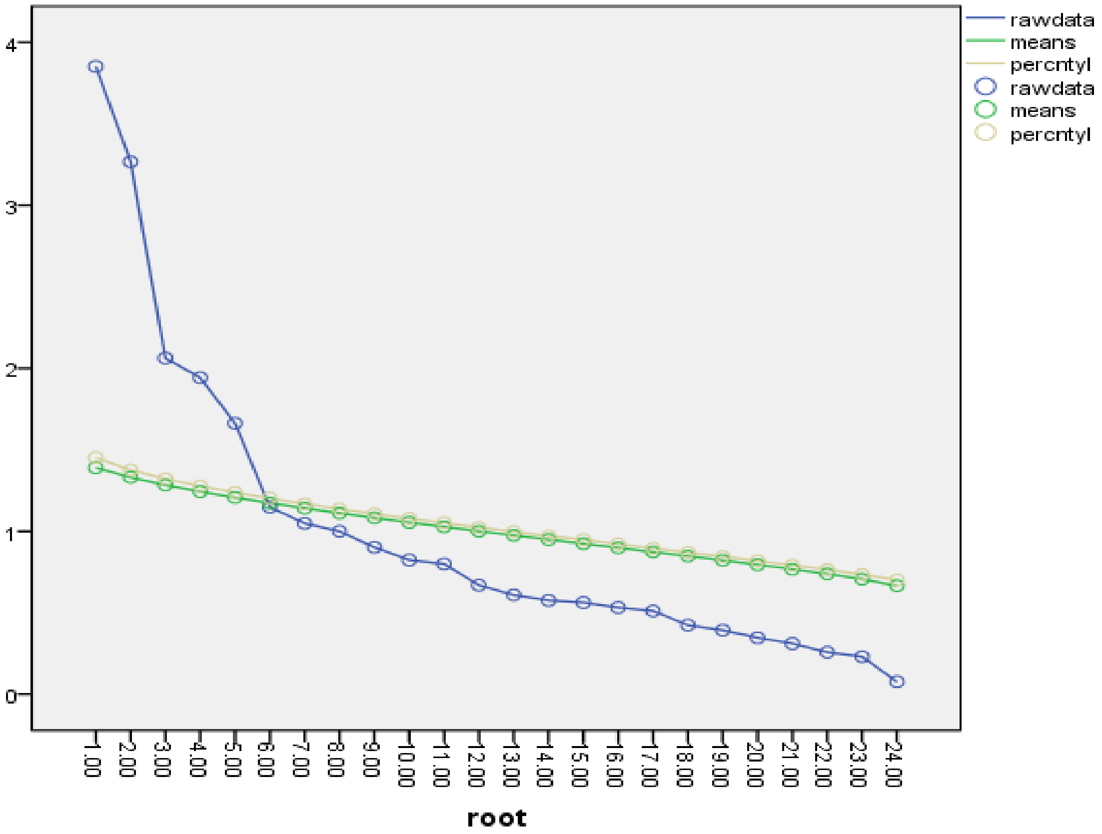
Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Graph 5: Scree Plot



Graph 6: parallel analysis



After rerun the factor analysis based on parallel analysis

Table 8: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	3.851	16.048	16.048	3.851	16.048
2	3.267	13.613	29.661	3.267	13.613
3	2.062	8.591	38.252	2.062	8.591
4	1.942	8.091	46.343	1.942	8.091
5	1.662	6.924	53.267	1.662	6.924
6	1.148	4.783	58.050		
7	1.048	4.368	62.418		
8	.999	4.164	66.581		
9	.902	3.757	70.338		
10	.823	3.430	73.769		
11	.799	3.330	77.098		

12	.669	2.786	79.885		
13	.609	2.537	82.422		
14	.576	2.399	84.822		
15	.562	2.344	87.165		
16	.532	2.215	89.380		
17	.511	2.128	91.508		
18	.424	1.766	93.273		
19	.393	1.636	94.910		
20	.346	1.441	96.351		
21	.311	1.295	97.645		
22	.258	1.075	98.720		
23	.230	.960	99.680		
24	.077	.320	100.000		

Total Variance Explained

	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
Component	Cumulative %	Total
1	16.048	3.140
2	29.661	3.221
3	38.252	2.622
4	46.343	2.231
5	53.267	2.164
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Reliability of factors comprising construct two

Factor one

Reliability Statistics

Cronbach's Alpha	N of Items
.865	4

Factor two

Reliability Statistics

Cronbach's Alpha	N of Items
.789	6

Factor three

Reliability Statistics

Cronbach's Alpha	N of Items
.712	4

Factor four

Reliability Statistics

Cronbach's Alpha	N of Items
.771	3

Factor five

Reliability Statistics

Cronbach's Alpha	N of Items
.311	4

Table 9: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q14.9	9.8998	3.435	.277	.103
Q14.14	9.9649	3.181	.385	-.040[a]
Q14.20	9.9332	3.066	.466	-.138[a]
Q14.15	11.6010	5.825	-.270	.708

a. The value is negative due to a negative average covariance among items. This violates reliability model assumptions. You may want to check item codings.

Factor five after deleting question 14.15

Reliability Statistics

Cronbach's Alpha	N of Items
.708	3

Rerun factor Analysis after deleting four questions and specifying the number of factors to be extracted based on parallel analysis.

Table 10: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.730
Bartlett's Test of Sphericity	Approx. Chi-Square	4581.251
	df	190
	Sig.	.000

Table 11: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	3.749	18.747	18.747	3.749	18.747
2	3.124	15.622	34.369	3.124	15.622
3	2.044	10.219	44.588	2.044	10.219
4	1.910	9.549	54.137	1.910	9.549
5	1.600	7.999	62.137	1.600	7.999
6	.935	4.674	66.810		
7	.847	4.233	71.043		
8	.757	3.785	74.828		
9	.679	3.396	78.225		
10	.586	2.932	81.157		
11	.570	2.852	84.009		
12	.554	2.768	86.777		
13	.522	2.610	89.387		
14	.440	2.199	91.586		
15	.416	2.080	93.666		
16	.371	1.853	95.519		
17	.321	1.606	97.125		
18	.266	1.329	98.454		
19	.232	1.159	99.613		
20	.077	.387	100.000		

Total Variance Explained

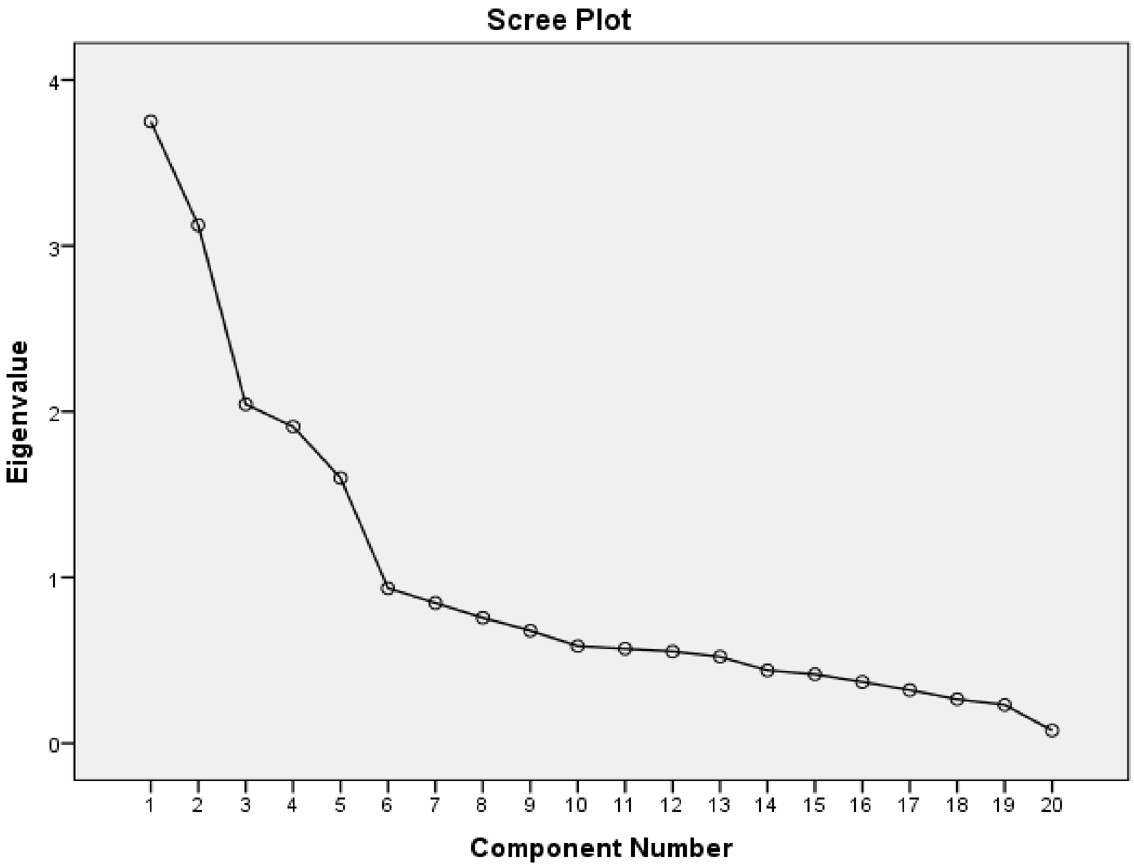
Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
	Cumulative %	Total
1	18.747	3.161
2	34.369	3.090
3	44.588	2.573
4	54.137	2.222
5	62.137	2.185
6		
7		
8		

9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

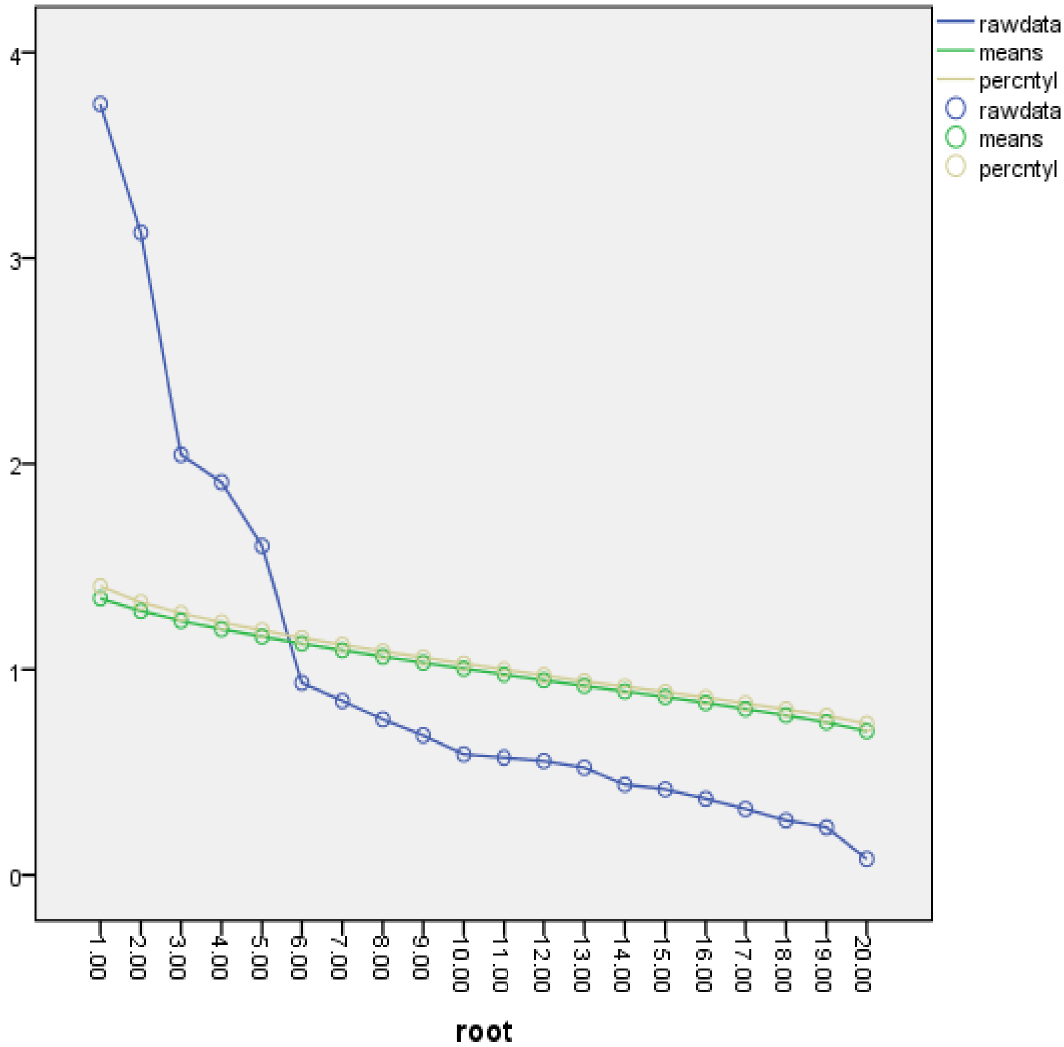
Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Graph 7: Scree plot



Graph 8: parallel analysis after deleting four questions



Construct three:

Table 12: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.581
Bartlett's Test of Sphericity	Approx. Chi-Square	1870.154
	df	21
	Sig.	.000

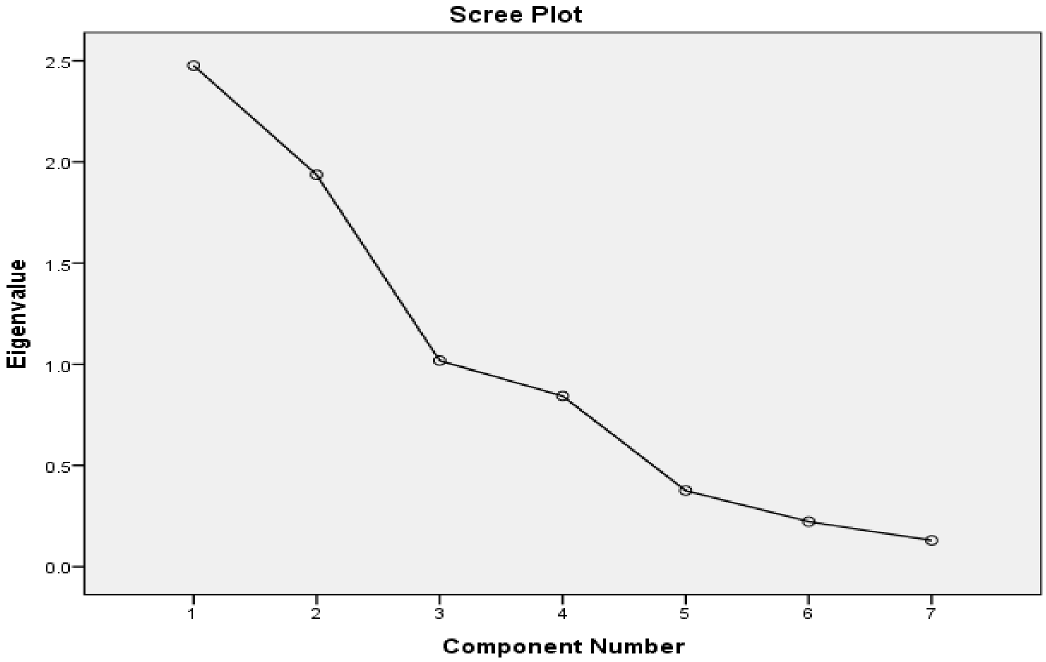
Table 13: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	2.476	35.369	35.369	2.476	35.369
2	1.936	27.654	63.023	1.936	27.654
3	1.018	14.540	77.563	1.018	14.540
4	.843	12.044	89.607		
5	.376	5.367	94.975		
6	.222	3.175	98.149		
7	.130	1.851	100.000		

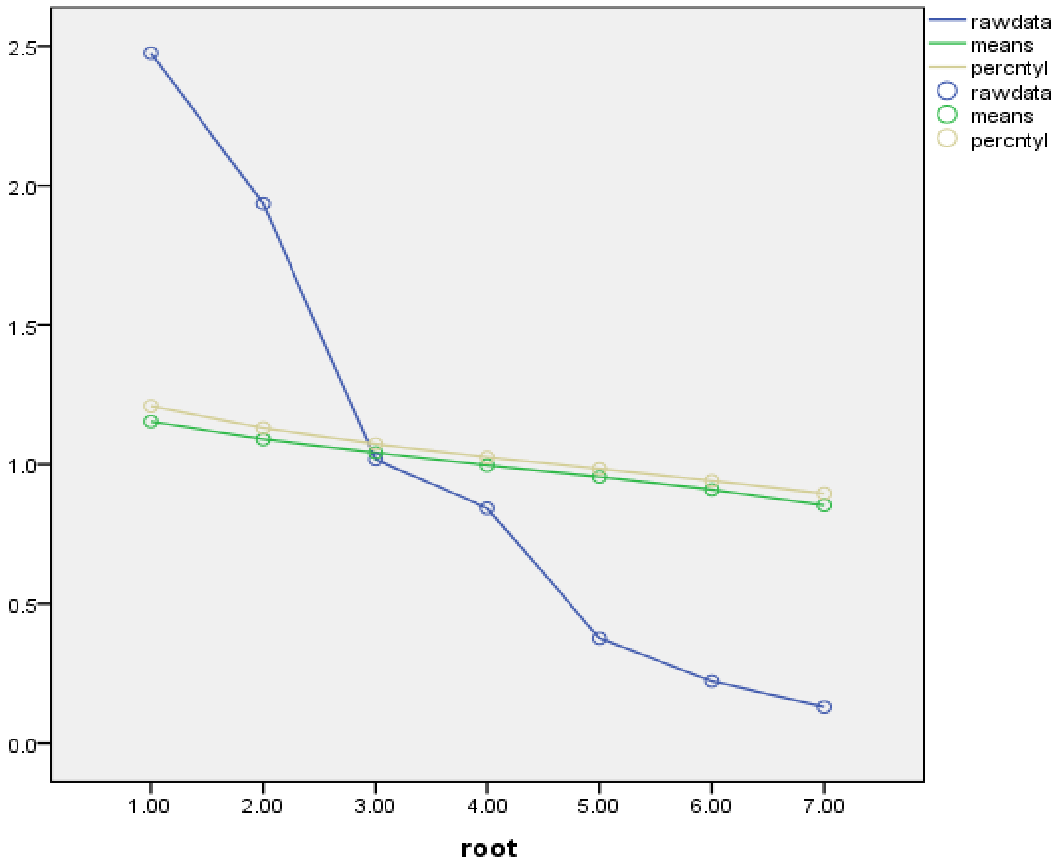
Total Variance Explained

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
	Cumulative %	Total
1	35.369	1.969
2	63.023	2.005
3	77.563	1.833
4		
5		
6		
7		

Graph 9: Scree Plot



Graph 10: Parallel analysis



Rerun factor analysis after determining the number of factors based parallel analysis.

Table 14: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.581
Bartlett's Test of Sphericity	Approx. Chi-Square	1870.154
	df	21
	Sig.	.000

Table 15: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	2.476	35.369	35.369	2.476	35.369
2	1.936	27.654	63.023	1.936	27.654
3	1.018	14.540	77.563		
4	.843	12.044	89.607		
5	.376	5.367	94.975		
6	.222	3.175	98.149		
7	.130	1.851	100.000		

Total Variance Explained

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
	Cumulative %	Total
1	35.369	2.426
2	63.023	2.033
3		
4		
5		
6		
7		

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Reliability of factors comprising construct three

Factor one

Reliability Statistics

Cronbach's Alpha	N of Items
.777	4

Factor two

Reliability Statistics

Cronbach's Alpha	N of Items
.715	3

Construct four:

Table 16: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.918
Bartlett's Test of Sphericity	Approx. Chi-Square	12619.195
	df	351
	Sig.	.000

Table 17: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	10.630	39.369	39.369	10.630	39.369
2	3.305	12.242	51.611	3.305	12.242
3	1.800	6.665	58.276	1.800	6.665
4	1.505	5.573	63.849	1.505	5.573
5	1.275	4.722	68.572	1.275	4.722
6	1.106	4.096	72.667	1.106	4.096
7	.896	3.318	75.985		
8	.875	3.240	79.225		
9	.686	2.540	81.765		
10	.597	2.212	83.977		
11	.468	1.734	85.711		

12	.449	1.663	87.374		
13	.410	1.518	88.892		
14	.349	1.292	90.183		
15	.327	1.213	91.396		
16	.311	1.151	92.547		
17	.266	.986	93.533		
18	.257	.950	94.483		
19	.238	.880	95.363		
20	.214	.791	96.154		
21	.201	.745	96.900		
22	.186	.691	97.590		
23	.176	.650	98.240		
24	.143	.531	98.772		
25	.135	.500	99.272		
26	.109	.404	99.675		
27	.088	.325	100.000		

Total Variance Explained

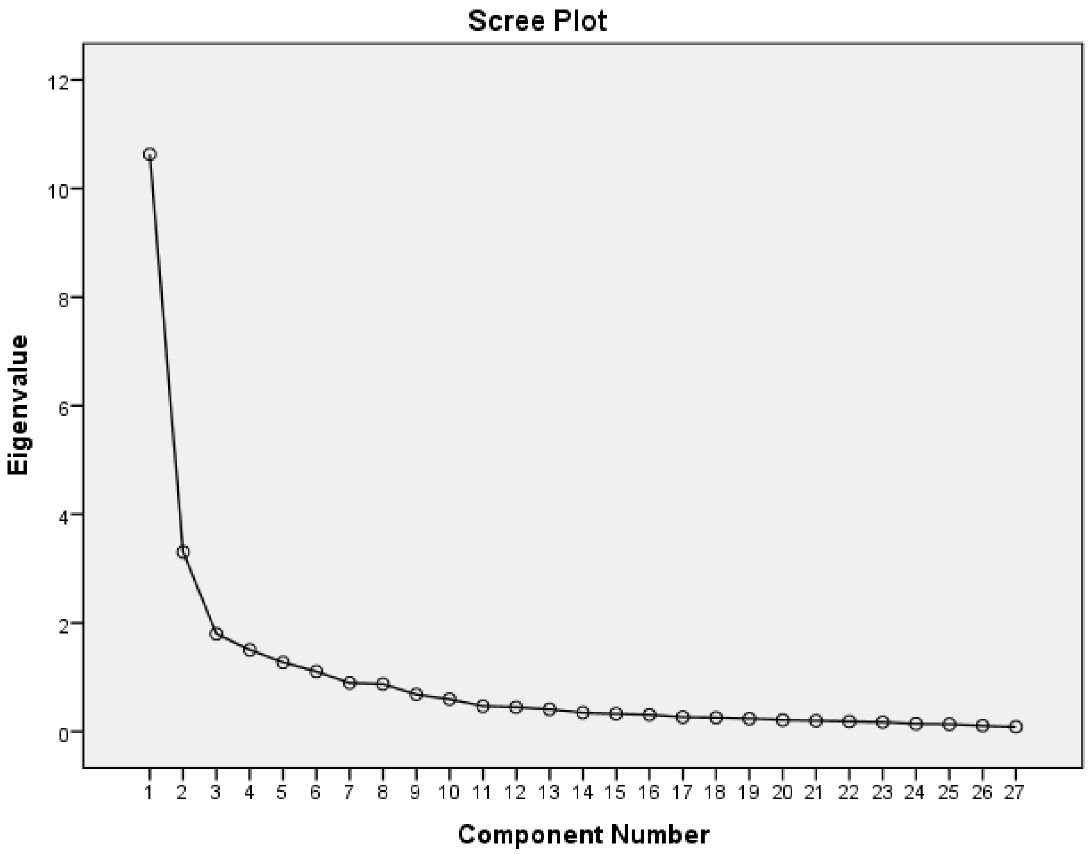
	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
Component	Cumulative %	Total
1	39.369	8.453
2	51.611	7.843
3	58.276	2.832
4	63.849	4.044
5	68.572	2.069
6	72.667	3.348
7		
8		
9		
10		
11		
12		
13		
14		
15		

16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			

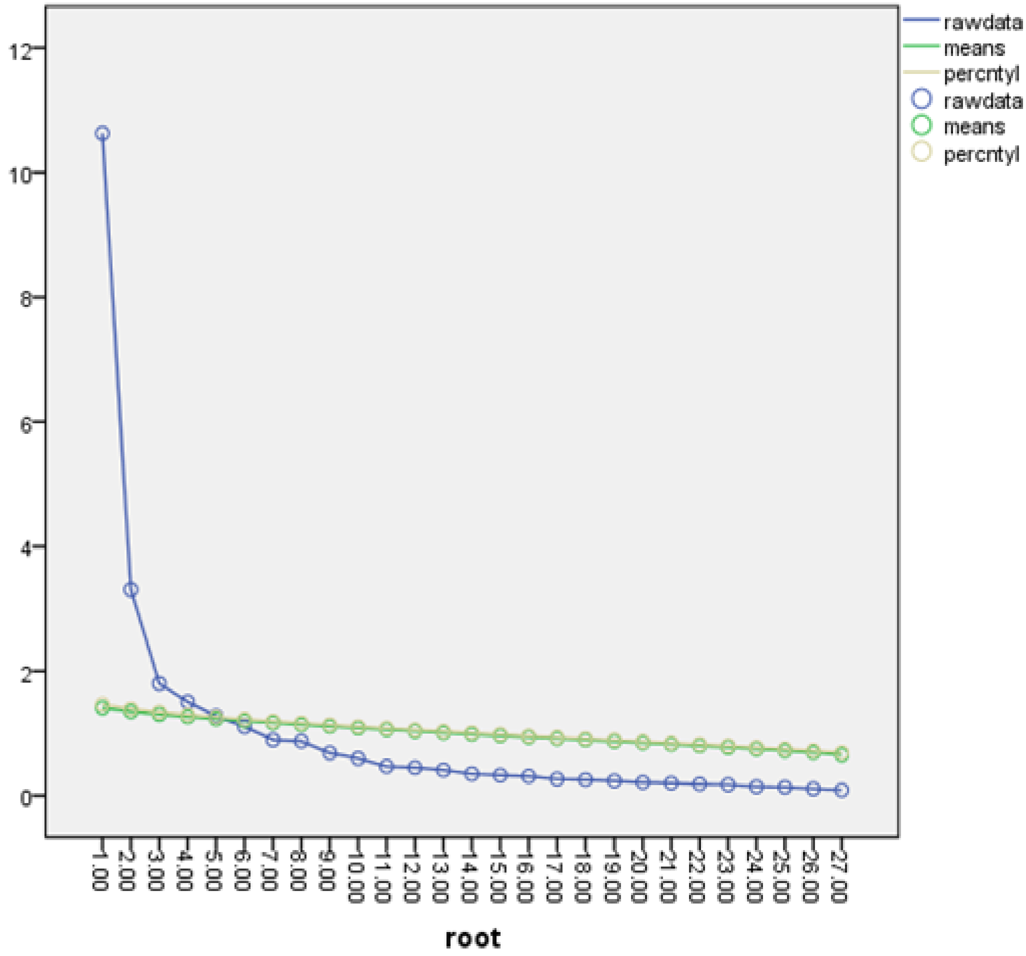
Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Graph 11: Scree Plot



Graph 12: Parallel analysis



Rerun factor analysis after determining the number of factors based on parallel analysis.

Table 18: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.918
Bartlett's Test of Sphericity	Approx. Chi-Square	12619.195
	df	351
	Sig.	.000

Extraction Method: Principal
Component Analysis.

Table 19: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	10.630	39.369	39.369	10.630	39.369
2	3.305	12.242	51.611	3.305	12.242
3	1.800	6.665	58.276	1.800	6.665
4	1.505	5.573	63.849	1.505	5.573
5	1.275	4.722	68.572	1.275	4.722
6	1.106	4.096	72.667		
7	.896	3.318	75.985		
8	.875	3.240	79.225		
9	.686	2.540	81.765		
10	.597	2.212	83.977		
11	.468	1.734	85.711		
12	.449	1.663	87.374		
13	.410	1.518	88.892		
14	.349	1.292	90.183		
15	.327	1.213	91.396		
16	.311	1.151	92.547		
17	.266	.986	93.533		
18	.257	.950	94.483		
19	.238	.880	95.363		
20	.214	.791	96.154		
21	.201	.745	96.900		
22	.186	.691	97.590		
23	.176	.650	98.240		
24	.143	.531	98.772		
25	.135	.500	99.272		
26	.109	.404	99.675		
27	.088	.325	100.000		

Total Variance Explained

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
	Cumulative %	Total
1	39.369	8.034
2	51.611	8.454

3	58.276	2.365
4	63.849	3.969
5	68.572	3.281
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Reliability of factors comprising construct four.

Factor one

Reliability Statistics

Cronbach's Alpha	N of Items
.925	8

Factor two

Reliability Statistics

Cronbach's Alpha	N of Items
.945	8

Factor three

Reliability Statistics

Cronbach's Alpha	N of Items
.811	2

Factor four

Reliability Statistics

Cronbach's Alpha	N of Items
.756	5

Factor five

Reliability Statistics

Cronbach's Alpha	N of Items
.754	4

Construct five:

Table 20: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	4800.622
	df	153
	Sig.	.000

Table 21: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	4.442	24.677	24.677	4.442	24.677
2	2.504	13.909	38.587	2.504	13.909
3	2.154	11.968	50.554	2.154	11.968
4	1.617	8.985	59.539	1.617	8.985
5	1.535	8.529	68.068	1.535	8.529
6	.946	5.257	73.325		
7	.781	4.338	77.663		
8	.680	3.778	81.441		
9	.569	3.162	84.602		
10	.468	2.603	87.205		
11	.411	2.284	89.489		
12	.362	2.013	91.502		
13	.346	1.922	93.424		
14	.286	1.589	95.014		
15	.277	1.538	96.552		
16	.238	1.320	97.872		
17	.219	1.219	99.092		
18	.163	.908	100.000		

Total Variance Explained

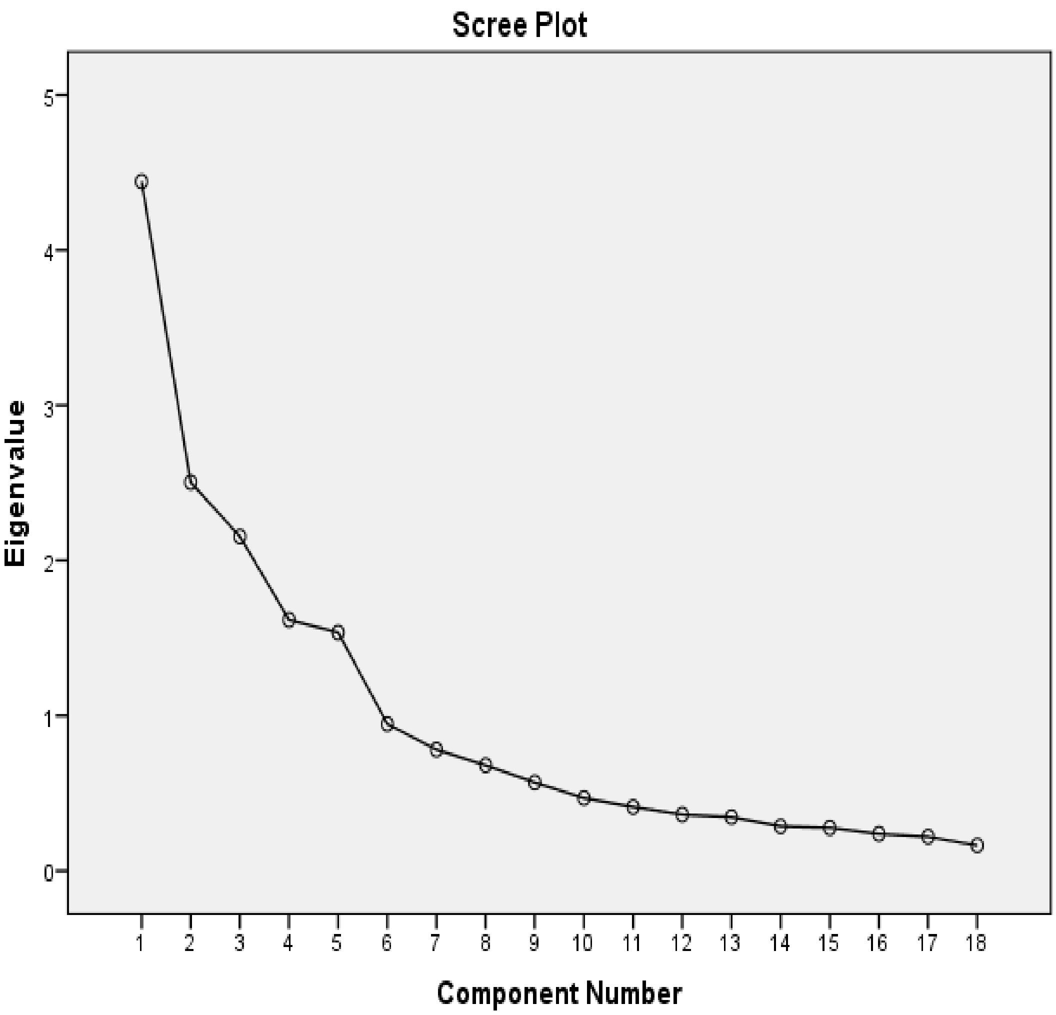
Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings[a]
	Cumulative %	Total
1	24.677	4.064
2	38.587	2.708
3	50.554	2.335
4	59.539	2.108
5	68.068	1.864
6		

7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			

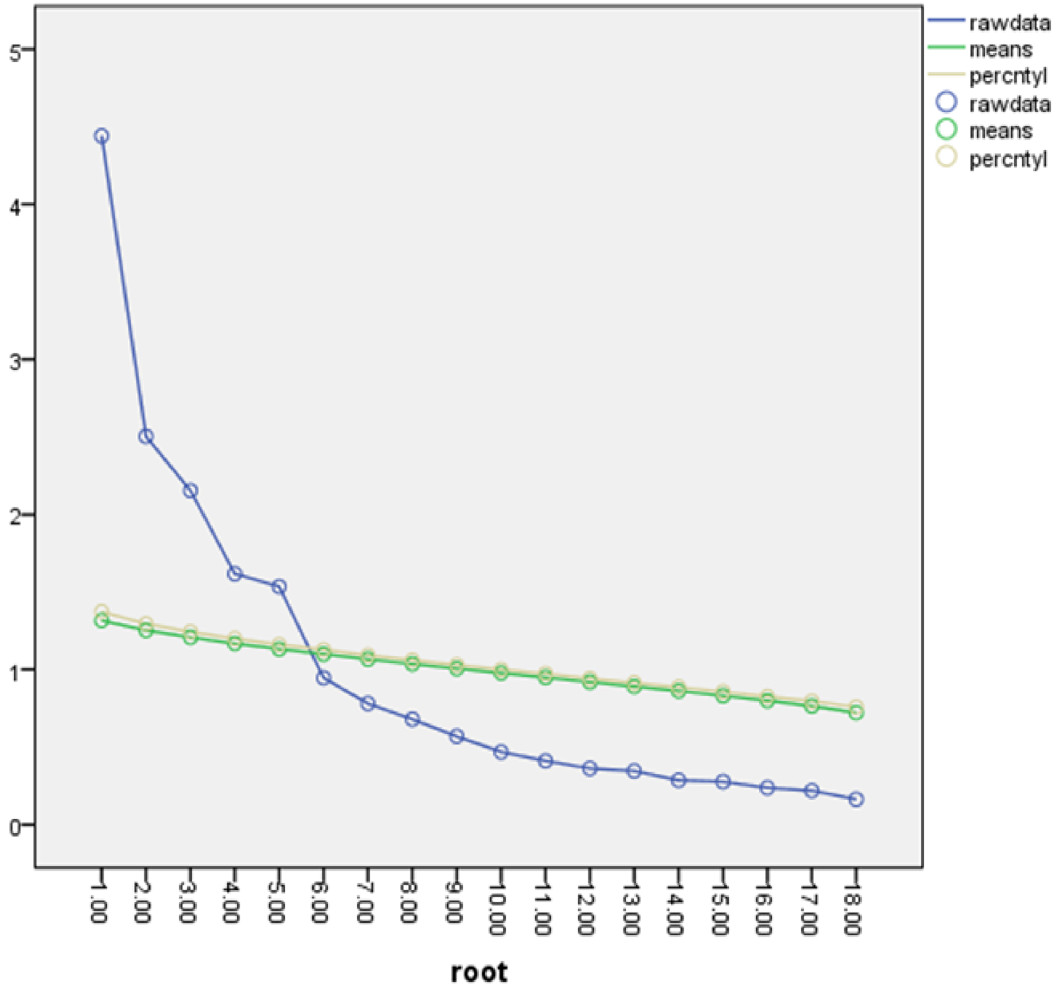
Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Graph 13: Scree Plot



Graph 14: Parallel analysis



Reliability of factors comprising construct five.

Factor one

Reliability Statistics

Cronbach's Alpha	N of Items
.858	7

Factor two

Reliability Statistics

Cronbach's Alpha	N of Items
.868	3

Factor three

Reliability Statistics

Cronbach's Alpha	N of Items
.700	4

Factor four

Reliability Statistics

Cronbach's Alpha	N of Items
.868	2

Factor five

Reliability Statistics

Cronbach's Alpha	N of Items
.720	2

Appendix (F): mean score tables across objectives

Objective one:

Table 1: The mean score for managers and auditors (objective one).

Group of respondents				
Mean / Items	managers' mean	Auditors' mean	The mean of both group together	Mean rank
Q10.1: banks and creditors	3.97	3.79	3.92	2
Q10.2: suppliers	3.30	3.22	3.28	6
Q10.3: financial analyst	3.55	3.55	3.55	4
Q10.4: managers	4.23	4.12	4.20	1
Q10.5: customers	2.75	2.47	2.67	9
Q10.6: public authorities	3.86	3.77	3.84	3
Q107: individual investors	3.35	3.32	3.34	5
Q10.8: employees	2.36	2.52	2.40	10
Q10.9: credit agencies	3.34	2.72	3.18	7
Q10.10: institutional investors	3.33	2.65	3.15	8
Q10.11: shareholders	2.23	2.49	2.30	11
Total	3.30	3.15	3.26	
Scale: **1: Never, 2: Rarely, 3: Sometime, 4: Often, 5: very often**				

Objective two:

Table 2: The mean score for managers and auditors (objective two).

Group of respondents				
	Mean / Items	managers' mean	Auditors' mean	Both groups
Factor one	Q11.17: comparisons of financial statement of same size abroad.	3.26	3.63	3.36
	Q11.16: comparisons of financial statement of same size domestically.	3.07	3.43	3.17
	Q11.5: safeguarding assets and obtaining good control.	3.45	3.61	3.49
	Q11.19: obtaining finance.	3.17	3.51	3.26
	Q11.2: lack of knowledge of IFRS.	3.07	3.36	3.19

	Q11.1: lack of expertise of qualified employees in accounting.	2.82	3.55	2.96
	Q11.18: disclose critical information to competitors due to high disclosure requirements.	3.46	3.59	3.49
	Q11.6: inappropriate decision because of complexity of financial information.	3.34	3.55	3.40
	Q11.12: difficulty in making wise decision due to lack of financial information.	3.37	3.53	3.41
	Q11.10: financial information does not meet the users' needs in financial statements.	3.35	3.18	3.31
Mean of factor one: problems in financial information and lack of expertise in accounting and IFRS.		3.24	3.49	3.30
Factor two	Q11.15: cost of preparing financial report	4.03	3.20	3.81
	Q11.13: the time needed to prepare financial report.	4.00	3.46	3.86
	Q11.14: the effort needed to prepare financial report.	4.06	3.41	3.89
	Q11.7: the high amount of disclosure requirements.	3.97	3.64	3.88
Mean of factor two: problems pertaining to prepare financial report.		4.02	3.43	3.86
Factor three	Q11.9: complex recognition of the full IFRS.	3.50	3.09	3.39
	Q11.8: complex measurements of the full IFRS.	3.43	3.20	3.37
Mean of factor three: complexity of recognition and measurements.		3.47	3.14	3.38
Factor four	Q11.3: bookkeeping cost.	3.13	2.92	3.07
	Q11.4: audit fees.	3.29	3.01	3.22
Mean of factor four: cost of bookkeeping and auditing.		3.21	2.96	3.15
Mean of all factors		3.48	3.26	3.42

Scale:
1: No applicability, 2: Low applicability, 3: Moderate applicability, 4: High applicability , 5: Very high applicability

Objective three and seven:

The omitted topics

Table 3: The mean score for managers and auditors (objective three, omitted topics).

Group of respondents				
	Items \ Mean	Managers' mean	Auditors' mean	Both groups
Factor one	Q12.1: Earnings per share	4.26	4.17	4.23
	Q12.2: Interim financial reporting	4.08	4.03	4.06
	Q12.3: Segment reporting	4.06	3.90	4.02
	Q12.4: Issuance of Insurance contract	4.21	3.99	4.16
	Q12.5: Assets held for sale	3.83	3.83	3.83
Mean of factor one		4.09	3.98	4.06
Scale: 1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance, 5: Very high relevance				

Table 4: The mean score across economic sectors (objective three, omitted topics).

Economic sectors.							
	Items \ Mean	Manufacturing	Trade	Agriculture	Construction	Service	Overall
Factor one	Q12.1	4.59	4.24	4.50	4.50	3.96	4.26
	Q12.2	4.21	4.08	4.38	4.27	3.86	4.08
	Q12.3	4.06	4.20	4.08	4.42	3.83	4.06
	Q12.4	4.48	4.20	4.48	4.31	3.96	4.21
	Q12.5	3.94	4.08	4.05	4.04	3.33	3.83
Mean of factor one		4.25	4.16	4.30	4.31	3.79	4.09
Scale: 1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance, 5: Very high relevance							

Table 5: The mean score across legal form entities (objective three, omitted topics).

Entities' legal form							
	Mean / Items	Limited liability	General partnership	Limited partnership	Civil	Private shareholder	Over all
Factor one	Q12.1	4.17	4.48	4.57	4.29	4.44	4.26
	Q12.2	4.08	4.08	4.19	4.29	3.88	4.08
	Q12.3	4.08	3.90	4.22	4.71	3.88	4.06
	Q12.4	4.11	4.55	4.57	4.29	4.32	4.21
	Q12.5	3.63	4.35	4.57	4.29	4.16	3.83
Mean of factor one		4.01	4.27	4.42	4.37	4.14	4.09
Scale: **1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance,** **5: Very high relevance**							

Table 6: The mean score across entities with different employees' numbers (objective three, omitted topics).

Employees' number.					
	Mean / Items	1-9	10-49	50-249	Overall
Factor one	Q12.1	4.31	4.36	4.12	4.26
	Q12.2	4.26	3.98	4.15	4.08
	Q12.3	4.10	4.04	4.09	4.06
	Q12.4	4.26	4.27	4.13	4.21
	Q12.5	4.00	3.85	3.75	3.83
Mean of factor one		4.18	4.10	4.05	4.09
More than 250 employees' category has not been included as none of the participant belonged to this category. **Scale:** **1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance,** **5: Very high relevance**					

Table 7: The mean score across different range of total assets and turnover (objective three, omitted topics).

Range of turnover and total assets									
	Hereafter	A	B	C	D	E	F	J	
	Mean / Item — Crosstab of turnover and assets — turnover	Less than 1,810,000 JD	Less than 1,810,000 JD	1,810,000 JD to 9,050,000 JD	1,810,000 JD to 9,050,000 JD	1,810,000 JD to 9,050,000 JD	9,050,000 JD to 45,250,000 JD	9,050,000 JD to 45,250,000 JD	Overall
	Assets	Less than 1,810,000 JD	1,810,000 JD to 9,050,000 JD	1 JD to 1,810,000 JD	1,810,000 JD to 9,050,000 JD	9,050,000 JD to 38,915,000 JD	1,810,000 JD to 9,050,000 JD	9,050,000 JD to 38,915,000 JD	
Factor one	Q12.1	4.23	4.50	5.00	4.23	4.41	5.00	4.25	4.26
	Q12.2	3.93	4.25	4.00	4.17	4.50	4.00	4.25	4.08
	Q12.3	3.98	4.00	5.00	4.11	4.41	4.00	4.50	4.06
	Q12.4	4.19	4.40	4.50	4.19	4.36	5.00	4.25	4.21
	Q12.5	3.77	3.30	3.50	3.93	3.82	4.00	4.75	3.83
Mean of factor one		4.02	4.09	4.40	4.13	4.30	4.40	4.40	4.09

Some crosstab of annual turnover and total assets were not included as these categories did not include any participant.
Scale:
1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance,
5: Very high relevance

Table 8: The mean score for two management's styles (objective three, omitted topics).

Whether owners are involved directly in management				
	Mean / Items	Yes	No	Overall
Factor one	Q12.1	4.27	4.23	4.26
	Q12.2	4.08	4.05	4.08
	Q12.3	4.12	3.94	4.06
	Q12.4	4.24	4.15	4.21
	Q12.5	3.86	3.73	3.83
Mean of factor one		4.11	4.02	4.09

Scale:
1: No relevance , 2: Low relevance, 3: Moderate relevance , 4: High relevance,
5: Very high relevance

The suitability of accounting topics

Table 9: The mean score for managers and auditors (objective three, suitability of topics).

	Group of respondents			
	Items / Mean	Managers' mean	Auditors' mean	Both group
Factor one	**Q14.2:** presenting a combined statement of income and retained earnings.	3.73	3.28	3.62
	Q14.1: presenting only one comparative period in the statement of financial position.	3.73	3.25	3.60
	Q14.3: reduce disclosure requirements.	4.01	3.56	3.89
	Q14.4: exemption from disclosing the fair value of investment property.	4.04	3.78	3.97
Mean of factor one: presentation issues.		3.88	3.47	3.77
Factor two	**Q14.22:** to expense research and development cost instead of capitalise development.	3.26	3.41	3.30
	Q14.21: to expense borrowing cost instead of capitalise interest.	3.17	3.40	3.23
	Q14.16: expense the cost of arrangement and negation of lease that are incurred by manufactures or dealers, instead of capitalise them.	3.10	3.36	3.17
	Q14.5: exemption from disclosing the effect of changing in standards.	3.03	2.28	2.83
	Q14.17: exemption from using straight line method to recognise the operating lease payments, when these payments are organised to rise in line with anticipated inflation.	3.25	2.48	3.05
	Q14.24: disallowing the reference to another standard-setting body.	3.51	3.32	3.46
Mean of factor two: expensing instead of capitalising, lease and standards issues.		3.22	3.04	3.17
Factor three	**Q14.12:** using only the cost model for intangibles.	2.47	3.64	2.78
	Q14.8: using only the cost model for property, plant and equipment.	2.29	3.57	2.62
	Q14.7: measuring investment property based on circumstances by using fair value or cost-depreciation-impairment method.	2.58	3.79	2.90
	Q14.19: use the most recent purchase price to approximate the cost of inventory.	3.53	3.87	3.62
Mean of factor three: how to measure some assets.		2.72	3.72	2.98

Factor four	**Q14.13:** presuming the life of intangible assets as 10 years.	3.82	3.91	3.85
	Q14.11: considering the useful life of intangible assets as finite.	3.92	3.73	3.87
	Q14.10: amortise (other than goodwill indefinite life) intangible assets over 10 years, impairment test is performed only when there is indication for impairment.	3.82	3.76	3.80
Mean of factor four: issues pertaining to intangible assets.		3.85	3.80	3.84
Factor five	**Q14.20:** discard the indication for impairment when the net assets of an entity exceed its market capitalisation.	3.84	3.94	3.87
	Q14.14: exemption from reviewing the estimation annually. Unless there are considerable variances between current and last report value.	3.79	3.97	3.83
	Q14.9: to account for assets' depreciation separately if the pattern of expected economic benefit of that asset was different, instead of considering the significant cost of the pertinent asset as criteria to account for such asset separately.	3.91	3.89	3.90
Mean of factor five: estimation issues.		3.85	3.94	3.87
Mean of all factors		3.50	3.59	3.53
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**				

Table 10: The mean across economic sectors (objective three, suitability of topics).

	Economic sectors.						
	Mean / Items	Manufacturing	Trade	Agriculture	Construction	Service	Overall
Factor one	Q14.2	3.38	3.82	3.83	3.73	3.82	3.73
	Q14.1	3.28	3.86	3.80	3.77	3.81	3.73
	Q14.3	4.18	4.04	3.93	3.96	3.89	4.01
	Q14.4	4.24	4.04	3.93	3.65	4.01	4.04
Mean of factor one		3.77	3.94	3.87	3.78	3.88	3.88
Factor two	Q14.22	3.10	3.29	3.18	3.23	3.34	3.26
	Q14.21	2.89	3.14	3.28	3.23	3.34	3.17
	Q14.16	2.88	3.01	3.28	2.85	3.35	3.10
	Q14.5	3.11	2.78	3.58	3.38	3.05	3.03
	Q14.17	3.05	3.51	2.77	3.19	3.18	3.25
	Q14.24	3.70	3.27	3.55	3.23	3.76	3.51

Mean of factor two		3.12	3.17	3.27	3.19	3.34	3.22
Factor three	Q14.12	2.52	2.31	2.46	3.16	2.52	2.47
	Q14.8	2.38	2.08	2.45	2.32	2.44	2.29
	Q14.7	3.06	2.28	2.37	2.04	2.83	2.58
	Q14.19	3.88	3.15	2.87	3.52	3.98	3.53
Mean of factor three		2.96	2.46	2.54	2.76	2.94	2.72
Factor four	Q14.13	4.32	3.93	3.98	3.31	3.45	3.82
	Q14.11	4.25	4.00	4.18	3.56	3.60	3.92
	Q14.10	4.18	3.86	4.13	3.60	3.48	3.82
Mean of factor four		4.25	3.93	4.09	3.49	3.51	3.85
Factor five	Q14.20	3.88	4.01	3.83	3.54	3.67	3.84
	Q14.14	3.95	3.66	4.28	3.96	3.66	3.79
	Q14.9	3.78	4.07	4.43	4.12	3.59	3.91
Mean of factor five		3.87	3.91	4.18	3.87	3.64	3.85
Mean of all factors		3.59	3.48	3.59	3.42	3.46	3.50
Scale: 1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree							

Table 11: The mean score across legal forms (objective three, suitability of topics).

Entities' legal form							
	Mean / Items	Limited liability	General partnership	Limited partnership	Civil	Private shareholder	Overall
Factor one	Q14.2	3.67	4.31	4.29	4.29	2.36	3.73
	Q14.1	3.64	4.39	4.32	4.14	2.44	3.73
	Q14.3	3.97	4.34	4.25	4.57	3.28	4.01
	Q14.4	4.02	4.21	4.36	4.29	3.44	4.04
Mean of factor one		3.82	4.31	4.30	4.32	2.88	3.88
Factor two	Q14.22	3.31	3.10	3.18	3.17	3.04	3.26
	Q14.21	3.16	3.13	3.46	3.33	3.00	3.17
	Q14.16	3.11	3.10	3.11	3.29	2.84	3.10
	Q14.5	3.10	2.84	2.64	3.29	2.96	3.03
	Q14.17	3.33	3.15	3.07	3.57	2.56	3.25

	Q14.24	3.51	3.47	3.30	3.86	3.84	3.51
Mean of factor two		3.25	3.13	3.13	3.42	3.04	3.22
Factor three	Q14.12	2.57	2.10	2.48	2.29	2.20	2.47
	Q14.8	2.36	1.85	2.30	2.86	2.24	2.29
	Q14.7	2.69	2.08	2.46	1.83	2.60	2.58
	Q14.19	3.51	3.53	3.59	4.40	3.44	3.53
Mean of factor three		2.78	2.39	2.71	2.84	2.62	2.72
Factor four	Q14.13	3.80	3.92	4.18	3.86	3.52	3.82
	Q14.11	3.88	4.16	4.11	4.00	3.56	3.92
	Q14.10	3.82	3.82	3.92	3.83	3.60	3.82
Mean of factor four		3.83	3.97	4.07	3.90	3.56	3.85
Factor five	Q14.20	3.73	4.13	4.11	4.29	4.20	3.84
	Q14.14	3.67	4.13	3.96	4.29	4.16	3.79
	Q14.9	3.81	4.13	4.30	4.43	4.08	3.91
Mean of factor five		3.73	4.13	4.12	4.33	4.15	3.85
Mean of all factors		3.49	3.59	3.67	3.76	3.25	3.50
Scale: 1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree							

Table 12: The mean score across entities with different employees' numbers (objective three, suitability of topics).

Employees' number.					
	Mean / Items	1-9	10-49	50-249	Overall
Factor one	Q14.2	3.97	3.80	3.61	3.73
	Q14.1	3.92	3.84	3.56	3.73
	Q14.3	4.03	4.09	3.90	4.01
	Q14.4	4.18	4.07	3.96	4.04
Mean of factor one		4.03	3.95	3.76	3.88
Factor two	Q14.22	3.53	3.28	3.17	3.26
	Q14.21	3.59	3.16	3.09	3.17
	Q14.16	3.45	3.14	2.97	3.10
	Q14.5	3.26	3.07	2.92	3.03
	Q14.17	3.49	3.29	3.14	3.25
	Q14.24	3.59	3.58	3.42	3.51
Mean of factor two		3.48	3.25	3.12	3.22

Factor three	Q14.12	2.36	2.41	2.58	2.47
	Q14.8	2.08	2.24	2.40	2.29
	Q14.7	2.56	2.48	2.70	2.58
	Q14.19	3.39	3.54	3.54	3.53
Mean of factor three		2.60	2.67	2.80	2.72
Factor four	Q14.13	3.74	3.91	3.73	3.82
	Q14.11	3.89	4.01	3.80	3.92
	Q14.10	3.74	3.90	3.74	3.82
Mean of factor four		3.79	3.94	3.76	3.85
Factor five	Q14.20	3.97	3.90	3.74	3.84
	Q14.14	3.87	3.77	3.79	3.79
	Q14.9	3.95	3.98	3.81	3.91
Mean of factor five		3.93	3.88	3.78	3.85
Mean of all factors		3.57	3.54	3.44	3.50
More than 250 employees' category has not been included as none of participant was belong to this category.					
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**					

Table 13: The mean score across different range of total assets and turnover (objective three, suitability of topics).

Range of turnover and total assets									
	Hereafter	A	B	C	D	E	F	G	
	Mean / Item — Crosstab of turnover and assets: turnover	Less than 1,810,000 JD	Less than 1,810,000 JD	1,810,000 JD to 9,050,000 JD	1,810,000 JD to 9,050,000 JD	1,810,000 JD to 9,050,000 JD	9,050,000 JD to 45,250,000 JD	9,050,000 JD to 45,250,000 JD	Overall
	Assets	Less than 1,810,000 JD	1,810,000 JD to 9,050,000 JD	1 JD to 1,810,000 JD	1,810,000 JD to 9,050,000 JD	9,050,000 JD to 38,915,000 JD	1,810,000 JD to 9,050,000 JD	9,050,000 JD to 38,915,000 JD	
Factor one	Q14.2	3.77	3.45	4.50	3.75	3.55	4.00	3.50	3.73
	Q14.1	3.74	3.45	4.50	3.76	3.59	5.00	3.25	3.73
	Q14.3	4.02	4.35	4.00	3.95	4.18	4.00	3.25	4.01
	Q14.4	4.00	4.40	4.50	4.03	4.00	5.00	3.75	4.04

Mean of factor one		3.88	3.91	4.38	3.87	3.83	4.50	3.44	3.88
Factor two	Q14.22	3.31	3.45	4.50	3.19	3.09	2.00	2.75	3.26
	Q14.21	3.24	3.00	3.00	3.15	3.00	2.00	3.00	3.17
	Q14.16	3.16	3.00	3.00	3.09	2.86	2.00	2.75	3.10
	Q14.5	3.10	3.15	3.00	2.98	2.86	1.00	2.00	3.03
	Q14.17	3.30	3.50	4.00	3.14	3.55	3.00	2.25	3.25
	Q14.24	3.59	3.70	2.50	3.47	3.36	1.00	2.50	3.51
Mean of factor two		3.28	3.30	3.33	3.17	3.12	1.83	2.54	3.22
Factor three	Q14.12	2.45	2.60	3.00	2.43	2.71	5.00	2.75	2.47
	Q14.8	2.28	2.55	1.50	2.28	2.38	2.00	1.75	2.29
	Q14.7	2.72	3.11	2.50	2.42	2.27	2.00	2.00	2.58
	Q14.19	3.62	3.60	4.50	3.39	3.57	4.00	3.25	3.53
Mean of factor three		2.77	2.96	2.88	2.63	2.73	3.25	2.44	2.72
Factor four	Q14.13	3.78	4.10	3.50	3.81	4.18	4.00	3.75	3.82
	Q14.11	3.91	4.20	4.00	3.88	4.00	5.00	4.00	3.92
	Q14.10	3.81	4.05	3.00	3.79	3.90	5.00	3.75	3.82
Mean of factor four		3.83	4.12	3.50	3.83	4.03	4.67	3.83	3.85
Factor five	Q14.20	3.92	3.85	4.50	3.76	3.77	4.00	3.50	3.84
	Q14.14	3.93	3.85	3.50	3.59	3.86	4.00	4.00	3.79
	Q14.9	3.92	3.80	4.50	3.90	3.86	5.00	4.00	3.91
Mean of factor five		3.92	3.83	4.17	3.75	3.83	4.33	3.83	3.85
Mean of all factors		3.54	3.63	3.65	3.45	3.51	3.72	3.22	3.5

Some crosstab of annual turnover and total assets were not included as these categories did not include any participant.

Scale:
1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree

Table 14: The mean score for two management styles (objective three, suitability of topics).

	Whether owners are involved directly in management			
	Items \ Mean	Yes	No	Overall
Factor one	Q14.2	3.88	3.38	3.73
	Q14.1	3.85	3.44	3.73
	Q14.3	4.08	3.81	4.01
	Q14.4	4.10	3.88	4.04

Mean of factor one		3.98	3.63	3.88
Factor two	Q14.22	3.26	3.24	3.26
	Q14.21	3.16	3.21	3.17
	Q14.16	3.13	3.03	3.10
	Q14.5	3.00	3.09	3.03
	Q14.17	3.27	3.20	3.25
	Q14.24	3.52	3.48	3.51
Mean of factor two		3.22	3.21	3.22
Factor three	Q14.12	2.44	2.55	2.47
	Q14.8	2.27	2.34	2.29
	Q14.7	2.53	2.71	2.58
	Q14.19	3.51	3.57	3.53
Mean of factor three		2.69	2.79	2.72
Factor four	Q14.13	3.79	3.90	3.82
	Q14.11	3.91	3.94	3.92
	Q14.10	3.78	3.91	3.82
Mean of factor four		3.83	3.92	3.85
Factor five	Q14.20	3.85	3.82	3.84
	Q14.14	3.78	3.80	3.79
	Q14.9	3.94	3.83	3.91
Mean of factor five		3.86	3.82	3.85
Mean of all factors		3.51	3.47	3.50
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**				

Objective four:

Table 15: The mean score for managers and auditors (objective four).

	Group of respondents			
	Mean / Items	Managers' mean	Auditors' mean	The mean of both group together
Factor one	**Q15.7:** adopting IFRS for SMEs if adoption is either mandatory or voluntary.	3.72	3.76	3.73
	Q15.6: adopting a new uniform set of International Financial Reporting Standards.	3.74	3.89	3.78
	Q15.5: adopting IFRS for SMEs from the first year in which it is applied generally or used for tax purposes.	3.78	3.87	3.80
	Q15.3: adopting IFRS for SMEs by all non-public entities.	3.78	3.64	3.75

Mean of factor one: wiling to adopt the standards.		3.76	3.79	3.76
Factor two	**Q15.4:** IFRS for SMEs must be a standalone document.	3.31	3.74	3.42
	Q15.2: making IFRS for SMEs cross reference with full IFRS to deal with specific topics that are complex or rarely occurred within SMEs.	3.35	3.78	3.46
	Q15.1: IFRS for SMEs introduce general purpose financial statement.	3.13	3.74	3.30
Mean of factor two: general concept regarding IFRS for SMEs.		3.26	3.75	3.40
Mean of all factors		3.51	3.77	3.58
Scale: 1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree				

Objective five:

Table 16: The mean score for managers and auditors (objective five).

Group of respondents				
	Mean / Items	Manager s' mean	Auditors' mean	Both groups
Factor one	**Q16.4:** preparing financial reports easily.	3.76	3.80	3.77
	Q16.12: simplifying measurements.	3.84	3.89	3.85
	Q16.7: easily understood standards compared to full IFRS.	3.84	3.86	3.85
	Q16.26: simplifying audit work.	3.92	3.90	3.91
	Q16.13: simplifying recognition.	3.86	3.76	3.83
	Q16.16: reducing the amount of time to prepare financial reports.	3.78	3.78	3.78
	Q16.17: reducing the effort needed to prepare financial reports.	3.71	3.80	3.73
	Q16.15: facilitating tax department work.	4.00	3.85	3.96
Mean of factor one: simplification.		3.84	3.83	3.84
Factor two	**Q16.24:** improve the quality of accounting information for external users.	3.77	3.92	3.81
	Q16.5: making appropriate decision based on non-complex financial information.	3.85	3.95	3.87
	Q16.25: improve the quality of accounting information for internal users.	3.91	3.94	3.92
	Q16.6: making appropriate decision based on more relevant financial information.	3.84	3.96	3.87
	Q16.14: fulfilling the users' needs in the financial statements.	3.77	3.83	3.78

	Q16.10: safeguarding assets and obtaining good control.	3.68	3.95	3.75
	Q16.1: reducing the competition risk by avoiding disclosing critical information due to irrelevant disclosure requirements.	3.87	3.89	3.88
	Q16.11: disclosing only the relevant information.	3.89	3.83	3.88
Mean of factor two: enhance the ability of financial information for either decision making process or safeguarding and control the entity.		3.82	3.91	3.85
Factor three	**Q16.28:** decreasing the large amount of money needed to put specialised accounting standards for Jordanian SMEs.	3.64	3.61	3.63
	Q16.27: decreasing the heavy effort to put specialised accounting standards for Jordanian SMEs.	3.61	3.70	3.63
Mean of factor three: developing standards for SMEs in Jordan.		3.62	3.66	3.63
Factor four	**Q16.18:** reducing the cost spent to prepare financial report.	4.00	3.75	3.94
	Q16.8: reducing the audit fees.	3.93	3.79	3.89
	Q16.9: reducing the bookkeeping cost.	4.07	3.89	4.03
	Q16.21: reducing the cost for implementing the standards.	3.59	3.48	3.56
	Q16.22: reducing the documentation cost.	3.34	3.69	3.43
Mean of factor four: reducing the cost incurred by companies.		3.79	3.72	3.77
Factor five	**Q16.19:** improving comparability of same size domestically.	3.55	3.81	3.62
	Q16.2: obtaining credit from suppliers.	3.50	3.69	3.55
	Q16.3: obtaining finance.	3.50	3.81	3.58
	Q16.20: improving comparability of same size abroad.	3.60	3.90	3.68
Mean of factor five: using financial information for either comparability or financing decisions purposes.		3.54	3.80	3.61
Mean of all factors		3.72	3.78	3.74
Scale: **1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree**				

Objective six:

Table 17: The mean score for managers and auditors (objective six).

Group of respondents				
	Items / Mean	Managers' mean	Auditors' mean	Both groups
Factor one	**Q17.14:** different social and organizational culture.	2.32	3.40	2.60
	Q17.15: different concepts and behaviours.	2.31	3.71	2.68
	Q17.3: failure to separate ownership from management	2.49	3.72	2.81
	Q17.16: different cultural value and modernism.	2.37	3.32	2.62
	Q17.13: different economic environment.	2.30	3.20	2.54
	Q17.8: different role of professional bodies and associations.	2.46	3.20	2.65
	Q17.7: lack of accounting responsibilities by external entities.	2.54	3.43	2.77
Mean of factor one: external driver.		2.40	3.43	2.67
Factor two	**Q17.6:** limited financial recourses.	3.80	3.80	3.80
	Q17.17: lack of grantee to obtain credit and facilities.	3.76	3.71	3.75
	Q17.5: finance difficulties.	3.82	3.76	3.80
Mean of factor two: funding difficulties.		3.79	3.76	3.78
Factor three	**Q17.2:** weakness of human resources working in accounting field.	2.99	3.70	3.18
	Q17.4: weakness of accounting and finance knowledge among SMEs owners.	3.06	3.71	3.23
	Q17.1: weakness of applied accounting system.	2.81	3.50	2.99
	Q17.10: measurement and restatement difficulties at first time adoption.	3.76	3.94	3.81
Mean of factor three: lack of skills in accounting and finance.		3.15	3.71	3.30
Factor four	**Q17.12:** preference of SMEs to prepare accounts for tax purposes only.	2.48	2.83	2.57
	Q17.11: additional cost to prepare a second set of financial statements based on accounting regulation due to the tax purpose.	2.38	2.65	2.45
Mean of factor four: taxation hinders.		2.43	2.74	2.51
Factor five	Q17.18: different law and legislation.	2.56	3.36	2.77
	Q17.9: some SMEs are not obligated by legislator to publish annual audited report.	2.58	3.59	2.84
Mean of factor five: law and legislative hinders.		2.57	3.48	2.80
Mean of all factors		2.87	3.42	3.01
Scale: 1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree				

Appendix (G): Levene test analysis

Objective one:

Table 1: Levene test for homogeneity of variances (objective one).

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	Df	F	Sig	
Q10.1	603	.629	.428	Assumed
Q10.2	603	11.315	.001	Not assumed
Q10.3	603	13.248	.000	Not assumed
Q10.4	603	.309	.579	Assumed
Q10.5	603	21.845	.000	Not assumed
Q10.6	603	.001	.980	Assumed
Q10.7	603	3.502	.062	Assumed
Q10.8	603	4.149	.042	Not assumed
Q10.9	603	13.540	.000	Not assumed
Q10.10	603	.678	.411	Assumed
Q10.11	603	.054	.816	Assumed

The variances of the following questions were significantly different in managers and auditors groups, which were as follow:

- Question two, F (1, 603) = 11.315, $P < .01$.
- Question three, F (1, 603) = 13.248, $P < .01$.
- Question five, F (1, 601) = 21.845, $P < .01$.
- Question eight, F (1, 603) = 4.149, $P < .05$.
- Question nine, F (1, 603) = 13.540, $P < .01$.

On the other hand, the variance in these two groups of respondents is equal for the following items:

- Question one: F (1, 603) = .629, *ns.*
- Question four: F (1, 603) = .309, *ns.*
- Question six: F (1, 603) = .001, *ns.*
- Question seven: F (1, 603) = 3.502, *ns.*

- Question ten*:* *F* (1, 603) = .678*, ns.*
- Question eleven*:* (1, 603) = .054*, ns.*

<u>Objective two:</u>

Table 2: Levene test for homogeneity of variances (objective two).

Factor	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Factor one	593	6.76	.010	Not assumed
Factor two	596	17.59	.000	Not assumed
Factor three	603	1.39	.239	Assumed
Factor four	603	2.22	.137	Assumed

The variances of both factor one and two were significantly different in managers and auditors groups, which were *F (1, 593) = 6.79, P* < .05 for factor one, and *F* (1, 596) = 17.59*, P* < .01 for factor two. On the other hand, the variances between the two groups was equal in factor four, *F* (1, 603) = 2.22*, ns*.

<u>Objectives three and seven:</u>

Omitted topics;

Table 3: Levene test for homogeneity of variances for both groups (objective three, omitted topics).

Factor	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Factor one	602	2.825	.093	Assumed

The variances of factor one was not significantly different in managers and auditors groups, which were F (1, 602) = 2.825, *ns.*

Table 4: Levene test for homogeneity of variances regarding economic sectors (objective three, omitted topics).

Factor	Homogeneity of variances (levene test)			ANOVA test
	df	F	Sig	
Factor one	442	6.105	.000	Welch ANOVA

The variances of factor one was significantly different in all economic sectors, F (4, 442) = 6.105, $P < .01$.

Table 5: Levene test for homogeneity of variances regarding legal form entities (objective three, omitted topics).

Factor	Homogeneity of variances (levene test)			ANOVA test
	df	F	Sig	
Factor one	442	16.644	.000	Welch ANOVA

The variances of factor one was significantly different in all different legal form entities, F (4, 442) = 16.644, $P < .01$.

Table 6: Levene test for homogeneity of variances regarding employees' numbers (objective three, omitted topics).

Factor	Homogeneity of variances (levene test)			ANOVA test
	df	F	Sig	
Factor one	444	2.800	.062	One way ANOVA

The variances in the categories based on employees' number was equal for factor one, F *(2, 444)* = 2.800, *ns.*

Table 7: Levene test for homogeneity of variances regarding total assets and turnover (objective three, omitted topics).

Factor	Homogeneity of variances (levene test)			ANOVA test
	df	F	Sig	
Factor one	440	1.515a	.184	One way ANOVA

The variances in the groups of entities according to their turnover and total assets ranges was equal for factor one, F (5, 440) = 1.515, *ns.*

Table 8: Levene test for homogeneity of variances regarding management's styles (objective three, omitted topics).

Factor	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Factor one	445	.148	.701	Assumed

The variances of factor one in the two groups of respondents was not significantly different that was; F (1, 445) = .148, *ns.*

Suitability of topics

Table 9: Levene test for homogeneity of variances for auditors and managers (objective three, suitability of topics).

Factor	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Factor one	603	8.984	.003	Not assumed
Factor two	589	132.606	.000	Not assumed
Factor three	593	.000	.989	Assumed
Factor four	591	12.017	.001	Not assumed
Factor five	600	6.750	.010	Not assumed

The variances of all factors except the third factor were significantly different between managers and auditors, which were as follows:

- Factor one, F (1, 603) = 8.984, $P < .01$.
- Factor two, F (1, 589) = 132.606, $P < .01$.
- Factor four, F (1, 591) = 12.017, $P < .01$.
- Factor five, F (1, 600) = 6.750, $P < .05$.

On the other hand, the variances in these two groups of respondents were equal for factor three, F (1, 593) = .000, *ns.*

Table 10: Levene test for homogeneity of variances regarding economic sectors (objective three, suitability of topics).

Factor	Homogeneity of variances (levene test)			ANOVA test
	df	F	Sig	
Factor one	443	1.665	.157	One way ANOVA
Factor two	429	.354	.841	One way ANOVA
Factor three	433	7.184	.000	Welch ANOVA
Factor four	431	18.822	.000	Welch ANOVA
Factor five	440	14.309	.000	Welch ANOVA

The variances of factor three, factor four, and five were significantly different in different economic sectors, which were F (4, 433) = 7.184, $P < .01$ for factor three, and F (4, 431) = 18.822, $P < .01$ for factor four, and F (4, 440) = 14.309, $P < .01$ for factor five. In comparison, the variances in all sectors did not differ significantly for factor one and factor two that were respectively, F (4, 443) = 1.665, *ns,* and F (4, 429) = .354, *ns*.

Table 11: Levene test for homogeneity of variances regarding legal forms (objective three, suitability of topics).

Factor	Homogeneity of variances (levene test)			ANOVA test
	df	F	Sig	
Factor one	443	8.851	.000	Welch ANOVA
Factor two	429	.905	.461	One way ANOVA
Factor three	433	9.244	.000	Welch ANOVA
Factor four	431	2.887	.022	Welch ANOVA
Factor five	440	7.413	.000	Welch ANOVA

The variances of all factors except the second factor were significantly different in all groups of entities, which were as follows:

- Factor one, F (4, 443) = 8.851, $P < .01$.
- Factor three, F (4, 433) = 9.244, $P < .01$.
- Factor four, F (4, 431) = 2.887, $P < .05$.
- Factor five, F (4, 440) = 7.413, $P < .01$.

On the other hand, the variances in these groups of entities based on their legal form was equal for factor two, F (4, 429) = .905, *ns.*

Table 12: Levene test for homogeneity of variances regarding the number of employees (objective three, suitability of topics).

Factor	Homogeneity of variances (levene test)			ANOVA test
	df	F	Sig	
Factor one	445	2.473	.086	One way ANOVA
Factor two	431	2.252	.106	One way ANOVA
Factor three	435	.010	.990	One way ANOVA
Factor four	433	1.696	.185	One way ANOVA
Factor five	442	1.112	.330	One way ANOVA

All factors did not vary in their variances significantly in all categories of employees number, which were from the first to fifth factor respectively as follow; F (2, 445) = 2.473, *ns,* F (2, 431) = 2.252, *ns,* F (2, 435) = .010, *ns,* F (2, 433) = 1.696, *ns,* and F (2, 442) = 1.112, *ns*.

Table 13: Levene test for homogeneity of variances regarding total assets and turnover (objective three, suitability of topics).

Factor	Homogeneity of variances (levene test)			ANOVA test
	df	F	Sig	
Factor one	441	.570	.723	One way ANOVA
Factor two	427	1.865	.099	One way ANOVA
Factor three	431	.865	.505	One way ANOVA
Factor four	429	2.077	.067	One way ANOVA
Factor five	438	1.215	.301	One way ANOVA

All factors did not differ in their variances significantly in different group of entities based on their size, which were from the first to fifth factor respectively as follow; *F* (5, 441) = .570, *ns, F* (5, 427) = 1.865, *ns, F* (5, 431) = .865, *ns, F* (5, 429) = 2.077, *ns,* and *F* (5, 438) = 1.215, *ns*.

Table 14: Levene test for homogeneity of variances regarding management styles (objective three, suitability of topics).

Factor	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Factor one	446	16.705	.000	Not assumed
Factor two	432	.385	.535	Assumed
Factor three	436	1.034	.310	Assumed
Factor four	434	4.890	.028	Not assumed
Factor five	443	0.040	.841	Assumed

The variances of factor two, factor three, and five were not significantly different in the two respondents, groups, which were *F* (1, 432) = .385, *ns,* for factor two, and *F* (1, 436) = 1.034, *ns,* for factor three, and *F* (1, 443) = 4.890, *ns*, for factor five. Conversely, the variances differed significantly for both factor one and factor four that were respectively, F (1, 446) = 16.705, $P < .01$, and F (1, 434) = 4.890, $P < .05$.

Adopter vs non-adopter

Table 15: Levene test for homogeneity of variances.

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Q14.4	446	.128	.725	Assumed
Q14.7	441	.023	.880	Assumed

The variances of both items in the two groups of adopters and non-adopters were equal, F (1, 446) = .128, *ns*, for Q14.4, and F (1, 441) = .023, *ns*, for Q14.7.

Table 16: Levene test for homogeneity of variances.

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Q14.9	443	.083	.846	Assumed

The variances of Q14.9 in the two groups of adopters and non-adopters was equal, F (1, 443) = .083, *ns.*

Table 17: Levene test for homogeneity of variances.

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Q14.10	440	.000	.991	Assumed
Q14.11	441	1.833	.179	Assumed

Q14.12	443	4.154	.042	Not assumed
Q14.13	440	5.833	.016	Not assumed

The variances of both Q14.12 and Q14.13 were significantly different in the two groups, which were respectively; F (1, 443) = 4.154, $P < .05$, and F (1, 440) = 5.833, $P < .05$. On the contrary, the variances between the two groups of respondents were equal for Q14.10, F (1, 440) = .000, *ns.* Similarly the variances between group were equal in Q14.11, F (1, 441) = 1.833, *ns*.

Table 18: Levene test for homogeneity of variances.

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Q14.16	443	3.403	.066	Assumed

The variances of Q14.16 in the two groups of adopters and non-adopters was not significantly different, F (1, 443) = 3.403, *ns*.

Table 19: Levene test for homogeneity of variances.

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Q14.17	444	.953	.330	Assumed

The variances of Q14.16 in the two groups of adopters and non-adopters was equalised, F (1, 444) = .953,*ns*.

Table 20: Levene test for homogeneity of variances.

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Q14.19	443	73.055	.000	Not assumed

The variances of Q14.19 in the two groups of adopters and non-adopters was significantly different, F (1, 443) = 73.055, $P< .01$.

Table 21: Levene test for homogeneity of variances.

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Q14.21	442	4.769	.030	Not assumed

The variances of Q14.21 in the two groups of adopters and non-adopters was significantly different, F (1, 442) = 4.769, $P< .05$.

Table 22: Levene test for homogeneity of variances.

Items	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Q14.22	441	4.507	.034	Not assumed

The variances of Q14.22 in the two groups of adopters and non-adopters was significantly different, F (1, 441) = 4.507, $P< .05$.

Objective four:

Table 23: Levene test for homogeneity of variances (objective four).

Factor	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Factor one	603	26.169	.000	Not assumed
Factor two	603	33.115	.000	Not assumed

The variances of both factor one and two were significantly different in managers and auditors groups, which were *F* (1, 603) = 26.169, *P* < *.01* for factor one, and *F* (1, 603) = 33.115, *P* < .01 for factor two.

Objective five:

Table 24: Levene test for homogeneity of variances (objective five).

Factor	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Factor one	603	17.457	.000	Not assumed
Factor two	603	3.077	.080	Assumed
Factor three	603	37.571	.000	Not assumed
Factor four	601	5.968	.015	Not assumed
Factor five	603	17.519	.000	Not assumed

The variances of all factors except the second factor were significantly different between managers and auditors, which were as follows:

- Factor one, *F* (1, 603) = 17.457, *P* < *.01*.
- Factor three, *F* (1, 603) = 37.571, *P* < .01.
- Factor four, *F* (1, 601) = 5.968, *P* < .05.
- Factor five, *F* (1, 603) = 17.519, *P* < .01.

On the other hand, the variances in these two groups of respondents was equal for factor two, *F* (1, 603) = 3.077, *ns.*

Objective six:

Table 25: Levene test for homogeneity of variances (objective six).

Factor	Homogeneity of variances (levene test)			Reporting the *t* and *P* value based on whether equality of variances assumed or not.
	df	F	Sig	
Factor one	595	1.733	.189	Assumed
Factor two	603	5.842	.016	Not assumed
Factor three	600	7.137	.008	Not assumed
Factor four	603	1.245	.265	Assumed
Factor five	603	3.802	.052	Assumed

The variances of factor one, factor four, and five were not significantly different in managers and auditors groups, which were *F* (1, 595) = 1.733, *ns* for factor one, and *F* (1, 603) = 1.245,*ns* for factor four, and *F* (1, 603) = 3.802, *ns* for factor five. On the contrary, the variances in the aforementioned two groups were different significantly for factor two and factor three that respectively, *F* (1, 603) = 5.842, $P < .05$, and *F* (1, 600) = 7.137, $P < .01$.

Appendix (H): Post-hoc tables.

<u>Omitted topics</u>

Table 1: Post-hoc analysis through Games-Howell test regarding economic sectors (objective three, omitted topics).

		Sector	Compared sector	*P*
Games-Howell	**For factor one**	Manufacturing	Trade	.805
			Agriculture	.984
			Construction	.965
			Services	.000
		Trade	Manufacturing	.805
			Agriculture	.520
			Construction	.480
			Services	.001
		Agriculture	Manufacturing	.984
			Trade	.520
			Construction	1.000
			Services	.000
		Construction	Manufacturing	.965
			Trade	.480
			Agriculture	1.000
			Services	.000
		Services	Manufacturing	.000
			Trade	.001
			Agriculture	.000
			Construction	.000

Table 2: Post-hoc analysis through Games-Howell test regarding legal form entities (objective three, omitted topics).

	Legal form	Compared legal form	*P*
Games-Howell For factor one	Limited Liability Company	General Partnership Company	.000
		Limited Partnership Company	.000
		Civil Company	.152
		Private shareholder Company	.479
	General Partnership Company	Limited Liability Company	.000
		Limited Partnership Company	.108
		Civil Company	.941
		Private shareholder Company	.282
	Limited Partnership Company	Limited Liability Company	.000
		General Partnership Company	.108
		Civil Company	.995
		Private shareholder Company	.004
	Civil Company	Limited Liability Company	.152
		General Partnership Company	.941
		Limited Partnership Company	.995
		Private shareholder Company	.487
	Private shareholder Company	Limited Liability Company	.479
		General Partnership Company	.282
		Limited Partnership Company	.004
		Civil Company	.487

Suitability of topics

Table 3: Post-hoc analysis through Games-Howell regarding economic sectors (objective three, suitability of topics).

Factor	Test	Sector	Compared sector	*P*
Factor three	Games-Howell	Manufacturing	Trade	.000
			Agriculture	.202
			Construction	.463
			Services	1.000
		Trade	Manufacturing	.000
			Agriculture	.894
			Construction	.052
			Services	.000
		Agriculture	Manufacturing	.202
			Trade	.894
			Construction	.883
			Services	.247
		Construction	Manufacturing	.463
			Trade	.052
			Agriculture	.883
			Services	.558
		Services	Manufacturing	1.000
			Trade	.000
			Agriculture	.247
			Construction	.558
Factor four	Games-Howell	Manufacturing	Trade	.001
			Agriculture	.541
			Construction	.004
			Services	.000
		Trade	Manufacturing	.001
			Agriculture	.537
			Construction	.192
			Services	.002
		Agriculture	Manufacturing	.541
			Trade	.537
			Construction	.041
			Services	.000

		Construction	Manufacturing	.004
			Trade	.192
			Agriculture	.041
			Services	1.000
		Services	Manufacturing	.000
			Trade	.002
			Agriculture	.000
			Construction	1.000
Factor five	Games-Howell	Manufacturing	Trade	.989
			Agriculture	.006
			Construction	1.000
			Services	.237
		Trade	Manufacturing	.989
			Agriculture	.032
			Construction	.999
			Services	.113
		Agriculture	Manufacturing	.006
			Trade	.032
			Construction	.264
			Services	.000
		Construction	Manufacturing	1.000
			Trade	.999
			Agriculture	.264
			Services	.615
		Services	Manufacturing	.237
			Trade	.113
			Agriculture	.000
			Construction	.615

Table 4: Post-hoc analysis through Games-Howell regarding legal forms (objective three, suitability of topics).

Factor	Test	Legal form	Compared legal form	*P*
Factor one	Games - Howell	Limited Liability Company	General Partnership Company	.000
			Limited Partnership Company	.000
			Civil Company	.014
			Private shareholder Company	.000

		General Partnership Company	Limited Liability Company	.000
			Limited Partnership Company	1.000
			Civil Company	1.000
			Private shareholder Company	.000
		Limited Partnership Company	Limited Liability Company	.000
			General Partnership Company	1.000
			Civil Company	1.000
			Private shareholder Company	.000
		Civil Company	Limited Liability Company	.014
			General Partnership Company	1.000
			Limited Partnership Company	1.000
			Private shareholder Company	.000
		Private shareholder Company	Limited Liability Company	.000
			General Partnership Company	.000
			Limited Partnership Company	.000
			Civil Company	.000
Factor three	Games - Howell	Limited Liability Company	General Partnership Company	.000
			Limited Partnership Company	.984
			Civil Company	1.000
			Private shareholder Company	.559
		General Partnership Company	Limited Liability Company	.000
			Limited Partnership Company	.256
			Civil Company	.392
			Private shareholder Company	.401
		Limited Partnership Company	Limited Liability Company	.984
			General Partnership Company	.256
			Civil Company	.991
			Private shareholder Company	.980
		Civil Company	Limited Liability Company	1.000
			General Partnership Company	.392
			Limited Partnership Company	.991
			Private shareholder Company	.883
		Private shareholder Company	Limited Liability Company	.559
			General Partnership Company	.401
			Limited Partnership Company	.980
			Civil Company	.883
Factor five	Games - Howell	Limited Liability Company	General Partnership Company	.000
			Limited Partnership Company	.067
			Civil Company	.014
			Private shareholder Company	.013

		General Partnership Company	Limited Liability Company	.000
			Limited Partnership Company	1.000
			Civil Company	.612
			Private shareholder Company	1.000
		Limited Partnership Company	Limited Liability Company	.067
			General Partnership Company	1.000
			Civil Company	.779
			Private shareholder Company	1.000
		Civil Company	Limited Liability Company	.014
			General Partnership Company	.612
			Limited Partnership Company	.779
			Private shareholder Company	.794
		Private shareholder Company	Limited Liability Company	.013
			General Partnership Company	1.000
			Limited Partnership Company	1.000
			Civil Company	.794

Table 5: Post- hoc analysis through Hochberg and Tukey HSD for SF1 regarding the number of employees (objective three, suitability of topics).

SF1 (factor one)			
Hochberg[a,b] &Tukey HSD[a,b]			
How many employees does your enterprise have?	N	Subset for alpha = 0.05	
		1	
50 to 249	183	3.76	
10 to 49	226	3.95	
1 to 9	39	4.03	
Sig.		.080 Tukey	.091 Hochberg

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 84.435.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Remark: post Hoc Test, Tukey HSD, Hochberg, and LCD test, this additional report is due to the inability of this table to differentiate the categories although Anova test indicate significant differences within groups in this variable.

Table 6: Post- hoc analysis through Hochberg and Tukey HSD for SF1 regarding the number of employees (objective three, suitability of topics).

SF2 (factor two)			
Hochberg &Tukey HSD[a,b]			
How many employees does your enterprise have?	N	Subset for alpha = 0.05	
		1	2
50 to 249	179	3.12	
10 to 49	219	3.25	3.25
1 to 9	36		3.48
Sig.		.438 Tukey .526 Hoch-berg	.349 Tukey .421 Hoch-berg

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 79.092.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.