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Special Issue on "IFRS and Financial Reporting Issues in Emerging Economies"

Guest Editors
Prof. Golrida K. Purba
Pelita Harapan University, Indonesia

Asso. Prof. Wafaa Salah
The British University in Egypt,
Cairo, Egypt

Asso. Prof. Archana Patro
Indian Institute of Management,
Bodh Gaya, India

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EDITORIAL NOTE

Special Issue on "IFRS and Financial Reporting Issues in Emerging Economies"

This Special Issue of the International Journal of Auditing and Accounting Studies (IJAAS) "IFRS and Financial Reporting Issues in Emerging Economies" is concerned with the financial reporting issues of developing countries. Currently, most developing countries have adopted IFRS. However, the main purpose of developing countries adopting IFRS is not to improve the quality of their financial reporting. The decision to adopt IFRS in developing countries is often a political decision by the country's leaders, regardless of the challenges of IFRS implementation that will be faced. Developing countries are motivated to adopt IFRS mainly to invite investment from other countries, which is expected to improve the economies of developing countries.

Post-IFRS convergence studies found that developing countries face more challenges and barriers in adopting IFRS compared to developed countries. IFRS, which is a principle-based accounting standard, is indeed more difficult to implement compared to rule-based accounting standards because its implementation requires complex judgment compared to previous standards.

Effective implementation of IFRS requires a strong financial reporting infrastructure and legal support. Developing countries whose financial reporting infrastructure and legal instruments generally do not support IFRS implementation must improve their financial reporting infrastructure and legal instruments. This is not an easy task and is often intervened by political factors. Developing countries face many issues that are more priority than IFRS implementation. In addition, developing countries have limited human resources who understand IFRS in depth.

The challenges and barriers to IFRS implementation in developing countries in this special edition are very well addressed by Joshi and Ismail in a paper entitled "The challenges and barriers faced by reporting accountants in complying with principles-based accounting standards in developing countries." In this study, Joshi & Ismail conducted a survey of accounting professionals and educators in developing countries to reveal the complexity of several IFRS that are perceived as difficult to implement.

Amanamah, with the paper "International financial reporting standards compliance in Sub-Saharan Africa: the influence of the board and firm characteristics," conducted a firm-level analysis of the compliance of developing country companies with IFRS. The author emphasizes the role of the board of directors and firm characteristics in the implementation of IFRS. The author also includes a moderating variable, which is a country's level factor, namely the regulatory framework, in the analysis.

The reporting issue that has recently attracted the attention of many researchers is the ESG issue in developing countries. This special edition highlights the research of Biswas et al., "navigating the environmental, social, and governance (ESG) landscape in India: roles, challenges, and the path ahead for management accountants," which describes India's transition from CSR to ESG. The author explains that the transition from CSR to ESG is not just a response to regulations; it represents a strategic recalibration, recognizing ESG as a guiding framework for businesses in India, offering tangible benefits beyond compliance, including enhanced reputation, stakeholder relations, risk management, and long-term sustainability.

The research presented in this special issue contributes to the future direction of financial reporting in developing countries in meeting global pressures for higher reporting standards. We extend our heartfelt thanks to all the contributors for their dedication and insightful work. As an editor, I encourage research that improves the quality of financial reporting as well as drives the economic progress of developing countries.

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