

Introduction

IASB issued in 2009 the IFRS for SMEs to address the need for international comparability in terms of financial reporting by SMEs. SMEs however do not all necessarily have a global focus. Furthermore, SMEs from different parts of the world are exposed to different conditions and environments. Although the IFRS for SMEs was not intended for a specific user group, the majority of the respondents to the Exposure Draft on IFRS for SMEs were from Europe and other developed countries while only limited respondents from Africa and developing countries were involved. The purpose of this paper is to discuss possible IFRS for SMEs implementation scenarios and implications in emerging African economies, using the case of Libyan private sector as an illustrative example.

Research Problem/Issue

While the countries with strong accounting traditions probably build their strategy regarding the IFRS for SMEs implementation on their national experience, it is argued that a strong resistance to adopting IFRSs might be encountered in countries not having such traditions. Also, some argue that many "Less Developed Countries" are facing many technical obstacles applying the IFRS.

Research Objectives

- Provides expert insights and explanations of (IFRS) for (SMEs) issued by (IASB) in Libya.
- Investigate the perceptions of Libyan accountants, management, auditors and other stakeholders regarding the adoption process of IFRS for SMEs.
- Provide insights into the accounting context of Libyan emerging economy regarding the role of accounting and accountants.

Research Contribution/Value

Our paper contributes to an understanding of the particularities of accounting in different emerging economies, stakeholders' expectations, and the role of the IFRS for SMEs and of accounting education for the economic development of such countries. It also aims to determine the impact of the application of IFRS for SMEs on the quality of their financial statements.

Methodology and Data Collection

To achieve the objectives of the field study and hypothesis testing, the researcher identified the community of the field study from the relevant categories related to the research subject. This community consists of a number of managers, accountants, auditors and other stakeholders for a number of SMEs within the Libyan private sector. Data of these firms was obtained for 2020 through questionnaires.



Results

- Absence of clear understanding of IFRS within SMEs in the Libyan private sector.
- Weak quality of accounting information represented in financial reports prepared by SMEs in Libya.
- Cost burdens of the implementation process on SMEs within the private sector.
- Lack of trained accountants and financial experts.
- Economic, social, historical, and political structures of Libya.

Conclusion

Small and medium-sized entities (SMEs) are one of the most fundamental pillars of the economy of any country, whether developed or developing. They represent more than 95% of companies all over the world. Due to their importance, the International Accounting Standards Board issued an international special accounting standard for small and medium-sized entities in July 2009. The Board developed and issued a separate standard for application to the general-purpose financial statements and other financial reports prepared within these companies. Therefore, the current study aims to investigate the implementation of IFRS for SMEs by conducting a survey on Small and medium-sized entities within the private sector for the year 2020. The results show that there is a clear absence of understanding of IFRS within SMEs in the Libyan private sector.

This paper exemplifies using the example of Libya the case of emerging economies and their stakeholders' positions towards these standards. It is already established that these stakeholders are more oriented towards international standards for legitimating purposes, but they have an undeveloped and untrained accounting profession.

The purpose of this paper was to examine the possible scenarios of the implications of the IFRS for SMEs implementation in the Libyan emerging economy. However, the high cost of the implementation process and the lack of the financial experts represents a true obstacle to achieve that goal.

Our study provided evidence that there are conceptual problems in the current regulations of Libyan emerging economy, that these regulations are influenced by economic, social, historical, and political structures of Libya.

Recommendations

- More studies
- More investigations

Limitations

- Time issue.
- Case study.
- Interview.
- Financial issue.

References

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