

# Reasons for the Delay in Implementing “Standards of International Accounting “(IAS) of “Small and Medium Sized Enterprises” in Jordan: An Exploratory Study from the Perspective of Auditors in Jordan

Dr. Ziad Odeh Al-Aamaedeh

Associate Professor - Accounting Department - College of Business - Mutah University

## **Article Info**

**Volume 84**

**Page Number: 19 - 33**

**Publication Issue:**

**January - April 2021**

## **Article History**

**Article Received: 4 October 2020**

**Revised: 14 November 2020**

**Accepted: 22 December 2020**

**Publication: 23 January 2021**

## **Abstract**

This study aimed to investigate perceptions of the auditors in Jordan about the causes of the delay in applying “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises” in Jordan. To accomplish the aims of this study, a questionnaire was built to collect data, and eighty copies were distributed to the individuals of the sample. They were chosen using simple random sample method. The study reached a set of results from the most important of them:

1. The accounting systems used, the weak experience of the financial reports preparers and the high costs delay the implementation of international standards for “Small and Medium Sized Enterprises” in Jordan.

2. Existence of an effect (the accounting systems used, the experiences of financial reporting preparers, the cost of preparing financial reports) in applying “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises”, where they explain (74.9%) of the variance in the implementation of “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises”.

The study recommends those in charge of managing “Small and Medium Sized Enterprises” to embrace accounting systems sufficiently to implement “Standards of International Accounting “ (IAS) in “Small and Medium Sized Enterprises”, or to adapt these systems for proper implementation of the standards in “Small and Medium Sized Enterprises”.

---

## **Introduction:**

The importance of “Small and Medium Sized Enterprises” for national economies is escalating on a daily basis (2010, Ateq).

Therefore, SMEs have an important economic position place and play a crucial role for most developed and developing economies (Bohušová and Blaškova, 2011).

The IASB has defined SMEs as those that are not accountable to the public, that is, they neither have their own equity instruments nor Debt securities traded publically. Moreover, these companies would not issue such instrument to be traded in the public market. (National or foreign exchange market or trade market at national or international levels) (IASB, 2009).

In Jordan, SMEs play a significant and important role in achieving growth and sustainable development in order to contribute effectively to driving the economy through increasing national production and investment. There is no unemployment rate (Suwaidan and Qaqish, 2018). Based on recent statistics, ninety eight percent companies in Jordan are “Small and Medium Sized Enterprises”, such companies are regarded as the first and most important contributor to the country's economy. (chamber of Industry and Commerce, Amman, 2011).

Regarding to the implementation of “International Financial reporting Standards” (IFRS) and “Standards of International Accounting “(IAS) in Jordan, , the government passed Companies Law No. 22 in 1997, which states that all registered companies regulated by the Companies Law are demanded to prepare audited financial statements complying with “International Financial reporting Standards” and Standards of International Accounting. Moreover, “Jordanian Securities Act “ (76) of 2002, as amended in 2004, requires all companies subject to “Jordanian Securities Commission” (JSC) to apply IFRS in full. The Jordanian Association of Certified Public Accountants and the “Jordanian Companies Control Department “ oversaw the adoption of these IFRSs (Altarawneh, 2015).

In 2007, IASB issued the first draft of the proposed “International Financial reporting

Standards” for “Small and Medium Sized Enterprises” (*IFRS for SMEs*), which included fewer IFRSs, less complex accounting treatments, and simplified disclosure requirements. These standards are reflected in full IFRSs (Husammi and Nassar, 2015) and formally adopted in July 2009 (IASB, 2009). The Jordanian Association of Certified Accountants recommended that these standards be adopted in “Small and Medium Sized Enterprises”. (Suwaidan and Qaqish, 2018). It is clear that SMEs in Jordan face many obstacles in their implementation of full “International Financial reporting Standards” since these standards have been designed for public shareholding companies to increase the quality of their financial reports and to suit the needs of their investors. As well as, the full standards contain certain issues that are not related to SMEs and therefore the implementation of these full standards is a burden on their accounting systems and on the It is necessary to simplify these standards to suit the authors and users of these lists (Suwaidan and Qaqish, 2018). In addition, the implementation of full standards increases costs, especially for “Small and Medium Sized Enterprises”, due to the complex financial reporting requirements of public companie (Haller and Eirle, 2008). In this context, this study seeks to find out the reasons that delay the implementation of financial reporting standards for SMEs in Jordan.

#### **The Problem of the Study:**

SMEs in Jordan make up about 95% of Jordanian companies (Central Bank of Jordan, 2012). The implementation of full IFRSs results in a high cost to SMEs due to the complexness of the requirements of financial reports in full standards (Haller and Eirle, 2008). Full IFRS is not suitable for “Small and Medium Sized Enterprises” due

to high disclosure requirements and focus on the fair value model through full IFRS (Fearnley and Hines, 2007). Under these conditions, financial statements are less comparable locally and internationally, especially with companies of the same size (Haller and Eirle, 2008). Based on the above, it is necessary to identify the reasons that delay implementing financial reporting standards in SMEs in Jordan.

The problem of the study can be formulated through the following questions:

1. Are accounting systems used in SMEs a reason to delay the implementation of IPSAS?
2. Is the cost of implementing international standards for SMEs one of the reasons for the delay of implementing these standards?
3. Are the experiences of the financial statements of SMEs one of the reasons for the delay of implementing these standards?

### **The Importance of the Study**

The importance of this study stems from the significant role of “Small and Medium Sized Enterprises” in Jordanian economy. Jordan obliges its companies to apply “Standards of International Accounting “(IAS) and Jordanian Association of Certified Accountants has recommended adopting standards for SMEs (Swaidan and Qaqish, 2018). Standardization in the implementation of international standards for SMEs makes it easier to compare them with those of companies around the world that use the same standards, guiding investor decisions (Al Hajja, 2017). Based on the above, this study will elicit the views of the auditors in Jordan on the reasons that delay the implementation of “Standards of International Accounting “(IAS) for SMEs. It is expected that this study will help those concerned with the implementation of these standards to identify the reasons that delay their implementation and thus identify these

reasons in order to find ways to overcome these reasons and as a final result the implementation of “Standards of International Accounting “(IAS) for SMEs.

### **Study Objectives**

1. This study aims to identify the impact of accounting systems used on the delay in implementing “Standards of International Accounting “(IAS) for these companies.
2. The aim of this study is to examine the impact of the experiences of “Small and Medium Sized Enterprises” accounts authors on delays in applying international standards to these companies.
3. The study aims to show the impact of cost on the delay in the implementation of “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises”.

### **Study Hypotheses**

The first hypothesis: - The accounting systems used do not contribute to delaying the implementation of “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises” in Jordan.

The second hypothesis: - The experiences of the financial reporting authors do not contribute to delaying the implementation of the “Standards of International Accounting “(IAS) for SMEs in Jordan.

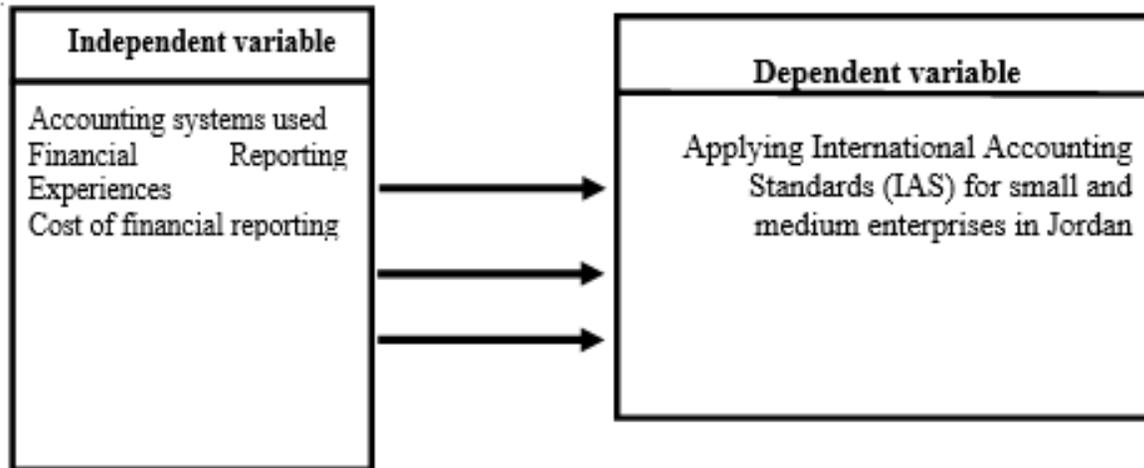
The third hypothesis: - The cost of preparing financial reports according to international standards for “Small and Medium Sized Enterprises” does not contribute to delaying the implementation of these standards in Jordan.

### **Study Model:**

The figure below illustrates the study model, the independent variables of the study are (Accounting systems used, Financial Reporting Experiences, Cost of financial

reporting) and the dependent variable is Applying “Standards of International

Accounting “(IAS) for “Small and Medium Sized Enterprises” in Jordan.



**Methodology of the Study**

The descriptive analytical method was used in this study. This methodology is based on a phenomenon that is actually described, described, analyzed and interpreted in order to reach conclusions that reflect reality and contribute to its improvement. To achieve the objectives of the study and study their hypotheses, a questionnaire was designed and distributed to a sample of Jordanian Chartered Accountants and Audit Assistants working in the licensed audit offices in Jordan.

The population of the study comprised the auditors working in the licensed audit offices in Jordan, where the number of chartered accountants practicing the audit profession reached (500). A random sample was selected by (16%) of the study population so, the sample size equals (80). Copies of the questionnaire were distributed to the individuals of the sample all of them were restored but 5 copies were excluded due to incompleteness of the answers. Therefore, the number of questionnaires retrieved and valid for analysis becomes (75) questionnaires, or (94%)of the total sample of the study.

**The population of the study and its sample**

*Table 1*  
*Study population according to personal and functional variables*

Variable	Variable Category	Number	Percentage
Age	Less than 25 years	8	10.7
	34 – 25	39	52.0
	44 – 35	12	16.0
	45years and over	16	21.3
Educational qualification	diploma	3	4.0
	Bachelor	57	76.0
	Master	11	14.7

	Ph.D	4	5.3
Professional qualification	AICPA	4	5.3
	CPA	4	5.3
	ACCA	2	2.7
	JCPA	65	86.7
Experience	Less than 5 years	3	4.0
	9 – 5	50	66.7
	14 – 10	17	22.7
	15years and over	5	6.7

It is clear from Table (1) that the highest percentage was 52% for the age group (25 – 34) years, where the number was 39 people and the lowest rate was 10.7% for those in the age group less than 25 years and their number was 8 people. Study in the age group (25 – 34) years.

As for the educational qualification, the highest percentage was 76% for those with a bachelor's degree, where the number was 57 and the lowest was 4% for those with a diploma.

As for the vocational qualification, the highest percentage was 86.7% for those whose professional qualification was JCPA, where the number was 65 persons and the lowest rate was 2.7% for those who qualified as a British Chartered Accountant (ACCA) and the number was 2 persons.

With regard to experience, the highest percentage was 66.7% for those who had experience in the work (5-9) years, where the number was 50 people, and the lowest rate was 4% for those who had experience in the work less than 5 years and their number was 3 people. From 5 years to 9 years.

#### **Study Tool:**

By referring to the theoretical framework the researcher designed a the study tool

“questionnaire” that includes 3 three sections:

The 1<sup>st</sup> section: It encompasses data related to the demographic features of the study sample, like (age, educational qualification, experience, and professional qualification).

The 2<sup>ed</sup> section: This section encompasses data representing the independent variable of the study (Accounting systems used, Financial Reporting Experiences, Cost of financial reporting).

The 3<sup>rd</sup> section: This section includes items representing the dependent study variable (Applying “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises” in Jordan).

#### **The Validity of the Study:**

The questionnaire was judged by 6 arbitrators from different Jordanian universities to verify its items' validity.

#### **The reliability of the study:**

The reliability of the study instrument has been verified utilizing test-retest method as applied to an exploratory sample comprised (25) respondents out the sample of the study. The dimensions of the study, and the results as illustrated by Table (2):

**Table 2**  
**The reliability coefficient (“internal consistency”) values of each dimension of the study instrument and the instrument as a whole**

No	Dimension	Stability coefficient	
		Test-Retest	Cronbach's Alpha
1	Accounting systems used	0.88	0.87
2	Financial Reporting Experiences	0.87	0.82
3	Cost of financial reporting	0.86	0.83
3	The Total	0.92	0.89

**Statistical Treatment:**

1. Descriptive statistical methods such as (frequencies, percentages, means and standard deviations) as well as analytical statistical methods such as (variance amplitude, tolerant variance, and multiple regression analysis) were utilized for answering the research questions and testing the hypotheses, using SPSS 22.1.
2. Descriptive statistical measures used to describe the characteristics of the subjects studied in terms of the frequency and percentages as well as arithmetic means and standard deviations to identify the perceptions of the reasons behind the delay in applying the “Standards of International Accounting “(IAS) for SMEs in Jordan.
3. The “variance inflation factor” (VIF) test and the “tolerance” test were used to verify that there was no significant correlation between the independent variables, also “skewness” test was used to verify that data follows the normal distribution. Four regression conditions (moderate distribution, mean, constant change, and error independence) were used, and multiple regression analysis was used to test the validity of the study design and the effect of the independent variable and its size on

the dependent variable and its size, in addition to the analysis of the stepwise multiple regression of the independent variables in the predicate dependent variable equation.

**Previous Studies:**

The study (AL-Hussame and Nassar, 2017) entitled “The Suitability of Jordanian “Small and Medium Sized Enterprises” to the prerequisites of “International Financial reporting Standards” in Jordan”. This study aimed to identify the appropriateness of Jordanian “Small and Medium Sized Enterprises” environment with the prerequisites of “Financial Reporting Standards” specifically in the presentation of financial statements and explanations. As well as the study attempted to identify the restraints “Small and Medium Sized Enterprises” face at implementing their own “Financial Reporting Standards”. So as to accomplish the aims of the study, the researcher developed a questionnaire to collect the needed data; copies of the questionnaire were distributed to auditors authorized to practice the auditing in Jordan, the study sample comprised 135 licensed auditors. Based on statistical tests, the study concluded that “small and medium-sized enterprises”, when presenting financial statements, comply with the prerequisites of the “International Financial Reporting Standards” that apply to them. Also that the environment of “Small and Medium Sized

Enterprises” correspond to the requirements of “International Financial reporting Standards” specific to them in the presentation of explanations to the financial statements..

The study (Altarawneh, 2015) titled “investigating the suitability of “International Financial reporting Standards” to Small and Medium sized Entities in Jordan.” The purpose of this study is to review the relevance and consistency of the IFRS for SMEs in Jordan. It also analyzed the current challenges facing small and medium enterprises in Jordan in light of the application of current IFRS standards. Moreover, It discussed the expected benefits of using the IFRS for SMEs. A total of 10 interviews with external auditors were conducted to validate and identify relevant issues under the IFRS for SMEs in the context of SMEs in Jordan. In addition, a total of 605 copies of the questionnaire were distributed to external auditors and CFOs of small and medium-sized enterprises who prepare financial statements based on full IFRS. Based on the perceptions of the respondents, the study concluded that both employees and shareholders want to utilize IFRS for SMEs. The researcher considered the importance of applying “financial reporting standards” for “Small and Medium Sized Enterprises”.

The study (Kılıç, et.al, 2013) titled “Perceptions of SMEs about IFRS for SMEs: the case of Turkey”. The aim of this study was to assess the pros and cons of IFRS for SMES in Turkey and their obstacles. The data were collected through a questionnaire, which found that most of sample individuals believe that applying the IFRS for SMEs will make financial statements reliable, understandable, transparent and comparable. The respondents also agree that there are some problems with the implementation of the

“Standards of International Accounting “(IAS) for SMEs in Turkey. While there are benefits to using the IFRS for SMEs, the study recommended the adoption of the IFRS for SMEs in Turkey and concluded that adoption of the IFRS for SMEs by related parties (SMEs, auditors and auditors in Turkey) should be effectively supported. The study (Al-Abaiji, 2013) titled “The Viability of Jordanian SMEs to Comply with the IAS for Presenting Financial Statements” . This study targeted to demonstrate the extent of viability of Jordanian “Small and Medium Sized Enterprises” (SMEs) complying with the International Accounting Standard (IAS) concerning those entities. So as to fulfill the objectives of the study, a questionnaire was designed, containing the items required by the International Accounting Standard for preparing the financial statements for small and medium size enterprises. The questionnaire was distributed to Aa group of (114) financial managers and internal auditors who work at “Small and Medium Sized Enterprises” in addition to credit officers. To analyze the study's data and to test its hypotheses, the researcher used the statistical methods such as the arithmetic mean, the standard deviation and the one way variant analysis ANOVA, in addition to Scheffé test. The study revealed the existence of a high viability at these enterprises to comply with the international Accounting Standard that is specialized in presenting the financial statement, and there is no, differences statistical between the sample's groups (The financial managers, the internal auditors and credit officers) regarding the extent of these enterprises viability to comply with the requirements of the accounting standard, but there are differences with statistical significance regarding the viability of these enterprises regarding the viability to comply

with the items that should be presented in the Statement of changes in equity, and the differences were in favor of the credit officers.

### What Distinguishes this Study?

Through the previous presentation of Arab and foreign studies related to the subject of the study, some studies have been concerned with the problems faced by “Small and Medium Sized Enterprises” when applying the full standards, while others have been concerned with the suitability of the standards of the medium and small size companies to apply to these companies. Weak accounting systems used by these companies and weak internal control system As for the current study, it touched on the study of three different variables, namely the accounting systems used by “Small and Medium Sized Enterprises”. In Jordan, the cost of applying the “Standards of International Accounting “(IAS) for SMEs

in Jordan and the experience of the financial reporting authors and their impact on the delay in applying the International Standards for SMEs in Jordan.

### Results

Testing hypotheses:

The first hypothesis: The accounting systems used do not contribute to delaying the implementation of “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises” in Jordan.

A (t) test was used for each paragraph of the field of accounting systems to find out the opinions of the sample of the study on the contribution of accounting systems used to delay the implementation of “Standards of International Accounting “(IAS) for SMEs in Jordan at a significant level, as shown in table (3).

**Table 3**  
*Analysis of paragraphs of the "accounting systems in Jordan" using the (t) test for one sample*

Item	mean	Relative importance	t	sig	Rank
Accounting systems used in SMEs are not suitable for the implementation of international standards for SMEs, which impedes their implementation	4.81	96.2	29.211	0.000	3
The weakness of the accounting systems used hinders the implementation of “Standards of International Accounting “(IAS) for SMEs in Jordan	4.83	96.6	41.512	0.000	2
Training staff on “Standards of International Accounting “(IAS) for SMEs requires considerable time, impeding their implementation	4.93	98.6	66.673	0.000	1
Total	4.88	97.6	46.767	0.000	-

It is clear from the table (3) that the views of the study sample in all paragraphs are positive as the significance level is less than the level of significance and the relative

weight of each paragraph is greater than 60%. “Standards of International Accounting “(IAS) for SMEs in Jordan. Paragraph "weak accounting systems used

impedes the implementation of “Standards of International Accounting “(IAS) for SMEs in Jordan” second place, and paragraph "paragraph accounting systems used in “Small and Medium Sized Enterprises” is not suitable for the implementation of international standards for SMEs, which impedes their implementation" ranked third.

Comparing the level of significance of the paragraphs of the field of systems and the rate of field answers with the level of significance shows that all of them are

below the level of significance, which indicates the existence of a significant statistical relationship meaning that the accounting systems used contribute to delay the implementation of “Standards of International Accounting “(IAS) for SMEs in Jordan.

Test the second hypothesis: The experiences of the financial reporting authors do not contribute to delaying the implementation of the “Standards of International Accounting “(IAS) for SMEs in Jordan.

Table (4)

**Table 4**  
**Items Analysis of the "Financial Reporters' Experience" using the (t) test for one sample**

Item	mean	Relative importance	t	Sig.	Rank
SMEs in Jordan will not be able to employ qualified accountants in the International Financial Innovation Standards for SMEs.	4.37	87.4	13.258	0.000	2
Weak experience of financial reporting authors in Jordan hinders the implementation of the “Standards of International Accounting “(IAS) for SMEs in Jordan	3.80	76.0	11.263	0.000	3
There is no interest in the preparation of “Standards of International Accounting “(IAS) for SMEs in Jordan, which hinders their implementation	4.69	93.8	15.775	0.000	1
Inadequate financial qualifications for financial reporting hamper the implementation of international standards for SMEs in Jordan	3.54	32.2	10.902	0.000	5
The lack of professional expertise in the financial reporting process hinders the implementation of international standards for SMEs in Jordan	3.71	54.2	12.395	0.000	4
Total	3.25	65.0	2.356	0.021	-

It is clear from table (4) that the opinions of the study sample in all paragraphs are positive as the level of significance is less than the level of significance and relative weight of each paragraph is greater than

60%, except in the fourth and fifth paragraphs the relative weight was less than 60%. Financial Reporters' Experience by Relative Weight The paragraph “There is no interest by the financial reporting process in

applying the “Standards of International Accounting “(IAS) for SMEs in Jordan, which hinders their implementation”. The paragraph "SMEs in Jordan will not be able to employ qualified accountants in the international financial creativity standards for SMEs, which hinders the adoption of these standards" second place, and paragraph "Weak experience of financial reporting in Jordan impedes the implementation of “Standards of International Accounting “(IAS) SMEs in Jordan (3rd place, paragraph) Lack of professional expertise in financial reporting hinders implementation of international standards for SMEs in Jordan (4th place, paragraph) The scientific qualifications of the authors of adequate financial reporting hinders the process of applying international standards for medium and small-sized companies in Jordan "ranked fifth.

Comparing the level of significance of the paragraphs of the field of expertise of financial reporting systems and the rate of field answers with the level of significance shows that all of them are less than the level of significance, which indicates a significant moral relationship meaning that the experiences of the financial reports contribute to delay the implementation of “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises” in Jordan.

Test the third hypothesis: The cost of preparing financial reports according to international standards for “Small and Medium Sized Enterprises” does not contribute to delaying the implementation of these standards in Jordan.

**Table 5**  
**Items Analysis of "cost" using (t) test for one sample**

Item	mean	Relative importance	t	Sig.	Rank
The first adoption of the “International Financial reporting Standards” (IFRS) for SMEs is prohibitively expensive, hindering their implementation	4.87	97.4	32.187	0.000	2
The limited financial resources of SMEs hamper the implementation of international standards for SMEs in Jordan	4.16	83.2	13.322	0.000	4
Adoption of international standards for SMEs increases audit costs incurred, impeding their implementation	4.83	96.6	41.512	0.000	3
The implementation of international standards for SMEs in Jordan increases the cost of maintaining accounts and hinders their implementation	4.91	98.2	44.159	0.000	1
Total	4.80	96.0	33.524	0.000	-

It is clear from Table (5) that the opinions of the study sample in all paragraphs are positive as the level of significance is less than the level of significance and the relative weight of each paragraph is greater than 60%. For SMEs in Jordan increases the cost of keeping accounts and hinders their implementation. The first paragraph, “the first adoption of the IFRS for high-cost SMEs, which impedes their implementation” is ranked second, and the third paragraph, “the implementation of the International Standards for SMEs increases the audit costs incurred, which impedes their implementation”. Finance for SMEs hinders the implementation of international standards for SMEs in Jordan.

Comparing the level of significance of the cost field items and the rate of field answers with the level of significance shows that all of them are less than the level of significance, which indicates a significant moral relationship that means that the cost contributes to delay the implementation of “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises” in Jordan.

In order to answer the study question related to the question about the impact of (the accounting systems used, the experiences of financial report preparers, the cost of preparing financial reports) on the implementation of international standards for medium and small-sized companies in Jordan. Stepwise multiple regression was adopted as the general trend variable for all variables (the accounting systems used, the experiences of financial reporting preparers, the cost of financial reporting) towards the implementation of international standards for medium and small-sized companies in Jordan (dependent variable = Y ), And three independent variables as shown in Table (6). Under this method, the variables are gradually entered into the regression

equation as long as the input of the variable led to an increase in the square of the overall correlation coefficient  $R^2$ , statistically significant at the level of the pre-selected statistical significance (0.05), and this method was used for all general trends (accounting systems used, Experts of financial reports preparers, the cost of financial reporting (the three listed in Table 6), and to determine the relative importance of predicting variables in the model, the values of their standard regression coefficients were compared, and Table (6) shows the results of the regression analysis indicated for all (accounting systems Service, the experiences of financial reporting preparers, the cost of preparing financial reports), as it appears from the indicated table that the number of independent variables affecting the general trend towards the reasons behind delaying the implementation of “Standards of International Accounting “(IAS) for medium and small-sized enterprises in Jordan according to the opinions of the study sample are three variables These are: the accounting systems used, the experiences of the authors of financial reports, the cost of preparing financial reports, while the variable of unemployment did not enter the model as a variable that does not have a statistically significant effect, and these three variables included in the model are part of it. There is no variation in the interpretation of the reason for applying international standards for “Small and Medium Sized Enterprises” at a rate of 77.8%, and with a significant degree of (P-Value <0.001) for the model according to the F test that reached the final peak of the model 266, and all the variables included in the model were highly significant and exceeded (P-Value <0.05), and statistical tests showed that there was no self or linear correlation between the error limits or the

variable, where the value of the VIF for all models was less than 5 which is an indication of the absence of the problem of self-correlation between the independent variables. It also showed that there was no problem with the correlation between the error limits, as the values of Durban-Watson D.W were about 1.96 and these measures are a strong indication of the validity and strength of the model and its lack of standard problems that lead to illogical expectations.

In order to measure the entry of the elements of the independent study into the model according to importance, the results in equation (1) show that the most (the accounting systems used, the experiences of financial reporting preparers, the cost of preparing financial reports) influence the general trend level, the implementation of international standards for medium and small-sized companies, the element that represents All variables of the low level of wages and low income where he managed to explain on his own 56.7% of the general trend towards applying international standards for “Small and Medium Sized Enterprises” in Jordan and with a sense of the model and the variable (P-Value <0.001), and it came with a direct relationship, that is, there is a direct relationship The relationship between the general trend towards the fact that (the accounting systems used, the experiences of financial report preparers, the cost of preparing financial reports) is a reason for the trend towards applying international standards for “Small and Medium Sized Enterprises” with the general trend towards the element of accounting systems used with all its variables. That is, the increased sense of the accounting systems used increases the sense of the research problem and accounts for it at a rate of 56.7%.

$$y = 1.317 + 0.66 x_1 \dots 1$$

$$R^2 = \%56.7 \quad VIF = \%1 \quad t = (13.829)^{**} (24.55)^{**}$$

Then entered the model in the second place in terms of importance, variable of the general trend element of the experiences of the authors of financial reports, as shown in equation (2), where this element was able to explain on its own 14.1% of the total variation or cause of feeling in the study sample due to the implementation of international standards for medium companies Small size due to the reasons behind delaying the implementation of “Standards of International Accounting (IAS) for medium and small enterprises, and by entering it with the variable in equation (1), the model was able to explain 70.8% of the total variance on the apparent level, and these variables and the model were significant at (P-Value < 0.001), as for the emergence of X2 with a relationship With a positive model explains that a greater sense of the importance of the authors of the reports of financial experience increases the tendency towards the implementation of international standards for medium and small-sized companies according to the opinion of the study sample.

$$y = 0.631 + 0.45 x_1 + 0.396 x_2 \dots$$

$$t = (6.945)^{**} (17.154)^{**} (14.876)^{**} \quad F = 556.435^{**}$$

In the third place in terms of importance, the general trend variable of the financial reporting cost component entered the model, where it was able to explain on its own 4.1% of the variance with a significant amount of (P-Value <0.001) for the model and the variable, and the three variables in equation (3) were also able to explain 74.9% of the reason for applying international standards

for “Small and Medium Sized Enterprises” according to the opinion of the study sample, and the presence of X3 in a direct relationship with the model means that the cost of preparing financial reports has a

positive effect in feeling that its rise will increase the implementation of “Standards of International Accounting “(IAS) for medium and small enterprises in Jordan, according to the opinion The study sample.

$$y = 0.329 + 0.387 x_1 + 0.337 x_2 + 0.193 x_3 \dots\dots\dots 3$$

$$R^2 = \%74.9 \quad (3.607)^{**} (15.246)^{**} (13.17)^{**} (8.636)^{**} \quad F = 455.28^{**} \quad VIF = \%1.5$$

**Table 6**  
**Element variables The reasons behind the delay in applying the “Standards of International Accounting “(IAS) for medium and small enterprises in Jordan and their relative predictive importance**

The independent variable code	Regression scale	B	Std. Error	Beta	t. value	sig	VIF	R <sup>2</sup>
X <sub>0</sub>	(Constant)	0.171	0.086	-	1.988	0.046		
X <sub>1</sub>	Accounting systems used	0.287	0.027	0.328	10.438	0.000	2.019	56.7%
X <sub>2</sub>	Financial reporting expertise	0.241	0.027	0.271	8.768	0.000	1.957	14.1%
X <sub>3</sub>	The cost of financial reporting	0.165	0.024	0.196	6.892	0.000	1.663	4.1%
Y	the implementation of international standards for medium and small-sized companies in Jordan	(R <sup>2</sup> =74.9%, F.Value=266, sig=0.000, D.W=1.96)						

**Results :**

1. Accounting systems used in SMEs in Jordan are not appropriate for the implementation of “Standards of International Accounting “(IAS) for SMEs.
- 2 - The weakness of the expertise of the financial reporting authors, especially in the small audit offices is one of the most important reasons that delay the

implementation of international standards for “Small and Medium Sized Enterprises” in Jordan.

3. High costs related to the implementation of international standards for SMEs delays the implementation of international standards for SMEs in Jordan.

**Recommendations:**

Based on the findings of the study, it recommends the following:

1- The researcher recommends the management of SMEs to adopt appropriate accounting systems to apply the “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises” or make amendments to these systems so as to be suitable for the implementation of standards for SMEs.

2- The researcher recommends the competent authorities to prepare financial reports to pay attention to raising the efficiency and experience of its employees through holding educational lectures and continuous training courses in universities, specialized associations and institutes on the “Standards of International Accounting “(IAS) for small and medium-sized enterprises, which increases the chances of implementation of these standards and ease of adoption.

3 - Given the high cost of the first accreditation of “Standards of International Accounting “(IAS) for “Small and Medium Sized Enterprises”, the researcher recommends the competent authorities to prepare these reports to reduce the costs of implementation to suit the financial resources available to these companies.

4 - Given the recent issuance and adoption of these standards, the researcher recommends further studies on the appropriateness of these standards for implementation in Jordan and their usefulness to users of financial statements of these companies compared to the preparation of lists in accordance with the full standards.

## References

1. Alexa, A. (2010), Manual vs Computerized Accounting. s.l.:<http://goarticles.com/article/manu>

- al-vscomputerized-accounting/3563142/.
2. Amman Chamber of Industry (2011), “Long-Term Financing of Small and Medium Enterprises”, Amman, Jordan.
3. Asuman Atik , (2010) , “SME’s Views on the Adoption and Implementation of “IFRS for SMEs” in Turkey” European Research Studies ,Volume XIII, Issue (4), 2010.
4. Central Bank (2012). Circular Regarding Support to “Small and Medium Sized Enterprises” (-) 10/5/7235 Date (1/7/2012 <http://www.cbj.gov.jo> . "
5. Clear, Yusra El-Haga, (2018), “Standards of International Accounting “(IAS) Study under Unification, Master Thesis, Abdulhameed Bin Badis University Mostaganem Faculty of Economic and Commercial Sciences and Management Sciences.
6. Coppens C., Van Wymeersch K., Van Hecke, A., Engles, L., De Lembre, E., De Beelde, I., Verhoeve, J., and Van De Velde, G., (2007), An investigation into the attitude of Belgian SMEs towards the implementation of IAS/IFRS, Paper presented at the 30<sup>th</sup> European Accounting Association the Annual Congress, Lisbon, April.
7. Cristian Carini, Claudio Teodori & Monica Veneziani and Theresa Dunne & Christine Helliard, (2012) “Perceived Costs And Benefits Of IFRS Adoption In Italian Medium Size Entities” master thesis.
8. 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.
9. H. Bohušová, V. Blašková , (2011) ,“ In what ways are countries which have already adopted IFRS for SMEs different” , Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis , Volume LX 4 Number 2, 2012.
  10. 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”.
  11. IASB.(2009).“ IFRS For SMEs”. Available at :<https://www.iasb.org>
  12. IASB.(2015).“ IFRS For SMEs”. Available at :<https://www.iasb.org>
  13. Libor Vasek , (2011) , IFRS for SMEs - a new challenge for worldwide financial reporting , International journal for management cases
  14. Michel Said Sweidan, Mahmoud Hassan Qaqish, Hanadi Turki Bataineh, and Lina Jamal Hammad, (2018) “The Appropriateness of “International Financial reporting Standards” for “Small and Medium Sized Enterprises”for Implementation in Jordan: An Exploratory Study from the Point of View of Jordanian Auditors,” Jordan Journal of Business Administration, Number 2, 2018, Volume 14.
  15. Mohammad Altarawneh , (2015) “An Investigation into the Suitability of Internatio Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) in Jordan”. , PhD thesis.
  16. Rand AL-Hussamee, Mahmoud Nassar , (2017) , “The Suitability of the Jordanian “Small and Medium Sized Enterprises”to the Requirements of “International Financial reporting Standards” ” International Business Research; Vol. 10, No. 8; 2017.
  17. Rocha, E. (2012),“ The Impact of Business Environment on Small and Medium Enterprise Sector’s Size and Employment: A Cross Country Comparison”, International Conference on “Small and Medium Sized Enterprises” Development with a Theme? Innovation and Sustainability in SME Development?. available: <http://www.sciencedirect.com/science/article/pii/S2212567112003486>.
  18. Singh, R. and Gray S.J. (2006), “International Financial reporting Standards” (IFRS) for small and medium-sized entities (SMEs): issues and challenges for national jurisdictions, Indian Accounting Review, 10(2), pp. 1-17
  19. Uddin and Biswas , (2017) Accounting Practices of “Small and Medium Sized Enterprises”in Rangpur, Bangladesh, et al., J Bus Fin Aff 2017, 6:4.
  20. United nations united nations conference on trade and development (2015). Available at <https://www.unctad.org>.]
  21. [www.abahe.uk](http://www.abahe.uk), <https://www.abahe.uk/accounting-systems-definition.html>