ASSOCIATION BETWEEN DEMOGRAPHIC VARIABLES AND AWARENESS OF IFRS THROUGH Chi SQUARE TEST

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ABSTRACT

Each nation has its own laws and regulations that have been followed for years to maintain books of accounts. Such standardized rules, commonly recognized asaccounting standards, are decided by ICAI in India. Most of the world's nations have such accounting standards that are followed inside the nation. Unfortunately, accounting standards vary from one another and create trouble in distinct nations. IFRS stands for International Financial Reporting Standards that reflect standardized accounting standards for transparency and concept clarity across all Globe nations. IFRS is an accounting framework that sets out requirements for recognition, measurement, presentation and disclosure of transactions and events reflected in the financial statements. The International Accounting Standards Board (IASB) created IFRSin 2001 in the public interest to provide a single set of high quality, comprehensive and consistent accounting standards. The entities in emerging economies are increasingly accessing the global markets to fulfill their capital needs by getting their securities listed on the stock exchanges outside their country. Capital markets are, thus, becoming integrated, consistent with this World-wide trend.

Key Words -: *IFRS, stock exchange, Accounting, IASC*

INTRODUCTION

Accounting standards are arranged to provide day-to-day guidance to the accountants, which ensures that the operation of the business is conducted smoothly. The role of an accountant is to provide financial information that covers the qualitative aspects such as relevancy, reliability, neutrality, and comparability all of which can be attained with the help of accounting standards. Accounting standards help in bringing harmony in divergent accounting practices and protect the interest of the users of that financial information which results in bringing

confidence. Financial statement‟s reliability relies on the accurate financial data obtained with the help of accounting standards. "Institute of Chartered Accountants of India" (ICAI) issued Indian GAAP primarily comprises eighteen accounting standards (AS). To provide help in the interpretation of financial statements, the ICAI has also issued guidance notes and 'expert opinions' on specific queries raised by companies and accountants. In addition, the Indian Companies Act 1956 and various other industry-specific statutes prescribe certain financial statement disclosures. In the stock exchanges, the listed companies also need to comply with a few other accounting rules such as preparing cash flow statements and accounting for the stock-based compensation. "International Accounting Standard Board" (IASB) formulates "International Financial Reporting Standards" (IFRS), once known in the past as "International Accounting Standards" (IAS), for setting up „standards, interpretations, and framework‟ for financial statements preparation and presentation. The new IASB took control of the IASC‟s duty to set International Accounting Standards on April 1, 2001. It helped to create guidelines called the new IFRS benchmarks. Indian Accounting Standards convergence with IFRS makes bookkeeping data more convenient and uniform which results in arranging and encouraging financial specialist to pool resources in the interest of investors. It will likewise create a better understanding of money related articulations, which expand the certainty among the individuals as financial specialists. Foreign investors would get a better chance to recognize the accounting processes required in the recording of the business transactions as IFRS will bring up uniformity in the accounting standards.

METHDOLOGY

Research Design

a) **Selection of the Survey Area**- For the present study, the NCR region was selected as a survey area. In order to address the research questions, it was necessary to select NCR, as it is a hub of many accounting professionals as well as practicing chartered accountants and budding professionals in the field of accounting & finance.

b) Sample Size and Data Sources

A sample can be defined as a finite part of the statistical population whose properties are used to make estimates about the population as whole (Webster, 1985). The present study is primarily based on primary data, though the study also makes use of secondary data for empirical and descriptive analysis. For the purpose of the sample survey study, primary data were used. The data was collected from the NCR region. While selecting the respondents the factor considered in mind was that the respondents.

Sampling Design

The sample design provides information on the target and final sample sizes. "A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample." It may lay down the number of items to be included in the sample, i.e., the size of the sample. The sample design is determined before data are collected. The study is conducted on the basis of judgmental sampling in order to identify the respondent for the purpose of collecting the data.

d) Sampling Frame

In case of a sample survey, the sampling frame represents a list of the target population from which the sample is elected and ideally it should contain all the elements in the population but often times do not1. (Singh, 2007) defined sampling frame of entities from which sampling units are selected for the survey or as that set of the population, which provides a broad and detailed framework for selection of sampling units. While selecting a sample frame, three questions should be kept in mind- „does it include members of the universe being studied". Secondly „is it appropriate for the way that data will be collected" and lastly, „what is the quality of the frame in terms of coverage, completeness and accuracy? (Lavrakas, 2008).

Research Techniques Used in the Study

In the present study the research techniques used for the data collection were quantities techniques. In terms of general framework, quantities research seeks to confirm hypothesis about phenomena (Mack et al, 2005) [2]. The methods of quantities research use questionnaires. The typology of questions asked in quantitative research is mostly close-ended questions. In the present study, the use of questionnaire was employed for analyzing the quantitative aspect relation to awareness, adoption, and the implementation of IFRS.

Tools used for analysis

Descriptive Statistics: The data were first organized and placed for tabulation of descriptive statistics. Descriptive statistics tools such as number of observations meanestimate, standard deviation, maximum and minimum values was applied to the collected data.

Factor Analysis: Factor Analysis is a broad term indicating a class of procedures primarily used for data reduction and summarization. "It is a statistical approach that can be used to analyze interrelationships among a large number of variables and to explain these variables in terms of their common underlying dimensions (factors) "(Gaur A.S and

Gaur S.S (2006), Statistical Methods for Practice and Research: A guide to data analysis

using SPSS, Sage Publications, 92)".

RESULT & DISCUSSION

4.3. Empirical theory findings and analysis

Instead of stepping through the responses on a secured basis, this section collects the most important findings from awareness, adoption, and the implementation of "International Financial Reporting Standards" and presents the results grouped by statistical significance and theoretical concept. It means that the factors identified through a factor analysis are studied and analyzed as per one-way chi square tests. Table illustrates the attributes forming perception of respondents towards the implementation of IFRS.

4.3.1 Association between demographic variables and awareness of IFRS

Table 4.3 explains the association between the demographic variables such as gender, age (in years), education level, monthly income, and occupation on the awareness of IFRS.

Table: 4.3: Results of Chi square test to check the association between demographic variables and awareness of IFRS

S.No	Awareness of IFRS	Chi Square Statistics	P – value	Remark
1	Gender	27.639	0.000	Significant Association Found
2	Age (in years)	1.113	0.291	No Significant Association Found
3	Education level	10.853	0.001	Significant Association Found
4	Monthly Income	35.092	0.000	Significant Association Found
5	Occupation	1.432	0.231	No Significant Association Found

4.4.1 (A) Association between gender and awareness of IFRS

The two categories under awareness of IFRS considered for the present study were "yes" and "no." In addition, the data was collected from "Male" and "Female." Cross tabulation performed to determine the percentages of the row and column. Chi- square value was also computed.

Table 4.4: Association between gender and awareness of IFRS

Cross Tabulation					
Awareness of IFRS		**Gender**			
		Male	**Female**	**Total**	Chi- Square Test & p-value = 27.639 (0.000)
Yes	Count	130	45	175	
	% within Gender	96.3%	70.3%	87.9%	
No	Count	5	19	24	
	% within Gender	3.7%	29.7%	12.1%	
Total	Count	135	64	199	
	% within Gender	100%	100%	100%	

The chi square value in the Table no 4.4 indicates that it is significant at 0.01 levels, which means that there is significant difference between the genders. So far as,there awareness is concern, it is further found that 96.30 percent are male respondents who are aware of IFRS as compared to female respondents (70.30%).It is clearly indicated that the awareness level is more in male respondents .

CONCLUSION

This study establishes Adoption of IFRS as a necessity for the Indian companies. The findings suggest some important indicators like cost and training for the accounting regulators and for those who are involved in the formulation of the company's policy. This creates a linkage which highlights the institutional and country-specific cultural to explain the IFRS adoption.

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