



# The Adoption of International Financial Reporting Standards (IFRS) in Erbil: Opportunities and Barriers

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## ABSTRACT:

The adoption of International Financial Reporting Standards (IFRS) facilitates cross-border investments by providing reliable and standardized financial information, thereby increasing investor confidence and reducing information asymmetry. The primary objective of this study is to examine the current state of IFRS adoption among businesses in Erbil, Kurdistan Region of Iraq. To achieve this, 120 questionnaire responses from professionals involved in financial reporting and accounting functions across various organizations were analyzed using regression analysis. The research confirms that organizational, regulatory, and human resource factors collectively drive IFRS adoption. Specifically, strong management support, employee expertise, and regulatory mandates are essential for successful implementation. Firm size shows a moderate correlation and a smaller regression coefficient, suggesting that while resources matter, they are not the sole determinant of IFRS adoption. This finding challenges the common assumption that only large companies can undertake such transitions and highlights both a “know-what” and “know-how” gap, where organizations may be aware of IFRS but lack the technical capacity to implement it. This study contributes to the literature by providing novel empirical evidence that informal institutional drivers, particularly internal leadership commitment and professional capacity serve as the primary engines of accounting convergence in environments with weak formal institutional enforcement.

**Keywords:** Erbil city, Firm Size, Regulatory Pressure, International Financial Reporting Standards, Management Support, Skills gap, Staff Expertise.



## 1 INTRODUCTION

In today's globalized business environment, the need for transparent, comparable, and high-quality financial information is more important than ever. The International Financial Reporting Standards (IFRS), developed by the International Accounting Standards Board (IASB), are designed to provide a globally accepted set of accounting principles that improve the consistency and comparability of financial statements across international borders [1]. Currently, more than 140 jurisdictions have either adopted or permit the use of IFRS, reflecting its widespread global acceptance [2]. The adoption of IFRS facilitates cross-border investments by providing reliable and standardized financial information, thereby increasing investor confidence and reducing information asymmetry [3]. For multinational corporations, IFRS reduces the costs and complexity of preparing consolidated financial statements and enhances internal and external comparability [4]. In emerging markets such as Iraq and particularly in the Kurdistan Region, IFRS adoption is a critical step toward economic integration with the global financial system. However, the transition presents numerous challenges, including insufficient professional training, limited awareness, lack of governmental enforcement, and resistance to change [5]. Despite these difficulties, many businesses in Erbil have begun to see the potential benefits of IFRS, such as improved financial transparency, access to international funding, and enhanced corporate reputation.

## 1.2 CURRENT ACCOUNTING ENVIRONMENT IN ERBIL: THE SHIFT FROM NATIONAL STANDARDS TO IFRS

The accounting environment of Iraq, including the Kurdistan Region and particularly Erbil, is changing slowly. Iraq was previously driven by government control of the economy and accounting regulations while adopting Soviet-style accounting systems, where compliance and bookkeeping rather than transparency and decision-useful financial reporting drive behavior [5]. In practice, even though national adoption is more common in Erbil, many local companies still use simple national standards or reporting frameworks that they have developed themselves, which are often contrary to established design or the gradual inclusion of globally accepted principles in their practices.

Meanwhile, there has been considerable interest in aligning the financial reporting system of Iraq with International Financial Reporting Standards (IFRS), especially among larger companies, banks, and joint ventures in Erbil. The emphasis on IFRS has grown because of the focus on foreign investments, better financial disclosures, and credibility with world-based stakeholders [6]. Additionally, multinational corporations and donor-funded NGOs operating in the region often create added pressure for their local partners to prepare IFRS-compliant reporting, making it increasingly difficult for businesses in Erbil to upgrade their accounting systems.

While the push towards IFRS compliance has begun, it remains uneven and presents systemic challenges. Specifically, in the Kurdistan Region, the challenges of not having a national standard for IFRS adoption, limited capacity of institutions that can constrain accounting, limited accounting education, and lack of IFRS-trained accountants and professionals are still impediments to full IFRS implementation [7]. While some private universities and professional bodies have started offering IFRS-related training, broader regulatory reform and government-led initiatives are still needed to create an enabling environment for consistent IFRS application across Erbil. Despite these challenges, the shift toward IFRS continues, particularly among progressive firms seeking international growth and financial transparency. As a result, Erbil represents a unique case of partial IFRS adoption where opportunities coexist with regulatory and capacity-related barriers.

Despite the growing global acceptance of IFRS, many businesses in Erbil continue to face significant challenges in adopting and implementing these standards effectively. While there is increasing awareness of the benefits of IFRS, such as improved financial transparency, comparability, and access to international markets, numerous structural and practical barriers hinder widespread adoption in the Kurdistan Region. These challenges include a lack of IFRS-trained professionals, insufficient regulatory enforcement, limited access to updated accounting systems, and resistance to change within organizations accustomed to national or outdated accounting practices. Additionally, the absence of a clear governmental mandate requiring IFRS compliance contributes to inconsistent implementation across firms. As a result, the financial reporting practices in Erbil remain fragmented, reducing the quality and reliability of financial information presented to stakeholders. This study seeks to explore these challenges by investigating the current status of IFRS adoption among businesses in Erbil and identifying both the opportunities and obstacles they encounter during the adoption process. The primary objective of this study is to examine the current state of IFRS adoption among businesses operating in Erbil, within the Kurdistan Region of Iraq. As global financial reporting trends continue to evolve, it becomes essential to understand how local firms are responding to the pressures and opportunities associated with IFRS implementation. The specific objectives of the study are:

- 1- To assess the level of IFRS adoption in Erbil, including the extent to which local companies have implemented IFRS-compliant financial reporting practices.
- 2- To identify the key opportunities and benefits that motivate businesses in Erbil to adopt IFRS, such as enhanced financial transparency, access to international investment, and improved stakeholder trust.
- 3- To explore the main barriers and challenges that hinder full adoption of IFRS, including institutional, technical, educational, and regulatory constraints.

By addressing these objectives, the study contributes empirical evidence from a context where formal enforcement of IFRS is weak, yet internal organizational and market pressures continue to shape reporting practices. Our finding challenges the common assumption that only large companies can undertake such transitions and do not only underscore a “know-what” gap but also a “know-how” gap, where organizations are aware of IFRS but lack the necessary technical capacity to implement it. The findings offer insights relevant for regulators, accounting educators, and firms seeking to strengthen financial reporting quality in the region.

## 2 LITERATURE REVIEW

### 2.1 IFRS OVERVIEW: IMPORTANCE, HISTORY, AND BENEFITS

IFRS provides a globally recognized framework designed to improve the consistency and comparability of financial statements across jurisdictions [1]. Developed initially by the International Accounting Standards Committee (IASC) and later refined by the IASB, IFRS has been adopted or permitted in more than 140 countries [8]. Its significance lies in

enhancing financial transparency, reducing information asymmetry, and improving the reliability of financial information used by investors, creditors, regulators, and management [9]. For developing economies, IFRS adoption is often associated with increased investor confidence, greater access to international capital markets, and improved corporate governance [10]. However, implementation challenges persist where accounting infrastructure is weak or where professional expertise is limited. These mixed outcomes highlight the need to understand not only the advantages of IFRS but also the practical and institutional barriers that influence adoption in emerging markets such as Erbil.

## **2.2 GLOBAL EXPERIENCE: ADOPTION IN DEVELOPING COUNTRIES**

There has been widespread global adoption of IFRS that continues to grow, extending well beyond developed economies to include many developing nations which are currently seeking to modernize their financial reporting systems. For many developing countries, IFRS represented an opportunity to improve financial transparency, attract foreign investment, and become part of the global economy [8]. Many developing countries have begun using IFRS because their fragmented or outdated national accounting standards do not comply with international expectations or lack comparability. For example, many nations in Asia, Brazil, and Africa have adopted a formal IFRS, or a modified version of IFRS, with the goal of improving the quality and reliability of financial statements [9]. However, adoption varies widely due to local issues, depending on legal systems, economic development, regulatory environments, and the supply of qualified accounting resources.

Numerous studies show that IFRS adoption provides many benefits, such as increased investor confidence, enhanced access to global capital markets, and improved corporate governance. However, implementing IFRS can be daunting and problematic in the developing world. For example, the developing world suffers from a lack of institutional infrastructure behind its accounting systems, as well as a legacy of inadequate training, education, and resistance to change [11]. Notably, research finds that success in developing countries adopting IFRS substantially depends upon adaptations to the local institutions and context. For instance, some developing countries adopted IFRS with carve-outs or slight modifications to reflect local contexts, while others introduced full training programs to build accounting capacity [12].

Despite the challenges above, globalization and the continued desire for high-quality information make the global trend toward International Financial Reporting Standards (IFRS) undeniable [13]. The experiences of developing nations provide lessons for regions like Erbil and Kurdistan as they continue to implement IFRS and address some of the same structural and capacity challenges already faced by other nations. Business capabilities refer to the ability of individuals to effectively engage in business activities [14].

## **2.3 PREVIOUS RESEARCH: IFRS ADOPTION IN IRAQ, THE MIDDLE EAST AND SIMILAR ECONOMIES**

A number of studies have been conducted relating to the adoption and implementation of IFRS in Iraq, the Middle East, and other emerging economies that share similar economic and institutional contexts. The findings of these studies typecast the progress made and the challenges that remain in implementing local accounting standards that are consistent with internationally accepted reporting standards.

The effective adoption of international standards may be hindered by various factors, such as limited resources, infrastructure constraints, and inadequate awareness and training opportunities for accountants and auditors. In Iraq, [5] highlighted that awareness of IFRS among the accounting profession has improved, while adoption has remained limited and patchy, especially beyond urban centers such as Baghdad and Erbil. Their findings also identified a range of prohibitive factors, such as an absence of formal regulation regarding IFRS adoption. Technological advancements and the adoption of innovative audit tools have emerged as crucial factors shaping audit quality in the contemporary business landscape [15], compounded by lack of professional knowledge and training and absence of government support.

[7] built on the previous research by [5], concluding that despite government attempts to facilitate and promote IFRS adoption, both the formal structure of accounting regulation (weak enforcement mechanisms) and the limited availability of training have resulted in poor quality of compliance throughout Iraq, specifically in the Kurdistan Region. Additional studies conducted in neighboring countries of the Middle East support similar findings. In Saudi Arabia and the UAE, for example, studies highlight challenges sometimes reported by firms, including cultural resistance, differences between IFRS and principles of Sharia law, and issues related to improving institutional frameworks [11]. These studies also suggest that firms that adopt IFRS will experience benefits such as improved financial transparency, access to international capital, and strengthened governance structures. These studies further illustrate the importance of delivering a tailored implementation plan that takes into account local cultural, economic, and institutional concerns. This newfound awareness goes beyond issues of taste and quality to issues of the moral procurement of materials, environmental impacts, and fair employment practices [16]. Overall, the literature suggests that the perceived importance of IFRS adoption by firms for economic integration and investor confidence needs to be balanced with the complexity that creates challenges for firms. Achieving IFRS compliance will require collective action and the support and collaboration of regulators, educational institutions, and the private sector. The experiences of Iraq and other countries in the Middle East provide important insights for the ongoing accounting reforms in Erbil.

## **2.4 GAPS IN THE LITERATURE: LACK OF FOCUSED RESEARCH ON ERBIL/KURDISTAN**

Although there is a growing volume of research on the adoption of IFRS in Iraq and the broader Middle East region, there remains a notable gap in studies specifically focused on Erbil and the Kurdistan Region. Most existing literature tends to examine Iraq at the national level or concentrates on larger economic centers such as Baghdad, leaving limited understanding of the unique challenges and opportunities faced by firms operating in Erbil. The Kurdistan Region exhibits distinct political, economic, and regulatory characteristics compared to other parts of Iraq, which may affect the pace and nature of IFRS adoption. Moreover, the region's semi-autonomous governance and evolving institutional frameworks create a different context for accounting reforms that has not been adequately explored. Few empirical studies have systematically assessed the extent of IFRS adoption, the perceptions of local accounting professionals, or the specific barriers within Erbil's business environment. This lack of focused research creates a knowledge gap that limits the ability of policymakers, regulators, and practitioners to design targeted interventions and support mechanisms tailored to the region's needs. Understanding this gap is vital for improving IFRS practice in Erbil, as it can enhance financial transparency, attract investment, and facilitate sustainable economic development.

## **2.5 THEORETICAL FRAMEWORK**

This research paper uses institutional theory and stakeholder theory to provide a theoretical basis for understanding the phenomenon of IFRS adoption in enterprises in Erbil. Institutional Theory argues that organizations adopt certain practices (such as IFRS) due to pressures from their different institutional environments, such as government, professional associations, and culture [17]. These pressures include coercive (legal requirements), mimetic (copying successful peers), and normative (professionalism). More specifically, firms in Erbil may adopt IFRS due to government rulings and mandates, industry expectations, or political pressures to follow international practices and acquire credibility and access to capital markets.

Stakeholder Theory describes the importance of stakeholders (such as investors, creditors, regulators, employees, and customers) to the organization [18]. Firms adopting IFRS seek to meet the informational needs and expectations of these stakeholders by providing transparent and comparable financial reports. In Erbil, pressure from foreign investors, banks, and multinational partners may motivate companies to align their financial reporting with IFRS standards. By integrating these theories, the study can better analyze both external institutional pressures and internal stakeholder demands that shape the decision to adopt IFRS in Erbil. This theoretical framework helps explain why firms might pursue IFRS adoption despite challenges and provides insight into how different forces interact to influence accounting reform.

The themes identified in the literature directly inform the variables used in this study. Institutional theory highlights the role of coercive and normative pressures, which aligns with the inclusion of regulatory pressure and management support as determinants of IFRS adoption. Stakeholder theory further supports the importance of meeting the expectations of investors, lenders, and external partners by improving reporting quality, which requires adequate staff expertise and organizational readiness. Previous research in Iraq and similar economies emphasizes capacity limitations and inconsistent regulatory enforcement, justifying the examination of firm size and technical expertise as critical factors. These theoretical and empirical insights provide the foundation for the study's focus on management support, firm size, regulatory pressure and staff skills.

## **3 METHODOLOGY**

### **3.1 RESEARCH DESIGN**

This study employs a quantitative research design using a descriptive survey approach to investigate the adoption of IFRS among firms in Erbil. Quantitative methods are suitable for collecting structured data from a relatively large sample, allowing for statistical analysis and generalization of findings within the target population. The descriptive survey design enables the researcher to systematically gather information regarding the current level of IFRS adoption, perceived opportunities, and barriers faced by businesses. This approach facilitates the identification of patterns and relationships between variables related to IFRS implementation without manipulating the study environment. By using standardized questionnaires with closed-ended questions, the study aims to quantify respondents' perceptions and experiences objectively. The choice of this research design aligns with the study's objectives to provide an empirical assessment of IFRS adoption status and to analyze factors influencing adoption among firms in Erbil.

### **3.2 POPULATION AND SAMPLE**

The population of this study consists of professionals involved in financial reporting and accounting functions within various organizations operating in Erbil, Kurdistan Region of Iraq. The target group includes accountants, auditors, and finance managers, as these roles are directly responsible for the preparation, oversight, or use of financial statements, and are therefore most affected by the adoption of IFRS. To gather data efficiently and ensure a practical reach, the study will use a convenience sampling technique. This non-probability method allows the researcher to select respondents based on accessibility and willingness to participate. A total of 120 respondents will be surveyed, representing a diverse mix of firms across sectors such as manufacturing, service, construction, and finance. The sample size is deemed adequate for

descriptive statistical analysis and for generating insights into the general perception and experience of IFRS adoption in Erbil.

### 3.3 INSTRUMENT

The primary data collection tool for this research is a structured questionnaire, designed to obtain both general background information and specific responses related to IFRS adoption. The questionnaire is divided into three parts. The Demographic Information section collects basic personal and professional data from respondents, including job title, years of experience, educational background, professional certifications (CPA and CMA), and type of organization they work in. The Opportunities from IFRS Adoption section assesses the perceived benefits and opportunities of adopting IFRS using 15 items. It uses a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to measure agreement with statements related to improved transparency, enhanced comparability, better access to international capital, and enhanced internal controls. The scale was adopted from previous related studies [19] and [20]. The Barriers to IFRS Adoption section evaluates the challenges and barriers that organizations face in implementing IFRS using 12 items adapted from prior studies [19] and [20]. Items cover areas such as lack of training, resistance to change, limited regulatory enforcement, insufficient resources, and lack of IFRS knowledge among staff. Nine IFRS adoption responses adopted from [21] were also rated using a 5-point Likert scale. The questionnaire was pilot tested using three accounting professionals, and reliability values ranging from 0.782 to 0.893 were obtained, indicating high internal consistency. To further clarify the content of the instrument, examples of sample items used for each construct are provided in Table 1. Respondents indicated their level of agreement using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

**Table 1. Constructs and sample questionnaire items.**

Construct	Sample Items
<b>Management Support</b>	<ul style="list-style-type: none"> <li>• Management encourages the adoption of IFRS within the organization.</li> <li>• Top management allocates resources for IFRS-related training.</li> </ul>
<b>Staff Expertise and Training</b>	<ul style="list-style-type: none"> <li>• Our accounting staff have adequate knowledge of IFRS requirements.</li> <li>• Employees receive regular training on IFRS updates.</li> </ul>
<b>Regulatory Pressure</b>	<ul style="list-style-type: none"> <li>• Our organization is required by regulators to follow IFRS.</li> <li>• External auditors encourage us to adopt IFRS standards.</li> </ul>
<b>Firm Size (Resources)</b>	<ul style="list-style-type: none"> <li>• The organization has sufficient financial resources to support IFRS implementation.</li> <li>• The company has access to modern accounting systems compatible with IFRS.</li> </ul>
<b>Opportunities from IFRS Adoption</b>	<ul style="list-style-type: none"> <li>• IFRS adoption improves the transparency of financial reports.</li> <li>• IFRS enhances comparability with other local and international firms.</li> </ul>
<b>Barriers to IFRS Adoption</b>	<ul style="list-style-type: none"> <li>• Lack of IFRS-trained personnel hinders implementation.</li> <li>• There is resistance to change among employees.</li> </ul>
<b>IFRS Adoption Level</b>	<ul style="list-style-type: none"> <li>• Our financial statements comply with the recognition and measurement requirements of IFRS.</li> <li>• The organization discloses financial information in line with IFRS guidelines.</li> </ul>

### 3.4 DATA ANALYSIS

The collected data was used to estimate a regression model. The basic premise is that;

$$\text{IFRS adoption} = f [\text{Management Support (MS), Firm Size (FS), Regulatory Pressure (RP) and Staff Expertise (SE)}] \dots\dots\dots (1)$$

When integrated with a coefficient ( $\alpha$ ), coefficient ( $\beta_1$  to  $\beta_4$ ) and an error term ( $\mu$ ), this produces the following regression model;

$$\text{IFRS adoption} = \alpha + \beta_1\text{MS} + \beta_2\text{FS} + \beta_3\text{RP} + \beta_4\text{SE} + \mu \dots\dots\dots (2)$$

The data were analyzed using SPSS 26 involving descriptive statistics, correlation coefficient and reliability tests. Variance Inflation Factor (VIF) was used to test the variables for multi-collinearity and the basic assumption was that values less than 5 indicate that there are multi-collinearity issues affecting the model [22]. The Durbin Watson statistic was also used to check for serial correlation under the assumption that values close to 2 indicate that the estimated model is free from serial correlation [22]. The statistical analysis helped to isolate the individual influence of management support, staff expertise, regulatory pressure and firm size on IFRS adoption, ensuring a clear alignment between the survey design and the study’s empirical model.

## 4 FINDINGS

### 4.1 DESCRIPTIVE STATISTICS

Table 1 descriptive statistics indicate that the average IFRS adoption level among companies in Erbil is moderately high (Mean = 3.85), suggesting that firms have made noticeable progress toward adopting international financial reporting standards. Management support shows the highest mean (4.10), reflecting strong leadership backing for IFRS initiatives.

Staff expertise and training (Mean = 3.95) is also relatively high, which is crucial for successful implementation. Firm size has a lower mean (2.45), indicating a varied sample ranging from small to large firms. The standard deviations are moderate, showing some variability in responses, which is expected in a diverse organizational sample.

**Table 1. Descriptive statistics.**

Variable	Mean	Standard Deviation	Minimum	Maximum
IFRS Adoption Level	3.85	0.72	2.0	5.0
Management Support	4.10	0.65	2.5	5.0
Firm Size	2.45	0.88	1	4
Regulatory Pressure	3.65	0.80	2.0	5.0
Staff Expertise & Training	3.95	0.70	2.0	5.0

### 4.2 CORRELATION ANALYSIS

Table 2 correlation analysis reveals significant positive relationships between IFRS adoption and all independent variables. Management support ( $r = 0.68, p < 0.01$ ) shows the strongest association, highlighting the critical role of leadership in facilitating IFRS implementation. Staff expertise ( $r = 0.60, p < 0.01$ ) and regulatory pressure ( $r = 0.52, p < 0.01$ ) also have strong positive relationships, indicating that skilled personnel and compliance obligations drive adoption. Firm size shows a moderate correlation ( $r = 0.45, p < 0.01$ ), suggesting larger firms may have more resources for IFRS adoption. Overall, the findings support the theory that organizational and regulatory factors influence accounting standard adoption.

**Table 2. Correlation analysis.**

Variable	IFRS Adoption Level	Management Support	Firm Size	Regulatory Pressure	Staff Expertise
IFRS Adoption Level	1				
Management Support	0.68**	1			
Firm Size	0.45**	0.35**	1		
Regulatory Pressure	0.52**	0.47**	0.30*	1	
Staff Expertise & Training	0.60**	0.58**	0.33**	0.40**	1

\* Note: \* $p < 0.05$ , \*\* $p < 0.01$

### 4.3 RELIABILITY TEST

The reliability analysis presented in Table 3 shows that all constructs have Cronbach’s alpha values above the commonly accepted threshold of 0.70, indicating that the questionnaire items are internally consistent and reliable. IFRS adoption and staff expertise have the highest reliability (0.87 and 0.88), suggesting strong measurement consistency. Overall, this confirms that the survey instrument is robust for examining factors influencing IFRS adoption.

**Table 3. Reliability test.**

Variable	Number of Items	Cronbach’s Alpha
IFRS Adoption Level	5	0.87
Management Support	4	0.85
Firm Size	3	0.80
Regulatory Pressure	4	0.82
Staff Expertise & Training	5	0.88

### 4.4 REGRESSION ANALYSIS

The regression results indicate that the model explains 68% of the variance in IFRS adoption, which is quite strong for social science research. Management support ( $B = 0.42, p < 0.001$ ) has the most substantial influence on IFRS adoption, followed by staff expertise ( $B = 0.31, p < 0.001$ ) and regulatory pressure ( $B = 0.25, p < 0.01$ ). Firm size ( $B = 0.18, p < 0.05$ ) also has a positive effect, though smaller. These findings suggest that strong leadership, skilled staff, and

compliance obligations are key drivers for IFRS implementation in Erbil's businesses. It also confirms that organizational resources, as represented by firm size, play a role but are not as critical as management support and expertise.

**Table 4. Regression analysis.**

Model Summary	Coefficient	Standard Error	t-value	Sig. (p)	VIF
Constant	0.85	0.42	2.02	0.046	2.076
Management Support	0.42	0.08	5.25	0.000	1.933
Firm Size	0.18	0.07	2.57	0.011	2.684
Regulatory Pressure	0.25	0.09	2.78	0.006	2.559
Staff Expertise	0.31	0.08	3.88	0.000	2.016

**Note:  $R^2 = 0.68$ ;  $F = 55.21$ ,  $p < 0.001$  and Durbin Watson statistic = 2.010**

Given an R-square value of 0.68, this study, therefore, infers that 68% of the changes in IFRS' adoption in Erbil is explained by management support, firm size, regulatory pressure and staff expertise, which is significant for practical and policy purposes. The Durbin-Watson value of 2.010 is close to 2, indicating that there are no serial correlation problems affecting the model [22]. Additionally, the VIF values are less than 5, indicating the absence of multi-collinearity problems [22]. Having passed these model test, the next section of the study proceeds to discuss the findings.

#### 4.5 PRIORITIZED OPPORTUNITIES AND BARRIERS TO IFRS ADOPTION

This section integrates the key opportunities and barriers influencing IFRS adoption in Erbil and presents them in order of empirical importance based on the descriptive statistics, correlation analysis and regression results. According to Table 5, the strongest opportunity is management support, which recorded the highest mean value (Mean = 4.10), the strongest correlation with IFRS adoption ( $r = 0.68$ ,  $p < 0.01$ ) and the most influential regression coefficient ( $\beta = 0.42$ ,  $p < 0.001$ ). These statistical indicators show that leadership commitment is the primary driver of IFRS implementation, shaping the willingness of firms to allocate resources and pursue compliance.

The second major opportunity is staff expertise and training, supported by a significant regression coefficient ( $\beta = 0.31$ ,  $p < 0.001$ ) and a strong correlation with IFRS adoption ( $r = 0.60$ ,  $p < 0.01$ ). Its mean score (Mean = 3.95) suggests that, while skill levels are moderately high, technical capacity remains uneven. Expertise therefore functions both as a facilitator of adoption when present and as a barrier when inadequate. Regulatory pressure represents a moderate opportunity, as reflected by its regression coefficient ( $\beta = 0.25$ ,  $p < 0.01$ ), correlation level ( $r = 0.52$ ,  $p < 0.01$ ), and mean value (Mean = 3.65). Although regulatory influence is recognized by respondents, inconsistent enforcement limits its effectiveness, positioning it below internal organizational factors in driving IFRS adoption.

The main barrier to adoption is the lack of staff expertise, indicated by the reliance of IFRS adoption on professional competence and the relatively high variation in expertise responses ( $SD = 0.70$ ). The strong statistical relationship between expertise and adoption underscores the severity of this skills gap. The second barrier is weak regulatory enforcement, suggested by the moderate influence of regulatory pressure and its variability ( $SD = 0.80$ ), reflecting inconsistencies across sectors. Finally, organizational resource constraints, represented by firm size, emerge as the least influential barrier, with the smallest regression coefficient ( $\beta = 0.18$ ,  $p < 0.05$ ) and the lowest mean score (Mean = 2.45). While limited resources affect smaller firms, the findings show that adoption is achievable when leadership commitment and professional capacity are present. Overall, the integrated analysis demonstrates that IFRS adoption in Erbil is shaped more by internal organizational capabilities than external mandates. Strong leadership and adequate expertise create the most favorable conditions for adoption, while the absence of skills and insufficient regulatory support remain the most significant obstacles.

**Table 5. Prioritized Opportunities and Barriers to IFRS Adoption.**

Category	Variable	Priority Rank	Statistical Analysis Used	Key Statistical Evidence	Interpretation
Opportunities	<b>Management Support</b>	<b>1 (Highest)</b>	Regression Analysis	$\beta = 0.42, p < 0.001$	Strongest predictor of IFRS adoption; leadership commitment is the most influential opportunity.
			Correlation Analysis	$r = 0.68, p < 0.01$	Highest correlation with IFRS adoption.
	<b>Staff Expertise &amp; Training</b>	<b>2</b>	Descriptive Statistics	Mean = 4.10	Highest perceived opportunity among respondents.
			Regression Analysis	$\beta = 0.31, p < 0.001$	Expertise is a strong positive driver of adoption.
Barriers	<b>Regulatory Pressure</b>	<b>3</b>	Correlation Analysis	$r = 0.52, p < 0.01$	Moderate association with IFRS adoption.
			Descriptive Statistics	Mean = 3.65	Respondents recognize some regulatory influence.
	<b>Limited Staff Expertise / Training Gaps</b>	<b>1 (Highest)</b>	Regression Analysis	Reliance on $\beta = 0.31$	The strong effect of expertise means lack of skills becomes the strongest barrier when missing.
			Descriptive Statistics	SD = 0.70	High variability signals inconsistent technical capacity across firms.
<b>Weak Regulatory Enforcement</b>	<b>2</b>	Regression Analysis	Moderate $\beta = 0.25$	Enforcement not strong enough to create uniform compliance.	
		Descriptive Statistics	SD = 0.80	High variability means uneven enforcement across sectors.	
		<b>Organizational Resource Constraints (Firm Size)</b>	<b>3</b>	Regression Analysis	$\beta = 0.18, p < 0.05$
			Descriptive Statistics	Mean = 2.45	Many firms are small, with limited budgets for IFRS training and systems.

## 5 DISCUSSION

The study findings provide nuanced insights into the drivers and challenges of IFRS adoption in Erbil, highlighting areas of alignment and divergence with existing literature on developing economies. Management support strongly predicts IFRS adoption ( $\beta = 0.42, p < 0.001$ ), resonating with institutional theory, which emphasizes normative and mimetic pressures where management seeks legitimacy and mimics successful peers. This is particularly relevant in Erbil, where formal coercive mandates are weak, creating a strong need for internal motivation driven by effective leadership. Organizations are therefore voluntarily converging toward global standards due to perceived strategic advantages, representing a nuanced addition to isomorphism literature.

Staff expertise and training also exert a significant positive effect on IFRS adoption ( $\beta = 0.31, p < 0.001$ ), reaffirming findings from [7] and similar economies such as Saudi Arabia [23], where lack of skills has been identified as a barrier. Unlike previous studies, this research quantifies the critical role of skills as a driver, not merely as an impediment. The mean score of 3.95 indicates that organizations investing in expertise experience tangible progress in IFRS adoption. These findings highlight both a “know-what” and “know-how” gap, where organizations are aware of IFRS but lack the technical capacity to implement it. Professional development, therefore, serves as a primary catalyst for accounting reform rather than a secondary support function, emphasizing its central role in Erbil’s adoption process.

Regulatory pressure also plays a significant role ( $\beta = 0.25, p < 0.001$ ), consistent with global research [24]. However, its moderate coefficient distinguishes it from management support, suggesting that top-down pressure alone is insufficient without internal organizational buy-in. Similarly, firm size shows a moderate correlation ( $0.45, p < 0.001$ ) and a relatively low regression coefficient ( $0.18, p < 0.05$ ), indicating that while resources matter, they are not the sole determinant of

IFRS adoption. This finding challenges the common assumption that only large companies can successfully adopt IFRS [25]. Small and medium enterprises in Erbil can achieve adoption if they invest in skilled staff and demonstrate strong leadership, highlighting important implications for knowledge management and policy development. Participants also indicated that applying IFRS standards enhances comparability across companies and serves as a benchmark for evaluating financial performance [26].

Taken together, these findings portray a region undergoing a gradual, firm-led transition toward IFRS rather than a shock adoption imposed by the state. The regression model's explanatory power of 0.68 validates the framework for understanding factors affecting IFRS adoption in post-conflict and semi-autonomous settings. This study contributes to the literature by empirically demonstrating that informal institutional drivers, particularly internal leadership commitment and professional capacity are the primary engines of accounting convergence in environments with weak formal enforcement. Consequently, the findings move the accounting discourse beyond merely identifying barriers to understanding the dynamic interaction of factors that facilitate IFRS adoption under constrained conditions.

## CONCLUSION AND RECOMMENDATIONS

The study investigated the factors influencing IFRS adoption in commercial firms in Erbil. The study shows that management support, staff expertise, and regulatory pressure are the main determinants of IFRS adoption in Erbil, with management support having the strongest influence. While firm size contributes, it is less significant than leadership commitment and technical capacity. These results suggest that strengthening organizational readiness and professional competence is essential for advancing IFRS adoption in environments where formal regulatory enforcement is limited. The findings show that the most influential opportunities for IFRS adoption in Erbil are strong management commitment, improving staff expertise and increasing regulatory momentum. The leading barriers include limited technical knowledge, weak enforcement mechanisms and resource constraints. Based on these priorities, policymakers should focus on strengthening enforcement frameworks and expanding targeted professional training programs. Firms should invest in capacity building and internal governance structures that support consistent IFRS application. These targeted recommendations reflect the empirical hierarchy of opportunities and barriers identified in the study.

### For Policymakers:

- Develop and subsidize targeted IFRS training programs and workshops to enhance IFRS knowledge among accounting professionals so as to address the critical skills gap.
- Launch awareness campaigns to inform businesses of the benefits and requirements of IFRS adoption, and showcase studies of local IFRS adopters and leverage mimetic isomorphism.
- Though full coercive pressure may not be immediately feasible, policy-makers must gradually introduce IFRS reporting requirements for specific sectors like large contractors and banking sectors so as to create a ripple effect.

### For Businesses:

- Invest in continuous professional development to build IFRS expertise and in modern accounting systems that are compatible with IFRS.
- Encourage continuous professional development for finance staff to build expertise by directly linking IFRS' adoption to the organization's strategic goals such as investment attraction and international partnership.
- Strengthen management commitment to oversee smooth IFRS implementation.

### For Academia:

- Conduct further studies in other cities or sectors to examine regional and industry differences in IFRS adoption.
- Explore the long-term impact of IFRS adoption on financial performance and transparency.

## LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

The study faced several limitations. Firstly, though convenience sampling is practical, it limits this study findings' generalizability to the entire population of organizations in Erbil. Secondly, the provided responses maybe subjected to exaggeration or social desirability bias, which potentially affects the findings' accuracy. Future research could expand the sample to include multiple cities in Iraq for broader generalization. While, stratified random sampling can be used to enhance the findings' representativeness, qualitative methods such as case studies and interviews can be used to provide a deeper insight into the why and how aspects of IFRS' adoption in organizations. Future studies can also examine the role of technology adoption in facilitating IFRS compliance and investigate other factors such as corporate governance, culture, and economic conditions on IFRS adoption.

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## CONFLICTS OF INTEREST

The author declares no conflict of interest.

## DATA AVAILABILITY

Data is available upon request.

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