The impact of cultural factors on the implementation of global accounting standards (IFRS) in a developing country

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ABSTRACT

This longitudinal study investigates the impact of cultural factors on the implementation of global accounting standards (IFRS) in Bangladesh (a country with very different cultural values and governance systems in comparison to other developing countries, for example, the absence of mature democracy from its birth). Building on institutional theory, two rounds of in-depth interviews (2010 & 2011) are conducted; 1647 enforcement documents (1998–2010) and 332 court cases (1999–2010) are evaluated. The study contributes to the literature on socio-cultural factors regarding IFRS implementation in developing countries. The study confirms the pressures of coercive, mimetic and normative institutional isomorphism for the pursuit of legitimacy via social expectations. Contrary to prior research, a lack of enforcement and a high level of corruption are found during the periods of democratic government. The study has raised a serious question to the international policymakers (e.g., the IMF and World Bank) for the suitability of global accounting standards in developing countries.

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1. Introduction

"*… the technical and/or political dimensions of the debate, although essential, are not the only issues involved. Opposition to IFRS is not driven exclusively by contractual motives or a claimed technical superiority but also by diversity in cultural factors*".

[Ding, Jeanjean, and Stolowy, 2005 (p. 343).]

This comment represents the necessity of including cultural issues in explaining the International Financial Reporting Standards (IFRS) adoption and implementation of a country. Research addressing the wider social and political influences on accounting has been scarce (Hopwood, 1976, p. 3). Hopwood (1999, p. 378) provides the specific national and cultural contexts of accounting, namely political dominance, religious dominance, class structures, or education systems which can all drive national differences. According to Hofstede (2001, p. 1), "*Culture is defined as collective programming of the mind; it manifests itself not only in values, but in more superficial ways: in symbols, heroes, and rituals*". Prior research suggests that the accounting practices of a country are highly influenced by cultural forces (Blodgett, Hoitash, & Markelevich, 2014; Burchell, Clubb, Hopwood, Hughes, & Nahapiet, 1980; Ferrero, Hoffman, & McNulty, 2014; Lowe, Puxty, & Laughlin, 1983; Mustafa & Lines, 2013; Walker & Dyck, 2014). This is because accounting is a product of its environment and a particular environment is unique to its time and locality (Perera, 1989). Studies such as Larson (1993), and Larson and Kenny (1995) strongly point out that the complete implementation of IFRS in developing countries is nearly impossible because the International Accounting Standards Board (IASB) mainly focuses on developed nations' cultures (especially USA and UK) when they promulgate standards.

The importance of culture in influencing the process of accounting policy formulation in any nation and in explaining the diversity of accounting policy across nations is well documented (García-Sánchez, Rodríguez-Ariza, & Frías-Aceituno, 2013; Jaggi, 1975; Kobernyuk, Stiles, & Ellson, in press; Lin & Johnson, 2004; Zeghal & Mhedhbi, 2006). However, limited studies have been carried out to specifically examine IFRS' practices and cultural influences in developing countries (Wickramasinghe & Hopper, 2005). Dahawy, Merino, and Conover (2002) argue that socio-economic factors affect the implementation of IFRS in Egypt and that the inclination for secrecy that is embedded in Egyptian culture overrides IFRS requirements. Wickramasinghe and Hopper (2005) argue how and why cultural and political factors are relevant to accounting change in a developing country like Sri Lanka. Abdelsalam and Weetman (2007) similarly note that the economic changes of 1991–1992 in Egypt can be contrasted with the previous era of central planning where accounting was characterized by conservatism, secrecy and a relatively weak profession, and subsequently, the move to IFRS therefore requires a change of culture, as well as a change of law. Samuel and Manassian (2011, p. 622) argue that '*culture could be an impediment to development of accounting*'. In recent times, Perera, Cummings, and Chua (2012) have found that there is a link between cultural values and accounting professionalism. Ding et al. (2005) argue that Hofstede (1980) provides a

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good foundation for incorporating culture as one of the explanatory variables in determining accounting system differences and the recognition of its importance. However, the key problem is that the research in this area fails to explore cultural factors (Haniffa & Cooke, 2002).

This study aims to investigate the impact of training opportunities in the accounting profession and the state of corruption, as outcomes of culture on the implementation of IFRS in a developing country such as Bangladesh. Prior research provides various proxies for choosing the relevant cultural factors in accounting research. 'Cultural factors' in this study refer to (a) training opportunities in the accounting profession (Haniffa & Cooke, 2002; Perera, 1989; Perera et al., 2012; Zeghal & Mhedhbi, 2006) and (b) corruption (Pieroni & D'Agostino, 2013; Rock & Bonnett, 2004; Wu, 2005, 2009; Wu, Wu, Zhou, & Wu, 2012). To gain insights into cultural issues, two rounds of interviews (the first round in 2010 and the second round in 2011) are conducted and enforcement documents (1998–2010) are analyzed. The period covers a time of significant changes in political regimes and regulatory developments. Bangladesh is considered to be an ideal setting to study the implementation of IFRS, for three reasons. First, although Bangladesh has received considerable attention from international investors following its adoption of an 'open door' economic policy aiming to encourage investment (World Bank, 2010), its continual assessment as having the lowest level of disclosure among developing countries over more than a decade (1998–2010), raises questions over policymakers at the national and the international level. IFRS have been mandatory since 1998 in Bangladesh (see Fig. 1 for the IFRS time frame in Bangladesh). Second, unlike in many other developing countries, FDI is not a major source of investment in Bangladesh. TIB (Transparency International Bangladesh) (2005) noted that corruption is the main obstacle to attracting Foreign Direct Investment (FDI) into Bangladesh. Third, political instability or the absence of a mature democracy (since the country's independence in 1971, the military-backed government has ruled for 19 and democratic government ruled 24 years) is adversely impacting financial reporting accountability in Bangladesh.

This study addresses the gap and contributes to the literature in a number of ways by focusing on socio-cultural factors regarding the implementation of IFRS. First, in terms of theoretical contribution, institutional isomorphism proposed by DiMaggio and Powell (1983, 1991), is intertwined in shaping IFRS implementation in Bangladesh (in particular, coercive isomorphism: government and donor agencies' pressure and conflicts of interest among various groups of regulators; and normative isomorphism: lack of professionalization). The study addresses how institutional isomorphism is deeply inter-connected regarding global accounting standards implementation within a developing country's national context and cultural values. Second, deficiencies in the training opportunities within the accounting profession itself are impeding IFRS implementation. Contrary to prior research (Abdelsalam & Weetman, 2007; Belkaoui, 1983; Chand, Cummings, & Patel, 2012; Perera, 1989; Zeghal & Mhedhbi, 2006), the majority of companies in Bangladesh are not providing training facilities for their company accountants with the exception of the 'Big 4' and other large

companies. Third, the professional curricula contain limited content on IFRS, while the universities' curricula are without IFRS content at all. Fourth, high levels of corruption in Bangladesh have a negative influence in implementing IFRS. The findings reveal that corruption is deeply rooted in Bangladesh's society. Similar to Hofstede, Hofstede, and Minkov's (2010) culture index, the World Bank's (2010) Governance Indicators Data and La Porta, Lopez-de-Silanes, Shleifer, and Vishny's (1998) data [see also Leuz, Nanda, & Wysocki, 2003; Han, Kang, & Yoo, 2012], this study finds lower rates of enforcement in Bangladesh compared with India and Pakistan. This is due to higher levels of corruption, a factor which weakens the enforcement of laws and is marked by a secretive culture. Corruption results from a secretive culture. However, corruption was measured as being lower during periods of military-backed government. Finally, some policymaking recommendations arose for national and international policymakers; in particular, that the Institute of Chartered Accountants of Bangladesh (ICAB) should update the professional and universities' curricula; the Bangladesh Securities and Exchange Commission (BSEC) should aim for stringent enforcement of the laws, the government should depoliticize the Anti-Corruption Bureau and companies should offer full training facilities.

2. Prior research and proposition development

2.1. Training opportunities in the accounting profession

Adoption and implementation of IFRS depend on the high level of education and expertise required to be able to understand and interpret accounting information (Doupnik & Salter, 1995). Accounting education is the pillar for modern, complex accounting systems (Zeghal & Mhedhbi, 2006, p. 377) because "*an increase in the level of education in a country may increase political awareness and demand for corporate accountability*" (Cooke & Wallace, 1990, p. 84). Belkaoui (1983, p. 208) strongly points out that "*A well-developed accounting profession and system for accounting education in a given country lead to a tradition and/or effort of providing adequate reporting and disclosure*". Relatedly, Perera (1989, pp. 151–152) says that "*the deficiencies in accounting education and training in developing countries are fairly well known*". Zeghal and Mhedhbi (2006) find that the countries with the highest education levels proceed with the adoption of IFRS. Lower levels of education lead to lower expertise and real barriers to the adoption of IFRS (Bloom, Fuglister, & Myring, 1998) and therefore, Abdelsalam and Weetman (2007, p. 96) suggest that "*Achieving education and training success is likely to be more problematic in developing countries where there are limitations on financial and technical resources*". Recently, Chand et al. (2012, p. 153) suggest that global accounting education systems may influence the implementation of IFRS. It has been argued that not only education but also the professional status of accountants is important in explaining accounting systems. For instance, Var (1976) finds that accounting is not recognized as a profession and even has a low status in Turkey; Neu, Gomez, Graham, and Heincke (2006) demonstrate that accounting education has been central in recent years and that is why the World Bank has made attempts to reform educational practices and systems all over the world. However,

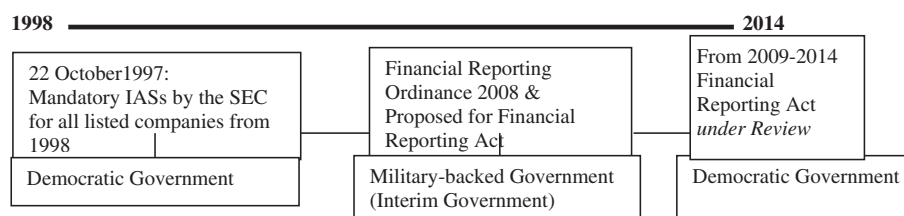IAS/IFRS Time Frame in Bangladesh 1998-2014

Fig. 1. IAS/IFRS time frame in Bangladesh 1998–2014.

few studies, notably, Parry and Groves (1990), Abayo and Roberts (1993), and Haniffa and Cooke (2002) find that accounting education has little impact on the quality of financial reporting in developing countries.

2.2. Corruption

Defining corruption as cultural norm, Sandholtz and Koetzle (2000, pp. 33–34) argue that "*[The] definition of corruption that is portable across cultures. … corrupt acts are, in every definition, improper or illegitimate*". The region specific and country case literatures suggest that politics and corruption affect accounting (Rock & Bonnett, 2004; Whitehead, 2000). The reasons for high-level political corruption arise from substantial government intervention in the economy (Ades & Di Tella, 1997; Hadani, 2012; Weyland, 1998). High level corruption can be explained through analysis of double transitions: (a) from authoritarianism to democracy and (b) from interventionist to market-oriented economic policies, which have commonly been accompanied by even higher levels of political corruption (Geddes & Ribeiro-Neto, 1999). Cooke and Wallace (1990, p. 84) argue that "*In societies where a strong oral tradition exists or where corruption is endemic, the development of accounting may be impeded*". In Latin America, high-level political corruption in the corporate sectors and unsuccessful IFRS implementation have been seen in Mexico and Brazil (Geddes & Ribeiro-Neto, 1999; Manzetti, 2000). In an Eastern European study, Bloom et al. (1998) argue that corruption is widespread and secrecy has long been a tradition in Armenia. In an Asian study, Wu (2005) confirms the corporate sector as the main source of corruption problems in Asia. Wu (2009) further reports that Bangladesh is one of the most corrupt countries in Asia, where "*96% of firms report that they regularly bribe public officials*" (p. 82). In a study of China, Wu et al. (2012) conclude that politically connected managers of firms can help their firms to obtain tax benefits. Recently, Pieroni and D'Agostino (2013, p. 70) find that 'a lack of government regulations may actually yield more corruption in developing countries'.

2.3. Proposition development

Prior studies (Abayo & Roberts, 1993; Abdelsalam & Weetman, 2007; Cooke & Wallace, 1990; Haniffa & Cooke, 2002) support a statistical association between culture and corporate reporting requirements, yet they also acknowledge an inability to explain the nature of that association. Very few studies have measured cultural factors in implementing IFRS as discussed in prior sections (see Sections 2.1 and 2.2). Researchers suggest that ineffective development of training opportunities in the accounting profession depends on lower standards of education, while high levels of corruption depend on a culture of secrecy. Thus, the propositions of the study are:

PI. Ineffective development of the training opportunities in the accounting profession will have a negative influence on implementation of IFRS.

PII. High levels of corruption will have a negative influence on implementation of IFRS.

The term 'negative influence' in this study means an impediment to IFRS implementation.

3. Background of accounting practices in Bangladesh

3.1. Corruption

Corruption is perceived as most rampant in Bangladesh, which is one of the poorest countries in the world (Knox, 2009). Corruption remains a major obstacle to fully addressing developmental issues (Riaz, 2006). For five consecutive years (2001–2005), Bangladesh topped the list of the most corrupt nations in the world on the Corruption Perception Index (TIB (Transparency International Bangladesh), 2005). Corruption has progressively intensified since the gaining of independence in 1971 (Huque, 2010; New Age, 2012). Some of the key agencies of government such as the police, customs, taxation and the central secretariat are among the most corrupt (Riaz, 2006). Key politicians, including the former Prime Minister and the current Prime Minister, have been charged with corruption (Knox, 2009). In terms of accountability, Mir and Rahaman (2005) find that there is frequent malpractice in the corporate sector. However, this has been overlooked by the BSEC. The Government of Bangladesh has established institutions and laws over the years (e.g., Prevention of Corruption Act, 1947; Anti-corruption Act, 1957; Criminal Law Amendments Act, 1958; and Anti-corruption Tribunal Ordinance, 1960). However, the TIB (Transparency International Bangladesh) (2005) criticizes the transparency of the Anti-corruption Bureau, since the bureau has been established within the Prime Minister's Department. On 26 April 2010 the democratic government amended the relevant legislation to require the Commission to seek the government's approval before initiating a case against any government official (The Daily Star, 2010). The International Monetary Fund (IMF) (2010, p. 20) suggests that "*Bangladesh Bank banking supervision needs to implement a model anti-corruption program for its staff, both protecting staff from corruptive incentives and making known the high integrity of its personnel*".

3.2. *Hofstede et al.'s (2010) data regarding the culture of Bangladesh*

The initial study by Hofstede (1980) did not include Bangladesh, although two neighbors, India and Pakistan, were included in his study. Bangladeshi culture is quite similar to Indian and Pakistani culture, due to the historical and religious ties among the people of these three countries (Abdullah, Boyle, & Joham, 2011). In a recent study, Hofstede et al. (2010) include Bangladesh to explain cultural dimensions (as shown in Table 1 [Panel A]). The high score of the Power Distance Index (PDI) and Uncertainty Avoidance Index (UAI) in Bangladesh indicates a high level of inequality of power and wealth within the society and the society does not readily accept change. The culture in Bangladesh is more likely to follow a caste system (e.g., the ruling class social group) that does not allow significant upward mobility for its citizens (Uddin & Hopper, 2001). Bangladesh's Masculinity (MAS) score is 55, with the world average just slightly lower at 51. In terms of Individualism (IDV), Bangladesh is toward the collectivist end of the continuum. In other words, people are integrated into strong, cohesive in-groups from birth onwards (Abdullah et al., 2011; Khan, Hossain, & Siddiqui, 2011). The word collectivism in this sense has no political meaning: it refers to the group, not to the state. The lower

Table 1
Cultural scores and secrecy culture in India, Pakistan & Bangladesh based on Hofstede et al.'s (2010) model.

	Bangladesh	India	Pakistan
Panel A: Cultural scores [Hofstede et al.'s (2010) model]			
Power Distance Index (PDI)	80	77	55
Individualism (IDV)	20	48	14
Masculinity (MAS)	55	56	50
Uncertainty Avoidance Index (UAI)	60	40	70
Long-term Orientation (LTO)	47	51	50
Indulgence Versus Restraint (IVR)	20	26	0[b]
Panel B: Secrecy culture [Hofstede et al. (2010) & Hofstede (1980)]			
Based on Hofstede et al. (2010)	120	69	111
Based on Hofstede (1980)	N/A	77	123

Data are available at http://www.geerthofstede.com/media/651/6%20dimensions%20for%20website.xls.
The score for IVR for Pakistan was 0 because of the influence of fundamentalist religious views.
Secrecy culture = PDI + UAI − IDV
N/A = not applicable − Hofstede (1980) did not include Bangladesh.

score of Indulgence versus Restraint (IVR) indicates that Bangladesh's society suppresses its gratification of needs and instead regulates it by means of strict social norms (Hofstede et al., 2010). As mentioned, Bangladesh is a Muslim dominated country and therefore it is not surprising that low scores for IVR and Long-term Orientation (LTO) are found.

Based on Hofstede's (1980) data, Han et al. (2012, p. 38) find that 'Pakistan is one of the most secretive countries' (secrecy culture score = UAI + PDI − IDV). They argue that firms in more secretive countries tend to disclose less. To explore the secrecy culture of Bangladesh, I use Hofstede's scores from 1980 to 2010. The comparison of India, Pakistan and Bangladesh is shown in Table 1 (Panel B). Unsurprisingly, the scores for Bangladesh and Pakistan are almost the same in 2010. This means that Bangladesh and Pakistan have more secretive cultures, while India follows weak uncertainty avoidance and hence has a more transparent culture (Banerjee, 2002). Akhtaruddin (2005, p. 415) argues that "*The lacklustre disclosure performance by Bangladeshi firms can be attributed to organizational culture, poor monitoring, and lapses in enforcement by the regulatory body*". Although he argued about organizational culture, he strongly emphasized '*disclosure decisions are socio-culture-driven in Bangladesh*' (p. 415).

3.3. The World Bank's (2010) Governance Indicators Data (2010) and La Porta et al.'s (1998) data regarding the culture of Bangladesh

Bangladesh, India and Pakistan were under British colonial rule for around 200 years. Bangladesh was under Pakistan till 1971. After independence, India, Pakistan and Bangladesh established different accounting systems mixing the UK GAAP, US GAAP, and IFRS. For example, India adopted mandatory IFRS in 2012, Bangladesh did so in 1998 (source: BSEC Rules 1987) and Pakistan in 1997 (source: Section 234 of the Companies Ordinance 1984). To evaluate the enforcement of India, Pakistan and Bangladesh, I also use the World Bank's Governance Indicators Data (2010) and La Porta et al.'s (1998) data (as shown in Table 2). According to Leuz et al. (2003, p. 516), "*Legal enforcement is measured as the mean score across three legal variables used in La Porta et al. (1998): (1) the efficiency of the judicial system, (2) an assessment of rule of law, and (3) the corruption index*".

The data from the World Bank ranges from 0 to 100, while La Porta et al.'s data ranges from 0 to 10. A low level of enforcement is seen in Pakistan and Bangladesh compared with India. This is because both Bangladesh and Pakistan have higher levels of corruption. Uddin and Hopper (2003, p. 767) reveal that privatized companies in Bangladesh are reluctant to disclose financial information due to a lack of enforcement culture. Mir and Rahaman (2005, p. 832) note that "*India, next door to Bangladesh, which has cultural and economic similarities with Bangladesh, did not go for the wholesale adoption of IFRS*".

4. Institutional theory

Institutional theory explores the intra-organizational structures that are largely shaped by external factors and the role of extra-organizational institutions in shaping organizational structures, policies and procedures (DiMaggio, 1988; DiMaggio & Powell, 1983; Scott, 1995). Intra-organizational structures in this context refer to accounting regulations and practices, and extra-organizational institutions refer to the state, professionals and donor agencies (Dillard, Rigsby, & Goodman, 2004). Organizations respond to such external and macro-pressures with the intention of receiving legitimacy (Covaleski, Dirsmith, & Michelman, 1993; Irvine, 2008). Organizations operating in a similar environment are assumed to compare the demand and actual behavior including the structures, choices and designs (DiMaggio & Powell, 1983, 1991; Meyer & Rowan, 1977). Formal structures will reflect the rules and procedures that are perceived to be 'right' within the society (DiMaggio & Powell, 1991). Institutionalists like Meyer and Rowan (1977) and Scott (2008) argue that formal structures can become decoupled or loosely coupled (i.e., minimal adoption of rules and lack of implementation). By contrast, when formal structures are tightly coupled, active adoption of rules and effective implementation are assured (Scott, 2008). Global accounting standards, such as IFRS, are a formal structure arising from outside the organization. For example, Dahawy et al. (2002) argue that the imposition of IFRS by the donor agencies in Egypt creates a low level of compliance with IFRS. Organizations adopt IFRS under the pressures of extra-organizational institutions such as the Securities and Exchange Commission, the stock exchanges, the accounting professional bodies, the IASB and donor agencies like the World Bank and the IMF.

DiMaggio and Powell (1983) have identified a number of different institutional element mechanisms through which '*institutional isomorphic*' change occurs. There are two components of isomorphism (1) competitive isomorphism and (2) institutional isomorphism (DiMaggio & Powell, 1983, p. 150). DiMaggio and Powell (1991) further classified institutional isomorphism into three categories: (*a*) coercive isomorphism which arises from asymmetric power relationships. Change is imposed by external bodies (DiMaggio & Powell, 1991, p. 66). The fundamental motivation is to conform to the demands made by powerful constituents. For example, the donor agencies force the developing countries to implement IFRS (Mir & Rahaman, 2005). However, the environmental and cultural factors are very significant to adopt and implement global standards. It may be argued that the

Table 2
Enforcement in India, Pakistan and Bangladesh.

Country	World Bank's Governance Indicators Data (2010)								La Porta et al. (1998)			
	1998				2010				1998			
	J	R	C	Avg	J	R	C	Avg	J	R	C	Avg
Bangladesh	17.65	19.62	38.54	25.27	21.53	26.54	16.27	21.45	N/A	N/A	N/A	N/A
India	34.80	61.72	43.41	46.65	39.23	54.50	35.89	43.21	8	4.17	4.58	5.6
Pakistan	27.94	26.79	15.61	23.45	30.14	25.59	11.96	22.57	5	3.03	2.98	3.7

J   efficiency of the judicial system/regulatory quality.
R   the rule of law.
C   control of corruption.
Avg   average of judicial system, the rule of law and control of corruption.
N/A   not applicable.

World Bank's Governance data are available at http://info.worldbank.org/governance/wgi/pdf/wgidataset.xls.
La Porta et al. (1998) did not include Bangladesh.

contexts of some standards are not clear to the preparers. (*b*) normative isomorphism consists of conforming to a world view imposed by professionalization (DiMaggio & Powell, 1991). This isomorphism arises "when professionals operating in organizations are subject to pressures to conform to a set of norms and rules developed by occupational/professional groups" (Abernethy & Chua, 1996, p. 574 cited in Yazdifar, Zaman, Tsamenyi, & Askarany, 2008, p. 407). In Bangladesh, there are two main professional bodies (ICAB and ICMAB — the Institute of Cost and Management Accountants of Bangladesh), a few regulatory bodies (BSEC, Ministry of Finance) and donor agencies (IMF, World Bank) which are imposing the implementation of accounting standards. But, there is no mutual collaboration of those bodies to implement IFRS. They are acting independently and the companies are very much

confused, so, this explores the possibility that the lack of co-operation among professional bodies might be the reason for implementing IFRS in Bangladesh. (c) mimetic isomorphism arises from the tendency of organizations to imitate each other's 'best practices' in response to symbolic uncertainty (DiMaggio & Powell, 1991).

Institutional theory has been used by the researchers only on the adoption issues of IFRS (Irvine, 2008). The theoretical literature signifies that institutional theory has a strong avenue for its implication in the IFRS implementation area. In this respect, I follow Irvine (2008), who has called for further research on the isomorphic pressure of IFRS implementation. The framework in this study explicitly recognizes the nature of accounting change and provides a basis for a more complete understanding of institutional isomorphism
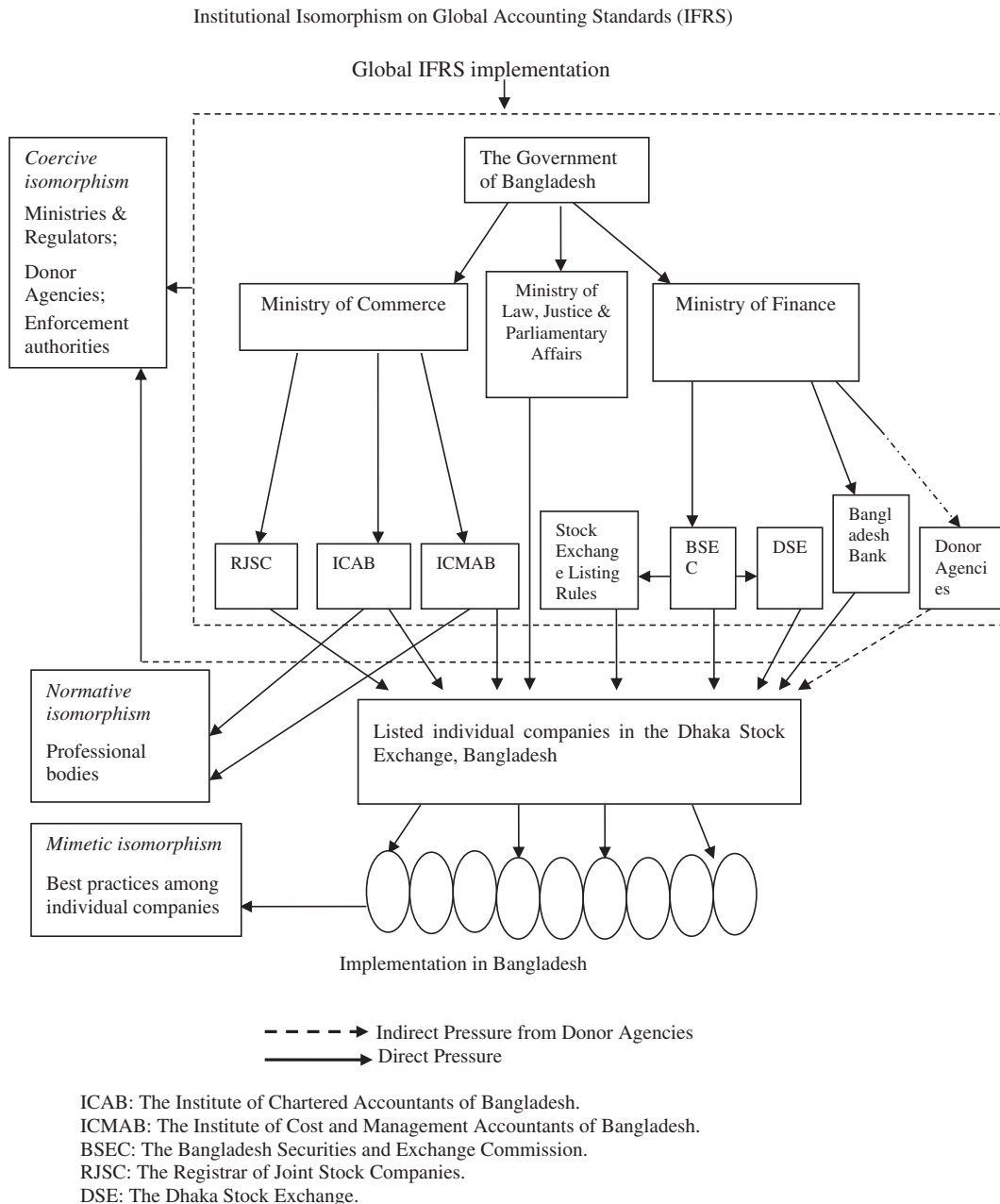

Fig. 2. Institutional isomorphism on global accounting standards (IFRS). ICAB: The Institute of Chartered Accountants of Bangladesh. ICMAB: The Institute of Cost and Management Accountants of Bangladesh. BSEC: The Bangladesh Securities and Exchange Commission. RJSC: The Registrar of Joint Stock Companies. DSE: The Dhaka Stock Exchange.

involved in such a change (as illustrated in Fig. 2). I aim to identify the reasons for the relevant drivers of isomorphism and thus to contribute to the further development of institutional theory in IFRS implementation.

5. Methodology

The research methodology of this longitudinal study adopts a qualitative approach as formalized by Yin (2003) and Miles and Huberman (1994) to look into the veracity of the institutional conceptual framework for understanding the impact of cultural factors on the implementation of IFRS. This approach is particularly appropriate for gaining insights not available via conventional quantitative IFRS research, and for searching new theoretical lenses.

The data collection of this study falls into three phases. The first phase was to conduct 27 first round interviews from June to August 2010 to capture the complexity and depth of issues regarding IFRS implementation (Lindlof & Taylor, 2002). Twenty-seven in-depth semi-structured interviews were categorized into four groups: [(a) seven policymakers, (b) twelve accounting professionals, (c) six users and (d) two academics & researchers)] (see Table 3). The interviewees were selected based on non-random stratified sampling (Easterby-Smith, Thorpe, & Lowe, 2002). The selection criteria for the four groups were as follows: (a) The policymakers, including the officials of the ICAB (The Institute of Chartered Accountants of Bangladesh), the ICMAB (The Institute of Cost and Management Accountants of Bangladesh), the BSEC (The Bangladesh Securities and Exchange Commission), World Bank, Bangladesh Bank, and Ministry of Finance which were responsible for standard setting and for monitoring compliance with the standards and (b) accounting professionals (e.g., auditors and company accountants) which were responsible for following/complying the mandated standards in the financial statements. This group was selected based on their experience (at least 5 years) in preparing accounts and auditing. (c) Users (e.g., bank managers, credit rating agency officials and stock brokers) were chosen because they could voice their opinions on the adoption and the implementation processes. In this study, I have used a bank manager, a credit rating agency official and a stock broker as a proxy of users because some users in developing countries like Bangladesh would have no direct knowledge of IFRS. I selected the interviewees based on their experience (of at least five years) in banks, credit rating agencies and stock broking houses; and (d) the academics and researchers were selected because they have been researching the adoption and implementation of IFRS issues in Bangladesh and have formed opinions on this issue. The interviewees were chosen based on their experiences (of at least ten years) in researching accounting standards issues in Bangladesh. Interview questions were prepared based on prior research evidence (as two rounds of interview questions shown in Appendix A). An interview guide was sent to interviewees who agreed to take part in this research via e-mail prior to interview. Permission to record interviews was sought from each interviewee, however, thirteen of them rejected recording. I relied upon extensively written notes. People in Bangladesh are not used to being interviewed, with concerns arising from various political regimes and extra allowances had to be made in implementing fieldwork for recording and note-taking (as was the case for Kobernyuk et al., in press). The length of interviews ranged from 1 h to 2 h.

In the second phase, the author decided to follow up the first round of interviews in September 2011. The purpose of the follow-up interviews was to test the reaction of the interviewees to IFRS implementation issues. Although all twenty-seven interviewees were contacted, twelve of them agreed to participate. All participants were assured of anonymity.

In the third phase, the study evaluated enforcement documents and the court cases during the period of 1998–2010. A total of 1647 enforcement notices were issued by the BSEC. However, only forty-two enforcement notices were in relation to IFRS non-compliance. The enforcement notices were accessed from the BSEC website (http://www.sec.gov.bd/). Since some of the notices were not accessible from the website, the author hand collected those notices from the BSEC office. In addition, 332 court cases were evaluated. The documentary data analysis in this study was based upon the procedure of Chen, Firth, Gao, and Rui (2005) and Files (2012).

To achieve reliability and validity, the study established (i) credibility through data triangulation, (ii) dependability with an audit trail of all documentation and interviews and (iii) conformability by using independent data coders during March to July 2012. An audio recorder was used to record the interviews (Miles & Huberman, 1994). Additionally, extensive manual notes were taken during the interviews and were double checked within 6 h of interview completion. During the interviews, cross-checked questions were used to ensure reliability. For example, the author asked the same questions more than once. The consistency of the coding was also maintained. The author checked the transcripts twice to make sure that no mistakes were made during the transcription. Qualitative validity can be achieved by checking the accuracy of the findings by using multiple sources of data (Creswell & Miller, 2000). This longitudinal study triangulates multiple cases and multiple sources of information (court cases, enforcement notices, newspapers articles, World Bank data, Cultural data), and two phases of interviews (Yin, 2003). However, authenticity (i.e., giving a fair, honest, and balanced account of social life from the viewpoint of someone who lives it every day) is more important than validity in qualitative research (Neuman, 2000).

Following Miles and Huberman (1994), the study adopted cross-case analysis of themes, but remained insightful to the unique context of interview questions, for example, an effective/ineffective development of the training opportunities in the accounting profession (Proposition I) and High/Low levels of corruption (Proposition II). I coded interview data according to themes and respondents and analyzed other primary and secondary data to identify the issues that interviewees had identified and the factors behind those issues. This process helps to enable data-theory triangulation and later, theoretical framework (institutional isomorphism) uses to interpret the data (Yin, 2003).

6. Findings

In this section, the study follows Scott's (1995) institutional theory framework to structure the presentation and interpret the empirical findings. The italics in the interview quotes in this study indicate that the interviewee strongly emphasized the specific issue (i.e., I have tried to convey the interviewees' tone by use of italics). Hence, interview software was not used in this study.

6.1. An ineffective development of training opportunities in accounting profession (Proposition I)

The interviewees were asked: *Do you feel that the current syllabus of the professional accountancy qualification is suitable to implement IFRS effectively*? and *Will IFRS be included in the universities' curricula*? (see Appendix A). Eighteen of 27 interviewees feel that the current professional exam syllabus is not suitable to better implement IFRS (see Table 4). All the interviewees agree that university curricula should include IFRS content. (See Table 3.)

There is mixed evidence regarding the suitability of the current professional syllabus for implementation of IFRS. Nine out of 27 interviewees felt that the current syllabus is at an equivalent level to international standards (see Table 4). Eighteen of 27 interviewees mentioned that the professional syllabus is not suitable to implement IFRS. According to the interviewees, the syllabi do not contain related examples and applications of IFRS, and the students gain inadequate knowledge on IFRS from the teaching which is offered by the ICAB.

Table 3

Summary of 27 first round and 12 second round interviewees.

Code	Company/organization	Work exp. (yrs.)	Recorded/not recorded
Policymakers (7)			
PM1	ICAB (The Institute of Chartered Accountants of Bangladesh)	26	Not recorded
PM2	ICAB (The Institute of Chartered Accountants of Bangladesh)	10	Recorded
PM3	ICMAB (The Institute of Cost & Management Accountants of Bangladesh)	30	Recorded
PM4	BSEC (The Bangladesh Securities and Exchange Commission)	11	Not recorded
PM5	World Bank	14	Not recorded
PM6	Bangladesh Bank	40	Recorded
PM7	Ministry of Finance	16	Not recorded
Accounting professionals (12)			
AP1	Big 4 accountancy firm in Bangladesh	32	Not recorded
AP2	A pharmaceutical company	24	Recorded
AP3	Big 4 accountancy firm in Bangladesh	9	Not recorded
AP4	Small accountancy firm	10	Recorded
AP5	Bank	10	Not recorded
AP6	An engineering company	8	Not recorded
AP7	Bank	15	Recorded
AP8	Small accountancy firm	5	Not recorded
AP9	Small accountancy firm	20	Recorded
AP10	Multinational company	11	Recorded
AP11	A pharmaceutical company	7	Not recorded
AP12	Big 4 accountancy firm in Bangladesh	15	Not recorded
Users (6)			
US1	Bank	10	Recorded
US2	Stock Broker and Central Depository Bangladesh Limited (CDBL)	9	Not recorded
US3	Central Depository Bangladesh Limited (CDBL)	8	Recorded
US4	Bank	10	Recorded
US5	Credit Rating Agency of Bangladesh	5	Not recorded
US6	Bank	18	Recorded
Academics (2)			
AR1	A Private University, Bangladesh	21	Recorded
AR2	A Public University, Bangladesh	10	Recorded

13 interviewees were reluctant to record the interviews.

Italics indicate that 12 of 27 interviewees participated in the second round interview.

Therefore, the quality of newly qualified auditors in Bangladesh still remains questionable. The following two comments summarize this view:

> *The syllabus of the professional bodies in Bangladesh does not include any courses on IFRS* that will help accountants in preparing annual reports which are based on mandatory accounting standards.
>
> [AR2]

> *I don't think the ICAB's syllabus is up to date enough to really implement IFRS and Basel II ….*
>
> [PM6]

All the interviewees comment that the universities' curricula should include IFRS content (see Table 4). The interviewees point out that none of the universities has an accountancy and finance program linked with the professional bodies. For instance, one interviewee argues that:

> *IFRS content is missing in the universities curricula in Bangladesh. The public universities' are inclined to incorporate IFRS curricula. However, the private universities are reluctant to incorporate IFRS content at all.* More than 55% of students are studying at private universities.
>
> [AP8]

However, the real problem of involving IFRS content in the universities syllabus is the lack of qualified accountancy academics. There are about 82 universities with a total of 19,409 academics in Bangladesh (source: http://www.ugc.gov.bd/reports/Part-2.pdf). According to interviewees there are about 200 accounting academics. Two interviewees mentioned that:

> Yes, there is a global desire to include IFRS in the universities curricula. *However, there is a shortage of academics to teach the content.*
>
> [AP11]

> To be honest, *there is a shortage of accounting academics. You know the method of teaching is different here because teachers only teach theoretical underpinnings, and ignore practical application.*
>
> [PM7]

Regarding training and development, the interviewees are asked: *What kind of training and development are you offering them (the preparers and professionals) to cope with IFRS?* Two PMs from the ICAB respond that they are providing training to cope with IFRS. The ICAB arrange regular seminars on IFRS which teach preparation of financial statements in accordance with IFRS. One interviewee from the World Bank reflects on that issue:

> *In the World Bank [World Bank's Bangladesh office], there is nothing mentioned about IFRS related training in Bangladesh. In 2006, the UN General Assembly adopted the IPSAS which are followed by IFRS.*
>
> [PM5]

Secondly, three out of 12 APs say that they have attended IFRS related training programs. These three interviewees included two accountants from a 'Big 4' and one from a multinational company. This is a clear indication that multinationals and the 'Big 4' are aware of global standards. Nine of 12 interviewees did not attend any training program. This view is summed up concisely by an accountant preparer:

> I do not have any training at all. I am interested in attending IFRS training program. However, the company is not in favor of it. *The company doesn't care, so why should I?*
>
> [AP11]

Finally, all USs and ARs feel that training is very much essential. All the interviewees express the cynical view that the current culture of

Table 4

Views on professional and university curricula suitability toward IFRS implementation [the 1st round interviews, n = 27].

Curricula	Views	PM	AP	US	AR	Total	%
Professional curricula	Current syllabus is *suitable* to implement IFRS	3 [PM1, PM2, PM5]	4 [AP1, AP3, AP10, AP12]	2 [US1, US6]	0	9/27	33%
	Not suitable to implement IFRS	4 [PM3, PM4, PM6, PM7]	8 [AP2, AP4, AP5, AP6, AP7, AP8, AP9, AP11]	4 [US2, US3, US4, US5]	2 [AR1, AR2]	18/27	67%
University curricula	Should include IFRS contents in universities' curricula	7 [PM1, PM2, PM3, PM4, PM5 PM6, PM7]	12 [AP1, AP2, AP3, AP4, AP5, AP6, AP7, AP8, AP9, AP10, AP11, AP12]	6 [US1 US2, US3, US4, US5, US6]	2 [AR1, AR2]	27/27	100%

Code (interviewee): PM: policymakers; AP: accounting professionals; US: users; and AR: academics & researchers.

providing limited training to account preparers and professionals by the companies and professional bodies would not benefit the effective implementation of IFRS at all. The following quotation from AR is illustrative of this point of view:

> I strongly believe [that] *there is a need to train the trainers/teachers to comply with IFRS.*
>
> [AR1]

In the 2nd round interviews, all twelve interviewees agree that accounting education and the profession can be improved by including a syllabus of IFRS contents in the universities' and professional exams. In addition, they point out that syllabus should be more practical based rather than purely theoretically oriented.

Regarding documentary analyses**,** I examine CA firms' violations from 1998 to 2010. Approximately 36% of independent auditing firms (31 from a total of 86) have violated the BSEC rules regarding IFRS. The enforcement notices were not released against the CA firms until 2002. The largest number of violations was identified during the years 2006 and 2009. The findings reveal that none of the firms was penalized for violating the BSEC's rules, with the exception of two cases. This means that 36 violations were flagged (The BSEC stated '*Failure to comply with securities related laws regarding financial statements of the issuers*' [Warning]) and two of them were fined). In terms of the two exception cases, in 2008, the BSEC stated a '*Failure to submit qualified audit report of the issuer*' [Penalty] and in 2010, the BSEC stated a '*Failure to comply with securities related laws regarding financial statements of the issuers*' [Penalty]. None of these firms paid a penalty. Certain audit situations were very common in many of the independent CA firms' violations which were examined. For instance, A & Co. were warned for non-compliance with securities related laws in connection with the audited financial statements of Bangladesh X Ltd. for the years ended 30 June 2006, 2009 and 2010; and B & Co. were warned for non-compliance with securities related laws in connection with the audited financial statements of Y Ltd. for the years ended 30 June 2008, 2009 and 2010. B & Co. is one of the 'Big 4' companies in Bangladesh. This shows that not only small CA firms but also the 'Big 4 firms' have violated the BSEC rules. It also evident that the CA firms were retained for more than three years but the BSEC did not penalize the companies; an example of this would be the auditors of XX Ltd. (http://www.secbd.org/Keya%20Cosmetics%20Ltd.%2026.04.11-458.pdf). This study also finds that the BSEC's enforcement actions against CA firms do not convince companies to change auditors. One BSEC official mentioned that when the BSEC identifies any corrupt firms it then seeks comments from the ICAB, but the ICAB doesn't reply to the BSEC on time. CA firms are able to continue their work because of a culture of non-punishment for violating rules. This indicates the absence of a sufficiently reliable exercise of due care or professional ethics in Bangladesh.

6.2. High levels of corruption (Proposition II)

The interviewees are asked: *How would you regard corruption as an issue in implementing IFRS effectively*? 21 interviewees think that corruption in relation to IFRS implementation is embedded in three sectors: governmental bodies, audit firms & professional bodies, and private companies (see Table 5). Six interviewees from the policymaking groups do not feel that corruption is a big problem.

Ten out of the 21 interviewees feel that financial reporting practices are affected by the widespread corrupt practices of governmental bodies. Respondents agree that the governmental bodies have become the epitome of corruption, given the close relation between the business elite and the political classes. The only PM comments that:

> *The government knows very well about the corrupt practices of its regulatory bodies but is reluctant to take action against them because of their political connections.*
>
> [PM5]

Six of 21 respondents express that the corrupt auditors and professional bodies' members can continue their activities because of their close proximity to politicians. Respondents agree that the credit rating agencies are corrupt too. None of the auditors comment on the implementers' (i.e., the ICAB, the BSEC) corrupts practices. The following comments are representative of this issue:

> *The professional bodies have not taken any action against corrupt auditor(s) since the independence of Bangladesh.*
>
> [US2]

> *You know, the rating agency decides the credit ratings through bribery.*
> [AP10]

Five of 21 interviewees (two APs and three USs) believe that there is a history of a considerable number of large scale frauds which have been carried out by managers and directors of listed companies (see Table 5). Some companies hide true information to evade taxes and the tax authority is satisfied with bribery. One interviewee from the AP group in particular, commented:

> … the annual reports are being prepared according to the wishes of the directors. If we lose our jobs then who will feed our family? You know [that] the *tax authority does not care about IFRS either and they are satisfied with bribery when it comes to IFRS compliance.*
>
> [AP9]

In the 2nd round interviews, nine out of 12 interviewees feel that corruption by governmental body is impeding IFRS implementation process. Apart from the PM group, all the interviewees in the other groups (i.e., AP, US and AR) agree with this view. One interviewee sums up that:

> I chaired the quality assurance board of the ICAB. I saw [that] *many CA firms were identified as violating professional ethics*, but they were not fined or penalized … *the ICAB are taking membership fees* from the violators. It means [that] they can carry out their job legally.
>
> [PM5]

In terms of documentary analyses, I examine enforcement releases during the period 1998–2010. More specifically, violations across

Table 5
Negative perceptions of corruption from the four groups of interviewees (1st round interviews, N = 27).

Corruption by	PM	AP	US	AR	Total	%
Governmental bodies	1 [PM5]	5 [AP1, AP4, AP7, AP8, AP12]	2 [US3, US4]	2 [AR1, AR2]	10/21	47%
Audit firms & professional bodies	0	5 [AP2, AP5, AP6, AP10, AP11]	1 [US2]	0	6/21	29%
Companies	0	2 [AP3, AP9]	3 [US1, US5, US6]	0	5/21	24%
Total	1	12	6	2	[21/27][a]	78%

Code (interviewee): PM: policymakers; AP: accounting professionals; US: users; and AR: academics & researchers.
Six interviewees from the total of 27 do not feel that corruption is a threat to the implementation of IFRS.

Table 6
Total number of occurrences by industry (1998–2010).

Industry	No. of occurrences	No. of companies	Occurrences by industry (%)
Cement	24	12	200
Ceramics	30	12	250
Engineering	59	47	126
Food and Allied	*194*	*97*	*200*
Fuel and Power	48	33	145
Jute	52	17	306
Paper and Printing	55	31	177
Pharmaceuticals and Chemicals	*115*	*67*	*172*
Services and Real Estate	16	11	145
Tannery	54	25	216
Textile	*281*	*126*	*223*
Miscellaneous	*204*	*77*	*265*
IT	27	9	300
Bank	78	47	166
Brokerage	183	126	145
Insurance	83	54	154
Financial Institutions	29	21	138
CA firms	38	31	123
CDBL	77	44	175
Total	1647	887	186

Italics indicate the highest number of occurrences by industry.

various industries and court cases, with reference to corruption, are examined.

The result shows that companies in 19 industries violated the BSEC rules and that the number of occurrences has increased from 2006 onwards. Most notably, in 2006, 174 companies were subject to a total of 326 enforcement actions. On average, 186% [1647 enforcement actions/887 companies] of occurrences are reported in 19 industries from 1998 to 2010 (see Table 6). This is a reflection of the fact that, during the period 2001 to 2005, Bangladesh was officially the most corrupt country in the world. As soon as the military-backed government took over from the democratic government, they tried to reduce corruption levels (Bangladesh was ranked seventh in 2007). Table 7 shows the number of occurrences in relation to IFRS by industry. What is apparent from this table is that no occurrences in relation to violations of IFRS were reported during the period 1998 to 2005. In total there were 42 enforcement actions by 40 companies, and two companies had multiple violations. The main violations included a major failure to disclose

Table 7
Number of occurrences in relation to IFRS by industry (1998–2010).

Industry	2010 O	2010 C	2009 O	2009 C	2008 O	2008 C	2007 O	2007 C	2006[a] O	2006[a] C	Total O	Total C
Cement	1	1	0	0	0	0	1	1	0	0	2	2
Engineering	1	1	0	0	0	0	0	0	0	0	1	1
Food & Allied	*4*	*4*	*2*	*2*	*3*	*2*	*5*	*5*	*1*	*1*	*15*	*14*
Jute	0	0	1	1	0	0	0	0	0	0	1	1
Paper & Printing	1	1	0	0	1	1	0	0	0	0	2	2
Pharmaceuticals & Chemicals	*1*	*1*	*3*	*3*	*0*	*0*	*0*	*0*	*0*	*0*	*4*	*4*
Tannery	0	0	1	1	1	1	1	1	0	0	3	3
Textile	*1*	*1*	*6*	*5*	*1*	*1*	*1*	*1*	*0*	*0*	*9*	*8*
Miscellaneous	*0*	*0*	*1*	*1*	*0*	*0*	*3*	*3*	*0*	*0*	*4*	*4*
Insurance	0	0	0	0	1	1	0	0	0	0	1	1
Total year wise	9	9	14	13	7	6	11	11	1	1	42	40

O   Number of occurrences.
C   Number of companies.

Italics indicate the highest number of occurrences by industry.
IFRS related occurrences identified by the BSEC from 2006, although IFRS was mandatory in Bangladesh from 1998.

information, false statements, and issues with true and fair views. The largest number of cited companies belonged to the Food and Allied, Pharmaceuticals and Chemicals, Textiles, and Miscellaneous industries.

The military-backed government approved a Financial Reporting Ordinance 2008, but the Awami League-led government (Democratic Government) did not pass it in parliament after it assumed power in 2009 (see Fig. 1). Interestingly, the ICMAB urged the government to approve the draft of the Financial Reporting Act (FRA) 2013 (The Independent, 2014), but, the ICAB opposed the proposed Financial Reporting Act 2013 (New Age, 2013). Under this proposed FRA 2013, the Bangladesh Bank (Central Bank of Bangladesh) governor, Bangladesh Securities and Exchange Commission (BSEC) chairman, Insurance Development and Regulatory Authority (IDRA) chairman and National Board of Revenue (NBR) chairman, who will take services from the auditors, and will be in the regulatory body for auditors. Surprisingly, the provision of violating IFRS has not been changed and no stringent penalty criteria have been kept.

Again, the number of court cases regarding enforcement actions has been increasing year by year on a cumulative basis from 1998 to 2010 (see Appendix B). One cautionary note is that these court cases are concerned with violations of the BSEC's rules. I tried to find out how many cases were specifically related to IFRS. However, the BSEC did not provide any information. The cumulative increases of court cases weaken the BSEC's enforcement motivations. Companies can appeal regarding the BSEC's enforcement and go through various courts. The common scenario in Bangladesh is that the guilty companies are reluctant to pay the penalty because the court cases normally take a long time to complete. This is not limited to the BSEC's enforcement related court cases but also applies to other cases. There are approximately ten million (9,683,305) cases pending in different courts (4946 in the Appellate Division; 127,244 in the High Court Division; 344,518 civil cases and 95,689 criminal cases in the Judges courts; 296,862 cases with Magistrate courts and 99,004 cases with the Metropolitan Magistrate courts) (The Daily Star, 2003). After a case is filed in the court, nobody knows when it will end (The Daily Star, 2007). This may weaken the BSEC's enforcement effort toward IFRS implementation.

7. Discussions (comparison of interviewees' perceptions and reflecting attitudes, P_I & P_{II})

After reading and reflecting on the transcripts, I summarized the first and second round interviewees' attitudes to IFRS implementation (see Q1 to Q4 in Table 8). This approach requires making a judgment about the interviewee's primary opinion about a topic. The aim was to establish whether the interviewee's work experiences are related to their expressed attitudes. I find no association between the interviewees' work experiences and their attitudes.

The evidence of the study reveals that there is a link between [i] training opportunities in the accounting profession and [ii] corruption (Q1, Q2 & Q3). In relation to policymaking groups, the four policymakers who are unhappy with the current professional syllabus and lack of provision of any training opportunities feel that corruption is not a big factor affecting the implementation process (see Table 8) but there are some contradictory comments observed. For example, although three policymakers (PM1, PM2 and PM5) are satisfied with the professional syllabus; two (PM1 and PM2) out of these three are providing training and feel that corruption is not an important factor. One possible observation is that PM1 and PM2 are highly placed officials in the ICAB and the ICAB is within the Ministry of Commerce. Therefore they are disinclined to provide negative views on the ICAB's professional syllabus, training issues or possible corruption. PM1 and PM2's answers represent their personal views rather than an institutional view. PM5 is an official of the World Bank and is therefore able to talk freely about corrupt activities. The respondent is happy with the professional syllabus because the respondent is the chairing quality assurance boards of the ICAB. Table 8 (Panel A) also shows that 67% of the

Table 8
Quantification of perceptions of interviewees (1st and 2nd rounds).

Panel A: 1st round interviews (n = 27)				
Perceptions	Training opportunities in accounting profession			Corruption
1st round IQs	Q1	Q1(a)	Q2	Q3
Positive perceptions on	33% [9/27]	100% [27/27]	48% [13/27]	22% [6/27]
Negative perceptions on	67% [18/27]	0%	52% [14/27]	78% [21/27]
Total	100%	100%	100%	100%

Panel B: 2nd round interviews (n = 12)		
2nd round IQs	Q1	Q2
Positive perceptions on	0%	25% [3/12]
Negative perceptions on	100% [12/12]	75% [9/12]
Total	100%	100%

Code (interviewee): PM: policymakers; AP: accounting professionals; US: users; and AR: academics & researchers.
'0' = negative perceptions, '1' = positive perceptions & '9' = no comment.
Panel A: Q1: '0' = professional syllabus are not suitable & '1' = professional syllabus are suitable to implement IFRS; Q1(a): '0' = university syllabus should not include IFRS contents & '1' = university syllabus should include IFRS contents; Q2: '0' = not providing training/not attending training/training is not essential & '1' = providing training/attending training/training is essential; Q3: '0' = corruption by government, audit firms & professional bodies & companies; '1' = no corruption; Q4 [county-specific factors] cannot be quantified due to the nature of the questions and the perceptions of the interviewees.
Panel B: Q1: '0' = professional syllabus & university syllabus are not suitable & '1' = professional syllabus & university syllabus are suitable to implement IFRS; Q2: '0' = corruption by governmental body &'1' = no corruption; Q3 [county-specific factors]: cannot be quantified.

respondents feel that the professional syllabi are not good enough to implement IFRS; 52% of interviewees are not providing or attending training and 78% of respondents feel that corruption is impeding the implementation process.

With respect to the AP group, those who feel that the professional syllabus is up to date enough and have attended training on IFRS, view that corruption is a problem (see Table 8). The only AP (AP3) who has not attended any training on IFRS from his audit firms is happy with the professional syllabus. This is because of his affiliation with the standards setting body of the ICAB. Those who perceive that the professional syllabus is not up to date and have not attended training on IFRS, view corruption as impeding the implementation process.

The majority of the APs are not getting access to any training opportunities. The 'Big 4' audit firms and large companies have more training opportunities in Bangladesh than average, but the smaller ones do not see themselves as training facilitators and/or best-practice companies. The main point here is that the smaller companies' managements are not worried about disclosure policy and therefore their directors' attitudes toward training are vague. From the US and AR groups, it is important to mention that (except for US1 and US6), a majority of the respondents are dissatisfied with the professional syllabus and also strongly believe that training opportunities are essential and that corruption is holding back the implementation of IFRS. One possible interpretation is that US1 and US6 may be heavily linked with the ICAB. In particular, the affiliated banks Brac Bank (US1) and the Mercantile Bank (US6) have been awarded the 11th ICAB National Awards for best published accounts and reports. Therefore, these two interviewees provide no comment on politics.

As mentioned, the purpose of the second round of interviews was to test the interviewees' reaction after a further year of the democratic government has passed (2009, 1st year; 2011, 3rd year). The perceptions of the interviewees are more negative in the 2nd round of interviews to previous responses (see Table 8). PM1, PM2, PM5, AP10 and AP12 were positive about the professional syllabus in the first round interviews, but in the 2nd round, they were more critical about it. This could be because there is a very low pass rate in the professional exams and there are very few qualified accountants in Bangladesh. Further, an agreement in 2009 that the ICAEW should update the professional curricula in Bangladesh may suggest that these five

interviewees have changed their minds on professional syllabus issues. In the 2nd round interviewees only mention corruption by government while in the 1st round, the interviewees had pointed out corruption in various bodies (e.g., audit firms and professional bodies, and in companies). It is unsurprising that PM1, PM2 and PM4 held the opinion that corruption is not an important factor. This is due to the fact that these interviewees are working with the government and hence are hesitant to talk about government corruption. Table 8 (Panel B) shows that 100% of the interviewees opine that professional and university syllabi are not suitable for the implementation of IFRS, and 75% of respondents feel that corruption within the government is slowing down implementation. None of the interviewees provided 'no comment' on [i] training opportunities in the accounting profession and [ii] corruption (see Table 8).

8. Conclusions, implications and scope for future research

The evidence in this research suggests that a scarcity of training opportunities in the accounting profession (P_I) and corruption (P_{II}) have a negative influence on implementing IFRS in Bangladesh. The majority of respondents feel that the curricula should be brought up to date and that the IFRS course content is not currently incorporated into the universities' curricula. The respondents affiliated with the ICAB (e.g., as a member of the ICAB or by chairing any of its committees) were positive regarding the professional curricula of the ICAB. Although the policymakers argued for the necessity of IFRS related training facilities, they are not providing any training. With the exception of the 'Big 4' and other large companies, a majority of companies are reluctant to provide training for their company accountants. These findings conflict with prior studies of developing countries (Abayo & Roberts, 1993; Haniffa & Cooke, 2002; Parry & Groves, 1990), which argue that the training opportunities in the accounting profession are not an important factor in explaining IFRS implementation. However, the training opportunities in the accounting profession are an important factor in Bangladesh as an example of a developing country in explaining issues with the implementation of IFRS.

This study also finds that high levels of corruption in Bangladesh have a negative influence on implementing IFRS. The respondents feel that corruption is deeply rooted in Bangladeshi society. Listed

companies can violate the BSEC's regulations, including IFRS non-compliance and can satisfy the relevant authority (e.g., the BSEC & tax officials) through their political connections. It is found that a lack of professional ethics among auditors and company accountants is perceived to be inhibiting effective IFRS implementation. It is not surprising that the policymakers and users who have links with the ICAB and state institutions were in agreement that corruption is not an important issue in implementing IFRS, while for a majority of account preparers, users and academics, corruption is a big threat in a developing country like Bangladesh toward effectively implementing IFRS. The findings in this research are somewhat similar to Hofstede et al.'s (2010) index of Bangladesh, in which Bangladesh has the highest Power Distance score, indicating a high level of inequality of power and wealth within its society. It means that the society does not readily accept change in Bangladesh (Hofstede et al., 2010). In addition, Bangladesh has a more secretive culture than India or Pakistan (Mir & Rahaman, 2005). Hence, company managements are less likely to pursue a high level of IFRS compliance. Moreover, using the World Bank's Governance Indicators Data (2010) and data from La Porta et al. (1998) [see also Leuz et al. (2003) and Han et al. (2012)], the present study reveals a lower rate of enforcement in Bangladesh compared with India and Pakistan. This is due to higher levels of corruption, a factor which weakens law enforcement. Bangladesh and Pakistan's secrecy scores and enforcement scores are relatively similar compared to India. This is due to the fact that both Bangladesh and Pakistan have experienced political instability due to military intervention. Levels of corruption were noticeably lower in Bangladesh during the period of military-backed government. Although the government established the Anti-corruption Bureau to tackle corruption in Bangladesh, the government's involvement and the political appointment of the chairman and the staff of that Bureau mean that the independence of this institution must be seriously questioned (International Monetary Fund (IMF), 2010; Knox, 2009).

Based on the findings, the study concludes that three institutional isomorphisms proposed by DiMaggio and Powell (1983, 1991), are intertwined in shaping IFRS implementation in Bangladesh. Coercive isomorphism causes the most profound changes in inhibiting IFRS implementation. This is because the government and donor agencies are pressuring local companies to follow mandatorily which fundamentally affects social characteristics and values. This undemocratic nature of the process enhances conflicts of interest among various groups of regulators, resulting in corruption and a very low level of compliance with IFRS. The poor compliance in Bangladesh reflects not only the nation's cultural values but also its political and economic interests, and its international relationships with the donor agencies. Mimetic pressures, associated with what ought to be, can include the global adoption of IFRS as good business practices (Irvine, 2008). Mimetic isomorphism occurs through the competition of best practiced companies, in particular for large local and multinational companies. Normative isomorphism occurs in the form of professionalization, for example the ICAB are working closely with the ICAEW (UK) in order to develop the IFRS curricula and the ICMAB are working with the World Bank for IFRS training issues. However, a lack of professionalization does not attract students to study CA. Students specialize early in their academic careers and tend to pursue consecutive bachelor's (BBA) and master's degrees (MBA) in general business subject areas. Additionally, account preparers and professionals are facing complex pressures and challenges regarding technical issues to implement IFRS effectively.

Putting these three institutional isomorphism pressures together in order to account for the complex interactions involved is a common research challenge (DiMaggio, 1988). Theorizing in the area is also presented with parallel but divergent literatures (Covaleski et al., 1993; Meyer & Rowan, 1977; Scott, 1995; Yazdifar et al., 2008) that could help to resolve this complex puzzle. New institutionalists hold some promise; for example, DiMaggio and Powell (1983) extrapolate from micro-level to macro-level theorization to offer a model that accounts for variations in implementing IFRS (as illustrated in Fig. 2). It can be argued that changes occur over time and IFRS are not static, and are shaped, dynamically, by the characteristics of both the national and international institutional xframeworks. This study contributes to this important debate on global accounting standards' implementation in developing countries by The interviewees were selected basedhighlighting how institutional isomorphism is deeply inter-connected within the fabric of the national context and cultural values of the societal system. The current status of IFRS implementation adds a period of dynamic tension, arising from the global and local pressures.

Some policymaking issues can be noted for both national and international policymakers: the professional and universities' curricula in Bangladesh should be updated in line with IFRS; the salary structure of CAs should be made much more competitive, in line with India, Pakistan or Sri Lanka; a de-politicized Anti-corruption Bureau should be set up to stop widespread corruption; the BSEC should follow a policy of stringent enforcement of the laws; while most listed companies in Bangladesh are family led businesses and are politically connected, the BSEC should make sure that politicians and their associates are not extending their powers in order to violate the BSEC rules; and the BSEC and the ICAB should emphasize shareholders' activism and demands regarding the quality of annual reports by complying with IFRS.

The study is subject to some limitations. First, limitations arise from conducting the interviews in Bangladesh, as an example of a developing country. For instance, it was common for some of the interviewees to cancel their interview appointments; some interviewees answered with 'yes/no' and/or 'no comment'. A number of technical difficulties were observed when transferring information from Bengali to English. For instance, there is no equivalence for the Bengali words 'sailab', or 'sairachar', etc. Second, the study could be extended and enhanced by the sample size of the interviewees. Third, in terms of documentary analyses, some of the enforcement notices were illegible and in some cases, part of the notice was not available on the BSEC website. In addition, some enforcement notices were repetitive. Despite the author's attempt to collect unavailable data (the data not available in the BSEC website) from the BSEC office, the BSEC officials were reluctant to provide all companies' data. Nevertheless, a substantial number of enforcement releases are analyzed in this study. These limitations notwithstanding, this study is, to the best of my knowledge, the first that explicitly examines the impact of and cultural factors regarding IFRS implementation in developing countries. I hope these findings inform further research on IFRS implementation and can be mapped onto the larger debate regarding global accounting standards' suitability in developing countries. Future research which defines corruption as an institutional factor in the implementation of IFRS in developing countries could also be conducted.

Appendix A. First and second round interview questions

First round interview questions

	Policymakers [PM]	Preparers/professionals [AP]	Academics [AR]	Users [US]
Cultural factors (e.g., (i) training opportunities in the accounting profession; & (ii) corruption)	1. Do you feel that the current syllabus of the professional accountancy qualification is suitable to implement IFRS effectively? 1(a). Will IFRS be included in the universities' curricula? 2. What kind of training and development you are offering them (the preparers and professionals) to cope with IFRS? 3. How would you regard corruption as an issue in implementing IFRS effectively?	1. Do you feel that the current syllabus of the professional accountancy qualification is suitable to implement IFRS effectively? 1(a). Should IFRS be included in the universities' curricula? 2. What are the training and development you attained to cope with IFRS? 3. How would you regard corruption as an issue in implementing IFRS effectively?	1. Do you feel that the current syllabus of the professional accountancy qualification is suitable to implement IFRS effectively? 1(a). Should IFRS be included in the universities' curricula? 1(b). Is there any lack of research in this sector? 2. What do you think about what kind of training and development they (the preparers & professionals) needed to cope with IFRS? 3. How would you regard corruption as an issue in implementing IFRS effectively?	1. Do you feel that the current syllabus of the professional accountancy qualification is suitable to implement IFRS effectively? 1(a). Do you know whether IFRS will be you feel that the preparers included in the universities' curricula? 2. Would and professionals need training and development to cope with IFRS? 3. How would you regard corruption as an issue in implementing IFRS effectively?

Second round interview questions

Cultural factors	1. How effective are accounting education and training opportunities in implementing IFRS? 2. How does corruption affect effective IFRS implementation?

Appendix B. BSEC court cases of enforcement actions (1999–2010)

Sl.	Court	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
1	Supreme Court of Bangladesh — Appellate Division	6	9	6	4	3	3	3	4	4	17	14	12
	Supreme Court of Bangladesh — High Court Division	*116*	*99*	*77*	*73*	*71*	*66*	*55*	*53*	*46*	*37*	*27*	*21*
2	District Judge Court, Dhaka	1	0	1	0	0	0	0	0		0	1	0
3	2nd Addl. Metropolitan Session Judge Court, Dhaka	0	0	0	0	0	0	0	0	0	1	1	1
4	8th Asst. Judge Court, Dhaka	0	1	0	0	0	0	0	0	0	0	0	0
5	9th Asst. Judge Court, Savar, Dhaka	1	1	0	0	0	0	0	0	0	0	0	0
6	6th Asst. Judge Court, Dhaka	0	0	0	0	0	0	0	0	2	2	2	2
7	4th Asst. Judge Court, Dhaka	1	1	2	2	3	3	2	0	0	0	1	1
8	1st Addl. Asst. Judge Court, Dhaka	0	0	0	0	0	0	5	0	1	1	0	0
9	*Chief Metropolitan Magistrate Court, Dhaka*	*10*	*9*	*6*	*7*	*6*	*6*	*0*	*4*	*4*	*7*	*0*	*0*
10	Metropolitan Session Judge Court	6	6	6	6	6	6	9	3	3	0	0	0
11	1st Asst. Metropolitan Session Judge Court, Dhaka	1	1	1	0	0	0	0	0	0	0	0	0
12	1st Joint District Judge Court, Dhaka.	0	0	0	0	0	0	0	1	0	0	0	0
13	*5th Joint District Judge Court, Dhaka*	*8*	*8*	*9*	*8*	*8*	*8*	*9*	*10*	*4*	*4*	*3*	*3*
14	4th Joint District Judge Court, Dhaka	1	1	0	0	0	0	0	0	0	0	0	0
15	1st Asst. Judge Court, Dhaka.	0	0	0	0	0	1	1	1	0	0	0	0
16	2nd Asst. Judge Court, Dhaka.	0	0	1	0	0	0	0	1	0	0	0	0
17	Asst. Judge Court, Savar, Dhaka.	0	0	1	0	0	0	0	0	0	0	0	0
18	*General Certificate Court, Dhaka*	*181*	*138*	*94*	*74*	*46*	*32*	*21*	*17*	*16*	*6*	*5*	*3*
	Total	332	274	204	174	143	125	105	94	80	75	54	43
	Cumulative increase by year	58	70	30	31	18	20	11	14	5	21	11	

Data for 1998 was not available.
Italics indicate the highest number of court cases in various courts.

Appendix C. Related laws regarding anti-corruption in Bangladesh

- The Prevention of Corruption Act, 1947
- The Prevention of Corruption (Amendment) Act, 1967
- The Prevention of Corruption (Amendment) Act, 1992
- The Anti-corruption Act, 1957
- The Anti-corruption Rules, 1957
- The Anti-Corruption (Amendment) Ordinance, 1958
- The Anti-corruption Laws (validation) Ordinance, 1958

- The Anti-corruption (Amendment) Ordinance, 1960
- The Anti-corruption (Amendment) Ordinance, 1962
- The Anti-corruption (Amendment) Ordinance, 1973
- The Criminal law (Amendment) Act, 1958
- The Anti-Corruption (Tribunal) Ordinance, 1960
- The Criminal Law (Amendment) Act, 1967
- The Criminal Law (Amendment) Ordinance, 1978
- The Criminal Law (Amendment) Ordinance, 1979
- The Criminal Law (Amendment) Ordinance, 1987
- The Criminal Law (Amendment) Ordinance, 1974
- The Criminal Law Amendment Ordinance (Sanction for Prosecution) Rules, 1977
- The Anti-corruption Commission Act, 2004

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