



**Compliance with IFRS 16 Mandatory Presentation and Disclosure Requirements and Company Characteristics: Evidence from an Emerging Market**

*Prepared by*

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*Scientific Journal for Financial and Commercial Studies and Researches (SJFCSR)*

Faculty of Commerce – Damietta University

**Vol.2, No.1, Part 1., Jan. 2021**

**APA Citation:**

**Ali, S. A. M.** (2021). Compliance with IFRS 16 Mandatory Presentation and Disclosure Requirements and Company Characteristics: Evidence from an Emerging Market. *Scientific Journal for Financial and Commercial Studies and Researches (SJFCSR)*, Vol.2 (1) Part1. pp.182-227.

**Website:** <https://cfdj.journals.ekb.eg/>

***Abstract***

This paper investigates the level of compliance with IFRS 16 (Leases) Mandatory Presentation and Disclosure Requirements (MPDR) and its association with the company characteristics in Bahrain as one of the emerging markets employing both new institutional theory and positive accounting theory. Using data of all 42 companies listed on Bahraini stock market in 2018, the year before the mandatory application of IFRS 16, to test whether the listed companies have early adopted the IFRS 16, and in 2019, the first year of mandatory application, to test the level of compliance with the standard MPDR and its association with the company characteristics.

To measure the compliance score, for each company, with IFRS 16 MPDR, I constructed a checklist based on this standard text issued by IASB and the checklists developed by the big four auditing firm. This checklist was constructed in three parts including fifty-one items if a company is lessee and lessor and 37 items if a company is lessee only. To measure the association between the compliance level and MPDR, five main hypotheses represent company characteristics were formulated and tested using the regression analysis.

This study documented that the average compliance score with IFRS 16 MPDR was 58.72% with a maximum of 83% and minimum of 15%. Our results also indicated that the level of compliance with IFRS 16 MPDR was positively and significantly associated with the company size, audit quality and profitability. On the other hand, leverage was not associated with that level of compliance and the industry type was associated which suggests that each industry sector provides different compliance level with IFRS 16 MPDR.

This study represents a seminal research that measured the level of compliance with MPDR for IFRS 16 through developing an integrated compliance checklist. It contributes to the literature by expanding the compliance research in mandatory setting. It provides empirical evidence about the compliance level with MPDR of IFRS 16. The results of this study are, of interest to academics, investors, creditors, financial analysts, government, and practitioners such as managers and auditors.

**Keywords:** IFRS 16, Mandatory Presentation and Disclosure Requirements, Company Compliance, Compliance Checklist, Emerging Markets, Bahrain Stock Market, Bahrain.

## **1. Introduction**

This paper investigates the level of compliance with IFRS 16 (Leases) Mandatory Presentation and Disclosure Requirements (MPDR) and its association with the company characteristics in Bahrain as one of the emerging markets employing both new institutional theory and positive accounting theory. As IFRS 16 (Leases) is effective on or after 1 January 2019, so there is some scarcity on the research on such standard. Up-to date and to my knowledge no published research on the compliance level with MPDR. Prior studies regarding the IFRS 16 focused on the financial consequences of applying this standard (Giner & Pardo, 2018; Morales & Zamora, 2018; Öztürk & Serçemeli, 2016; Spänberger & Rista, 2020). So, this study will be a seminal research on compliance with IFRS 16 MPDR.

IFRSs issued by IASB to accomplish both enhancing reporting quality and improving the financial statements comparability among countries. IASB, till now, issued 27 standards under IAS, 17 standards under IFRSs and 8 interpretations under International Financial Reporting Interpretation

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Committee (IFRIC). In 2018, IFRS foundation prepared a “Jurisdictional Profiles” to demonstrate the degree of implementation of IFRSs around the global (IFRS, 2018). It shows that more than 87% of authorities require or permit listed companies to apply IFRSs. Bahrain as one of these countries does not have a local GAAP and adopting IFRSs in accordance with the Commercial Companies Law (Decree Law No 21 of 2001). Based on that fact, all listed companies in Bahraini stock market must apply IFRS, however the level of compliance with IFRS MPDR, especially the most recent standards, will stand as argument point, as the decision for the level of compliance is in the hand of the company’s management.

IFRS 16 (Leases) is the newly born standard of IFRSs that has enormous effect on the company’s financial reports. This standard was issued on January 1, 2016 to be effective starting from January 1, 2019 with early permitted adoption. None of listed companies in Bahraini stock market have willingly adopted this standard before January 1, 2019, however, all companies have mandatorily applied it starting from January 1, 2019.

This study used two theories, the first one is the new institutionalism theory and its three isomorphic processes coercive, mimetic and normative (Powell & DiMaggio, 2012). This theory can be employed to explain the enforced adoption of IFRS 16 by companies listed on Bahrain stock market. The second theory is the positive accounting theory (Watts & Zimmerman, 1990), to explain the compliance level with IFRS 16 and its association with the company characteristics.

Recently, the level of company compliance with IFRSs, and how the company characteristics are associated with such level have been investigated by many researches (Akhtaruddin, 2005; Al Mutawaa & Hewaidy, 2010; Ali, 2020;

Alnaas & Rashid, 2019; Alsaeed, 2006; Appiah et al., 2016; Bunea-Bontaş, 2017; Devalle et al., 2016; Glaum et al., 2013; Samaha & Khlif, 2016). Analysing the research on compliance revealed that some studies concentrated on measuring the compliance level with all IFRSs and its association with company attributes (Kumar & Saini, 2016; Tran et al., 2019; Tsalavoutas et al., 2020). Another group of studies engaged on the level of compliance with one accounting topic such as Goodwill and goodwill impairment testing, related party transactions and income tax (Devalle et al., 2016; Lazar & Velte, 2018) The last group of studies focused on the level of compliance with one of IFRS such as IFRS 3, IFRS 7, IFRS 9 and IFRS 15 (Glaum et al., 2013; Sarea & Abdulla, 2015).

This study investigates the compliance level with IFRS 16 MPDR and its association with the company characteristics in Bahrain as one of the emerging markets. Using data of all 42 companies that listed on Bahraini stock market in 2018, the year prior the mandatory adoption of IFRS 16, to test whether the listed companies have early adopted the IFRS 16, and in 2019, the first year of mandatory application, to test the level of compliance with the standard MPDR and its association with the company characteristics. The choice of Kingdom of Bahrain is based on many factor: the availability of data relating IFRS 16 presentation and disclosure in the annual reports; the Bahraini authorities require auditors' opinion on the compliance with IFRS; Bahrain is an open market for foreign investment and is not having local accounting standards, based on this they follow the IFRS implementation; finally most of the listed companies in the Bahraini stock market are multinational corporations which entails more need to have IFRS for comparability and reliability purposes.

The study used self-constructed checklist that developed according to Cook's method and prepared according to IFRS 16 text issued by IASB and in guidance of the big 4 accounting firm's checklists. This checklist includes 51 items disaggregated into the categories of mandatory requirements (Transition, Presentation, and Disclosure). The compliance score of each company was calculated based on the applicable presentation and disclosure items. Taking in our consideration that companies provide the IFRS disclosure on the several sections in the annual report such as the auditor report, financial statements, and the notes accompany with the financial statements.

This checklist represents a unique integrated scoring tool that combine Mandatory Transition Requirements (MTR), Mandatory Presentation Requirements (MPR), and Mandatory Disclosure requirements (MDR). The main contributions of current study are the development of compliance scores for MPDR of IFRS 16 including 51 items divided into 3 categories will be explained in the methodology. Also, this study contributes to the literature by expanding the compliance research in both voluntary setting, when the standard was not effective but early adoption was permitted, and mandatory setting, when the standard became effective. It provides empirical evidence about the level of compliance with mandatory presentation and disclosure requirements of IFRS 16 as new standard that has significant effect on the financial statements and its association with company characteristics. The results of this study are, of interest to academics, investors, creditors, financial analysts, government, and practitioners such as managers and auditors.

This paper is structured as follows. Section 2 introduces the regulatory context for IFRS 16 in Bahrain. Section 3 comprises the relevant literature review and development of the study hypotheses. Section 4 discusses the methodology and methods. Section 5 present the results and discussion. finally, section 6, concludes the paper and suggest theoretical and practical implications.

## **2. The Regulatory Context of IFRS 16 in Bahrain**

The relevant jurisdictional authority for applying IFRS in Bahrain is ministry of industry, commerce and tourism which works under oversee of company's commercial law (Decree Law No. 21 of 2001). Article 219 of this law requires that the auditor's report state: "Whether the balance sheet and the profit and loss account are conforming to the facts, and are prepared according to the international accounting standards or to the standards approved by the competent authority; and whether they include all what is provided for in the law and in the company's articles of association and honestly and clearly reflect the actual financial position of the company". Bahrain has adopted IFRSs for domestic and foreign companies that listed on its stock market, as well as for SMEs. Bahrain does not have a local GAAP, so the application of any new IFRS standard of amendment will be required according to the IFRS foundation rules.

IFRS 16 replaces both IAS 17, and IFRIC 4. The standard issued on January 1, 2016 to be effective on or after January 1, 2019 with permission of early adoption. "IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard (i.e. lessors continue to classify leases as finance or operating leases)." (IFRS, 2016)

This treatment ensues that the presentation of assets, liabilities, expenses, and cash flow for lessees are more reliable and provides greater transparency. The disclosure requirements add more information regarding each item in the financial statements that help users "to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee". Therefore, companies have to disclose more details about all financial statements items that result from lease contracts (E&Y, 2019, p. 3).

IFRS 16 required companies to assess its level of disclosure and whether this level meets the standard objectives or not, to help users in evaluating the effect of this standard on the financial statements. When a company applies this standard for the first time, it can choose between the modified retrospective approach or the full retrospective approach. Under the first approach, a company will cumulate the effect of applying this standard on January 1, 2019, then recognises this effect on retained earnings. According to that, no restating for the financial information for the year 2018 and consequently, comparison between 2018 and 2019 cannot be made. Under the second approach, a company will apply IFRS 16 requirements to the year 2019, as first year and the year 2018, as year before consequently, comparison between the two years can be made.

### **3. Literature Review and Hypotheses Development**

Reviewing the literature on implementation or compliance with IFRS in general or with IFRS 16 in specific reveals that research could be summarized into two main attributes. The first attribute concentrated on measuring the level of disclosure requirements and the company characteristics associated with it. The second attribute examines the level of disclosure requirements and its consequences on the company financial statements or on the capital market. For the first attribute, the most common factors among studies is measuring the level of compliance then relate it with specific theory to provide justification for this compliance (i.e. positive accounting theory, stakeholder salience theory). A very recent study, Tsalavoutas et al. (2020) indicated that there are scarcity on measuring the compliance level with the new IFRS standard such as, IFRS 9, IFRS 15 and IFRS 16 which applicable on January 1, 2019 and the future research could focus on these standards.

Tsalavoutas (2011) examines the compliance with IFRSs MDR during 2005, as it was the first year of applying IFRS by Greek listed companies and the factors associated with compliance. He found positive association with Big 4 audit firms and companies with positive changes in restated profit of 2004. Kumar and Saini (2016) investigated the factors that determine IFRS disclosure compliance for Canadian public firm as IFRS required beginning on January 1, 2011. The study findings show that three factors have positive significant association with the compliance level with IFRS including company size, proportion of foreign sales, and the listing at US stock market. On the other hand, leverage has negative significant association.

In the developing countries, Tsegba et al. (2017) studied the compliance level with IFRS and its impact of the company characteristics as applied to financial companies listed in Nigeria stock market. The results showed that in average the level of compliance around 86% and profitability has positive significant association at 10% while the size of company and the auditor size are positively associated but not significant. Moreover, leverage and internationality have negative association but not significant. Tawiah and Boolaky (2019) examined the level compliance with IFRS using data for 13 African countries. Their results showed that the level of compliance in average was about 73 % and audit committee competence and the existence of chartered accountants on board have positive and significant association with the level of compliance. Also, they documented that the compliance with the most recent standards such as IFRS 3, IFRS 7 and IFRS 13 are low.

Some other studies comprise only on standard or topic, Tahat et al. (2016) investigated whether the compliance level with IFRS 7 disclosure requirements has any consequences on the market. They reported that the company value has positive association with such compliance. Souza and Borba (2017) investigated whether the disclosure level on IFRS 3 have value

relevance, through the period from 2010 to 2013 for Brazilian companies and they found high level of compliance with IFRS 3 and that level was associated with the stock price.

On the Gulf region, Al-Shammari et al. (2008) examined the compliance level with IFRS by firms in the GCC countries. They found that the level of mandatory compliance associated with the firm size, leverage, and the internationality. Moreover, they reported that the compliance improved through the investigated years and the level of increase was in Kuwait and Oman more other GCC countries.

In Bahrain, Juhmani (2012) studied the compliance of companies listed on Bahrain stock market with mandatory IFRSs disclosure requirements for the year 2010, and its association with company attributes. His study reported that the average of compliance level is around 81%. Also, the study documented that audit firm size and company size are positively associated with the level of compliance while leverage, profitability, and company age were not significant. Sarea and Abdulla (2015) studied the compliance level with IFRS 7 by 21 firms listed on Bahrain stock market for the year 2013. They measure the compliance by designing disclosure compliance checklist of 10 requirements and assigning score 3 if the level of compliance is high, 2 if medium and 1 if low. They found that the level of compliance differed by industry type and the investment sector has highest while the insurance industry has the lowest. In other study, Hassan et al. (2019) studied the level of compliance of IAS 38 by companies listed on Bahrain stock market for the year 2016. They found that the level of compliance is 35.4% and the audit firm size, profitability, leverage and industry type are correlated with it, while age and company size is not.

Regarding the literature in IFRS 16, Öztürk and Serçemeli (2016) investigate the effect of applying IFRS 16 on the financial statements and the financial ratios on airline companies. The results show that applying IFRS 16 lead to significant increases in the assets and liabilities, which will be reflected on significant increase on leverage and significant decrease on ROA. Morales and Zamora (2018) examine effect of applying IFRS 16 on financial statements and they found that the leverage increased, ROA decreased, and Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) increased. This effect is expected to be more in some other industry types such as retail, airlines, and hotels. Similar recent study conducted by Spånberger and Rista (2020) who studied how the application of IFRS 16 on companies listed on Sweden stock market affected the financial statements and its users. The results indicated that total assets, total liabilities, and EBITDA were significantly increased in general and for each industry type.

Analysing the previous studies show that most of them concentrated on measuring the level of compliance with MDR for all IFRSs or for one standard or topic and relate it with some corporate characteristics. For measuring the level of compliance some studies used questionnaire (Guerreiro et al., 2008; Jones & Higgins, 2006; Navarro-García & Bastida, 2010; Rezaee et al., 2010; Uyar et al., 2016) and other studies used self-constructed checklist (Appiah et al., 2016; Bova & Pereira, 2012; Devalle et al., 2016; Elsayed & Hoque, 2010; Santos et al., 2014) while other study classified the level of compliance into 3 categories high, medium and low (Sarea & Abdulla, 2015). The company characteristics mostly incorporated on these studies are, company size, leverage, profitability, industry type, quality of auditor, listing status. Most of these studies were conducted before applying IFRS 16 and none of them measured the compliance with IFRS mandatory presentation and disclosure requirements. All studies on IFRS 16, up to date, concentrated on its impact on the financial statements. So, this study will investigate the level of compliance with IFRS 16 MPDR and its association with the company characteristics such as company size, profitability, leverage, quality of auditor and the industry type.

### **3.1 Level of Compliance with IFRS 16 and Company Size**

One of the most vital factors that is claimed to influence the level of compliance with IFRS is the company size. It is argued that bigger companies are more likely to have higher level of compliance with IFRSs as these companies worry about their reputation and governmental obstacles (Watts & Zimmerman, 1978; Holthausen & Leftwich, 1983). This argument is validated by agency theory (Jensen & Meckling, 1976) which suggests that larger companies having higher agency cost and disclose more to reduce information asymmetry. Al-Shammari et al. (2008) documented that larger companies have more chances to be international which motive companies to provide more disclosure.

Studies on the association between the compliance level with MPDR and the company size show mixed results with majority in the line of positive association. Numerous studies provide evidence that the company size has positive association with the level of compliance (Akhtaruddin, 2005; Al-Shammari et al., 2008; Alsaeed, 2006; Dumontier & Raffournier, 1998; Juhmani, 2012; Kumar & Saini, 2016; Samaha & Stapleton, 2009; Sarea & Abdulla, 2015; Tsegba et al., 2017). Few studies showed no relationship between level of compliance and MDR (Glaum et al., 2013; Hassan et al., 2019).

Based on the above argument, most studies reported positive significant association between the compliance level with MPDR. The current study will go with this argument so, the following hypothesis was formulated:

***H1: “There is a positive significant association between level of mandatory presentation and disclosure requirements (MPDR) and company size”.***

### **3.2 Level of Compliance with IFRS 16 and Company Profitability**

According to signalling theory managers use financial statements presentation and disclosure as signal to stakeholders to deliver their success. This theory suggests that profitability can be used to explain the degree of compliance with IFRS, as companies with more profitability are more motivated to disclose their accomplishment.

Regarding the association between the compliance level with IFRS and company profitability, the accounting literature provide mixed results and inconsistent findings. Some researchers reported significant positive association (Akhtaruddin, 2005; Al-Shammari, 2011; Al Mutawaa & Hewaidy, 2010; Hassan et al., 2019; Tsegba et al., 2017). On the other hand, some researchers found that profitability is not significantly linked compliance with IFRS. Samaha and Stapleton (2009) show that profitability does not affect the compliance level. Alsaeed (2006) and Juhmani (2012) found no relation between the compliance level with IFRSs disclosure requirements and profitability.

Based on this argument, most studies support the suggestion of signalling theory and provided evidence that there is positive association between the company profitability and the compliance level with IFRSs disclosure. This study will be in line with stream, so the following hypothesis was formulated:

***H2: “There is a positive significant association between level of mandatory presentation and disclosure requirements (MPDR) and company profitability”.***

### **3.3 Level of Compliance with IFRS 16 and Company Leverage**

Both signalling theory and agency theory support some association between the disclosure level and leverage. The first one may provide positive signal to creditors that your debts are safe by providing more disclosure, while the other theory suggests that compliance with IFRS disclosure requirements will reduce the agency costs and enable the company to get more fund.

The accounting literature, in this regard, provides mixed results. Some studies came in a line with the theory and provided evidence that the leverage has positive association with level of IFRS compliance (Al-Shammari et al., 2008; Samaha & Stapleton, 2009). Another study reported correlation between these leverage and compliance with IFRS (Hassan et al., 2019). On the other hand, (Kumar & Saini, 2016); and Sarea and Abdulla (2015) found negative significant association while Tsegba et al. (2017) reported negative but not significant association. Other studies reported no effect or association (Al Mutawaa & Hewaidy, 2010; Juhmani, 2012; Samaha & Stapleton, 2009).

Based on this argument, no agreement among researchers was found regarding the positive, negative or no association at all between the company leverage and the compliance level with IFRSs disclosure. This study will go with literature, so the following hypothesis was formulated:

***H3: “There is an association between level of mandatory presentation and disclosure requirements (MPDR) and company leverage”.***

### **3.4 Level of Compliance with IFRS 16 and Quality of External Auditor**

Agency theory suggests that compliance with IFRSs disclosure requirements will reduce the agency costs and the quality of audit firm could explain the level of compliance. DeFond (1992) stated that big auditors are more capable and independent and, so they can provide higher quality audit than small one. Based on that argument, a company with one of the big four audit firms, is more likely to provide more compliance with IFRSs.

The accounting literature provided evidence that a high quality of external auditor is highly associated with the compliance level with MDR (Al Mutawaa & Hewaidy, 2010; Dumontier & Raffournier, 1998; Glaum et al., 2013; Hassan et al., 2019; Juhmani, 2012; Sarea & Abdulla, 2015) document a positive association or correlation between size audit firm and the disclosure level. On the other hand, few studies reported non-significant association (Al-Shammari, 2011; Al Mutawaa & Hewaidy, 2010).

Based on the above argument, most studies support the suggestions of agency theory that there is a positive association between the quality of audit firm and the compliance level with IFRS. This study will go with theory and the supported empirical research so, the following hypothesis was formulated:

***H4: “There is a positive significant association between level of mandatory presentation and disclosure requirements (MPDR) and the quality of audit firm”.***

### **3.5 Level of Compliance with IFRS 16 and Industry Type**

Political process theory suggests the compliance level with IFRSs could be explained by industry sector, as the existence of political costs in some sectors (Alnaas & Rashid, 2019; Appiah et al., 2016; Guerreiro et al., 2008) employed this factor in their research based on the argument that companies with high political prominence and high political costs have to provide higher level of compliance with IFRS.

Guerreiro et al. (2008) and Appiah et al. (2016) reported that industry type is associated with the level of compliance with IFRS and the information technology sector showed the highest level of compliance. Moreover, Al Mutawaa and Hewaidy (2010) found that the industry type is positively associated with IFRS’s compliance level. Glaum et al. (2013) documented that the level of compliance is vary among industry sectors and financial services sector showed high compliance. Similar study conducted by Yiadom and Atsunyo (2014) reported that industry type associate positively with IFRSs compliance and the level of compliance is different from sector to other. A recent study conformed the previous studies, as it found that that the level of compliance with IFRS differs based on industry.

Based on this argument, the political process theory and the empirical research support the 1 compliance level with IFRS MDR is vary among industry sectors. This study will go with the theory and the empirical research so, the following hypothesis will be formulated.

***H5: “There is a significant association between level of mandatory presentation and disclosure requirements (MPDR) and the industry type”.***

#### **4. Methodology**

##### **4.1 Population, Sampling and Data Collection**

The population of this study depicts companies listed on Bahraini stock market. Forty-two companies were listed in the year 2019, divided into six sectors namely, industrial, services, investments, commercial banks, insurance and hotel and tourism. Being the number of listed companies is relatively small, a complete census is used. So, all the forty-two listed companies will be included in the study sample.

The data for all listed companies, as secondary data, were obtained from companies’ annual reports, mainly, auditor report, all financial statements, and notes to the financial statements. The auditor report employed to confirm the adoption of IFRS 16, the financial statements worked as source to count the mandatory presentation requirements items in each statement and as total and finally the notes to the financial statements functioned to count the mandatory transition and disclosure requirements.

The data collected for two years, the year 2018 to test whether a company early adopted IFRS 16 and the year 2019 which the first year for mandatorily applying the IFRS 16.

#### **4.2 Measuring the Dependent Variable (Compliance Score)**

The structure of compliance score, from information provided on the companies' annual reports, was the instrument that used in several studies (Appiah et al., 2016; Bova & Pereira, 2012; Devalle et al., 2016; Elsayed & Hoque, 2010; Santos et al., 2014; Tawiah & Boolaky, 2019). This instrument is more reliable and verifiable and widely used in the literature. Hence, this study will follow the literature and build a compliance score for each company in form the formation on the company annual report.

The main challenge is such instrument is how to establish the compliance score as we have several methods of measuring compliance. The level of compliance could provide different scores based on the method used. One of the most common methods is Cooke's method, that calculates compliance ratio by dividing the number of items disclosed by a company to the total applicable numbers of disclosure items. The non-applicable items to any company will be excluded from the score. Other methods exist in the literature but could be not appropriate to this study such as Cooke's adjusted method which considered as subjective one. It calculates the score based on the level of detail provided for each item as an item is fully, partially, or not at all disclosed. Another method is the PC method that can be used when compliance score is divided into categories such as standards or topics which is not appropriate with this study. However, this dilemma can be avoided when the study encompasses compliance with only one IFRS standard by using the Cook's method, which is more appropriate for this study.

Regarding the calculation of compliance score, presentation and disclosure checklist was developed using Cook's method. Then the number of applicable disclosed items for each company was computed. Taking in our consideration that companies provide the IFRS 16 disclosure on the several sections in the annual report such as the auditor report, financial statements, and the notes to the financial statements. Moreover, each new standard or amendment should be applied on a particular year will be disclosed under subsection named "New

and amended standards and interpretations”. Following the literature, a score of 1 is given if the company complies with the disclosure requirement item, and 0 is given if the company is not complying with disclosure requirement item. NA is given if an item is required but not applicable to the company (Abdullah et al., 2015; Camfferman & Cooke, 2002; Cooke, 1992; Glaum et al., 2013; Mazzi et al., 2017; Tawiah & Boolaky, 2019; Tsalavoutas, 2011). The following table shows the compliance checklists prepared by the big four auditing firms and by the current study.

Table No. (1): The big four audit firm and the current study compliance checklists

Categories of IFRS 16 MPDR	KPMG	PWC	E&Y	Deloitte	This Study
Transition	<b>5</b>	<b>5</b>	<b>6</b>	-	<b>6</b>
<b><u>Presentation:</u></b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>10</b>
Lessees	7	8	8	9	8
Lessors	2	2	2	-	2
<b><u>Disclosure:</u></b>	<b>37</b>	<b>35</b>	<b>37</b>	<b>38</b>	<b>35</b>
Lessees	25	24	27	26	23
Lessors	12	11	10	12	12
<b>Total</b>	<b>51</b>	<b>50</b>	<b>53</b>	<b>47</b>	<b>51</b>

#### **4.3 The Validity and Reliability of Research Instrument**

To measure the level of company’s compliance with IFRS, some studies employed surveys as instrument to collect the data (Guerreiro et al., 2008; Jones & Higgins, 2006; Larson & Street, 2004; Rezaee et al., 2010; Uyar et al., 2016). Most surveys applied coding of Yes or No to check if a company has adopted the IFRS standard or not without showing the degree of fully or partially compliance. So, the lack of accuracy and reliability of this technique and the possibility of getting synthetic responses from company managers necessitate obtaining alternate instrument which is the compliance score (Tawiah & Boolaky, 2019).

Validity conveys to the adequacy of the instrument and reliability conveys to the quality of compliance score in terms of accuracy, stability, and consistency. Like other studies the validity was formed in several steps. First, a self-constructed checklist was constructed from the text of IFRS 16 as issued by IASB. Second, this checklist was compared with the checklists of the Big 4 accounting firms. Third, some variations on the number of disclosure items were found which necessitate preparing revised checklist. Fourth, the revised checklist sent to three independent CPAs hired at Big four firms and three accounting researchers who did some research on IFRS. Fifth, after considering all suggestions the final checklist was prepared as it appears in table (1) above (Abdullah et al., 2015; Camfferman & Cooke, 2002; Cooke, 1992; Mazzi et al., 2017; Tawiah & Boolaky, 2019).

#### **4.4 The Model and Independent Variables Measurement**

The model includes the multivariate ordinary least square regression (OLS) with five independent variables as follows:

$$MPDR_{i,t} = \beta_0 + \beta_1 CSIZE_{i,t} + \beta_2 ROE_{i,t} + \beta_3 LEV_{i,t} + \beta_4 AUDQUL_{i,t} + \beta_5 INDTYPE_{i,t} + \varepsilon_{i,t}$$

Where:

$MPDR_{i,t}$  = Mandatory presentation and Disclosure Requirements (The Dependent Variable), which a proxy for the level of compliance with IFRS 16 for company i, year t.

$\beta_0$  = is a consistent for company i, year t.

$\beta_1 CSIZE_{i,t}$  = is the size of company i, year t.

$\beta_2 ROE_{i,t}$  = is the return on investment as proxy for profitability for company i year t.

$\beta_3 LEV_{i,t}$  = is the leverage for company i year t.

$\beta_4 AUDQUL_{i,t}$  = is the audit quality for company i year t.

$\beta_5 INDTYPE_{i,t}$  = is industry or sector type for company i year t.

$\varepsilon_{i,t}$  = is the error term for company i year t.

Five independent variables were utilized in this study and employed in the regression model, as they were hypothesized representing the companies' characteristics which could be associated with MPDR of IFRS 16. Table 2 below shows the independent variables, the expected association with IFRS 16 MPDR and how the measured.

Table (2): Definitions of independent variables used in the empirical analysis:

<b>Independent Variables</b>	<b>Predicted sign</b>	<b>Definitions</b>
1- Company size (CSIZE)	+	Company total assets.
2- Firm profitability (ROE)	+	Return on equity, company net profit/ total equity
3- Company leverage (LEV)	+ or -	Company total liabilities/total assets.
4- Audit Quality (AUDQUL)	+	Dummy variable, (1) if the audit firm is one of the big four and (0) otherwise.
5- Industry type (INDTYPE)	NA	Dummy variable, (1) if industry, (2) if Service (3) if investment, (4) if commercial Banks, (%) if Insurance, (6) if Hotel & Tourism.

Notes: 1- Information on all variables was computed at the end of 2019 financial period (IBD = 0.378US\$); 2- Predicted signs of independent variables were based on their expected association with the level of MPDR of IFRS 16.

## **5. Results and Discussion**

This section is dedicated to the study findings and discussion. It divided into three types of statistical analysis, namely descriptive statistics, univariate analysis and multivariate analysis.

### **5.1 Descriptive statistics**

At First, the 2018 data for all companies listed on Bahrain stock market was analysed to test whether these companies early adopted the IFRS 16 or not. None of these companies early adopted the standard before the effective date on January 1, 2019. These results supported by coercive isomorphism of the new institutional theory which suggests that companies will comply if they are enforced. Tables 3 and 4 below report descriptive statistics for both nominal (categorized) variables interval or ratio variables. As is shown in table 3, 81% of listed companies in Bahrain stock market hire one of the big four auditing firm, while the remaining 19% hire auditor not from the big four, which indicate that the quality of auditing for most listed companies is high. Company size was categorized into 4 groups, very large, large, medium, and small based on the value of total assets, these categories rated, 16.7%, 35.7%, 31% and 16.7% respectively. The next table number 4 provides more details about the value of total assets in monetary form. 64.3% of listed companies are lessees only while 35.7% are lessees and lessors. Regarding the industry type (sectors), the highest sector is the service which represent 31%, then, the investment and commercial banks 21.4% each, industrial 9.5% and finally hotel and tourism is the lowest sector that valued 4.8%.

Table 4 below shows that average of company size, ROE and leverage valued \$3.4 Billion, about 5.5% and 38.3% respectively. The maximum, minimum and standard deviation are presented in table 4 below. The average of compliance with MTR is approximately 70%, the maximum and minimum ranged from 100% to 33%. These results suggest that the compliance level with the MTR of IFRS 16 by listed companies on Bahrain stock market is high as window dressing to show compliance.

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Tables (3): Descriptive statistics for nominal (categorized) variables

<b>Characteristics</b>	<b>Category</b>	<b>Number</b>	<b>%</b>
<b>ADUQUL</b>	BIG4	34	81
	NBIG4	8	19
<i>Total</i>		<b>42</b>	<b>100%</b>
<b>CSIZEC</b>	Cat. 1 (Very large)	7	16.7
	Cat. 2 (Large)	15	35.7
	Cat. 3 (Medio)	13	31.0
	Cat. 4 (Small)	7	16.7
<i>Total</i>		<b>42</b>	<b>100%</b>
<b>Type of Leases</b>	Lessee Only	27	64.3
	Both Lessee and Lessor	15	35.7
<i>Total</i>		<b>42</b>	<b>100%</b>
<b>INDTYPE</b>	IND	4	9.5
	SER	13	31.0
	INV	9	21.4
	CB	9	21.4
	INS	5	11.9
	HT	2	4.8
<i>Total</i>		<b>42</b>	<b>100%</b>
<b>Total</b>		<b>42</b>	<b>100%</b>

However, the average of compliance with MPR valued 55%, the maximum and minimum ranged from 88% to 14%. These results suggest that the compliance level by listed companies in Bahrain stock market with, presentation requirements on the statement of financial position (i.e. Right-of-use asset, Lease liability), presentation requirements on the statement of profit or loss and other comprehensive income (i.e. Depreciation of right-of-use asset, Interest of lease liability) and presentation requirements on statement of cash flows (i.e. Cash payments for lease liability, Cash payments for interest portion of lease liability) are not high and more compliance is required.

The average compliance level with MDR valued 64% with maximum of 91% and minimum of 26%. These results suggest that the compliance level of listed companies in Bahrain stock market with IFRS 16 mandatory disclosure requirements in the notes is higher than the compliance with mandatory presentation requirement on the financial statements, however this level is not high and more disclosure regarding IFRS 16 in the note is required.

Finally, the average compliance level with MPDR valued around 59% with maximum of 83% and minimum of 15%. These results suggest that the compliance level of listed companies in Bahrain stock market with IFRS 16 mandatory presentation and disclosure requirements in both financial statements and their notes is in the midway and some more compliance is required.

Tables (4): Descriptive statistics for interval (ratio) variables.

<b>Characteristics</b>	<b>No.</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>CSIZE</b>	42	\$20,614,000	\$40,280,051,000	\$3,414,249,475	\$7,704,562,058
<b>ROE</b>	42	-36%	43%	5.48%	12.232
<b>LEV</b>	42	1%	106%	38.31%	32.526
<b>MTR</b>	42	0.33	1.00	0.7176	0.20014
<b>MPR</b>	42	0.14	0.88	0.5421	0.18473
<b>MDR</b>	42	0.26	0.91	0.6420	0.19536
<b>MPDR</b>	42	0.15	0.83	0.5872	0.21307
Valid No.	42				

## **5.2 Univariate analysis**

This section of results presents the relationship between MPDR (the dependent variable) and some of company characteristics (independent variables). Table 5 below shows Pearson correlation coefficients which reveals several significant correlations between MPDR and some of the company characteristics. For instance, a positive significant correlation at  $P < 0.01$  between MPDR as dependent variable and two independent variables namely company size and audit quality.

These results suggest that the compliance level with IFRS 16 mandatory presentation and disclosure requirements (MPDR) provided by larger companies is higher than small companies. Larger companies presented more separated items for right-of-use asset (Leased assets) and lease liability on the statement of financial position, for depreciation of right-of-use assets and interest expense of lease liability on the statement of profit or loss and other comprehensive income and for cash paid to lease liability and cash paid to interest expense on cash flow statement, as mandatory presentation requirements of IFRS 16. Moreover, larger companies provided more disclosure in the notes than smaller companies, as mandatory disclosure requirements of IFRS 16. Also, these results suggest that the level of compliance with IFRS 16 MPDR for companies audited by one of the big four audit firms is higher than companies audited by not big four audit firm. The reason behind that all big four audit firms have developed checklist for presentation and disclosure requirements of IFRS 16 which could be used as guideline by big four audit firm clients.

Also, Table 5 below shows a positive significant correlation at  $P < 0.05$  between MPDR as dependent variable and profitability measured by ROE. The interpretation of these results that companies with higher profitability tend to provide more signal to display their success. No correlation between MPDR and leverage however, the industry type as a negative but not significant correlation with MPDR.

The correlation between each independent variable and others independent variables are weak. All numbers do not exceed 0.7 which does not indicate a serious multicollinearity problem in the current study.

Table (5): Person Correlation Matrix

	CSIZEC	ADUQUL (BIG4)	ADUQUL (NBIG4)	LEV	ROE	INDTYPE	MTR	MPR	MDR	MPDR
CSIZE	1									
AUDQUL (BIG\$)	.495**	1								
AUDQUL (NBIG\$)	-.495**	-1.000**	1							
LEV	.471**	.278	-.278	1						
ROE	.290	.514**	-.514**	.280	1					
INDTYPE	.063	-.108	.108	.251	-.275	1				
MTR	.222	.260	-.260	-.125	.183	-.158	1			
MPR	.274	.270	-.270	-.148	.126	-.282	.823**	1		
MDR	.251	.333*	-.333*	-.137	.150	-.234	.817**	.903**	1	
MPDR	.414**	.529**	-.529**	.005	.316*	-.275	.825**	.840**	.917**	1

\*\* P<0.01 \* P<0.05

### **5.3 Multivariate Analysis (Regression Analysis and Hypotheses Testing)**

This section is devoted to the results of regression analysis and testing the study hypotheses. Multiple and simple regression were implemented in the study. The multiple regression was used to test the significance of the model in total (the main hypothesis test), while the simple regression was used to test the sub hypotheses in a single basis simultaneously.

#### **5.3.1 Regression Analysis**

Tables 6 below present the results of the regression models used to identify which of the independent variables (CSIZE, AUDQUL, ROE, LEV and INDTYPE) included in the regression model contributes to the prediction of the dependent variables (MPDR) then affects the compliance level with IFRS 16 MPDR. The results show the explanatory power of the model as measured by adjusted  $R^2$ , which provides a better estimation of the true population value (Tabachnick et al., 2007). The value of adjusted  $R^2$  in the model is 40.2% which ranked this model as powerful one comparing to the similar studies. The accounting literature in this field of research reported varied results for the adjusted  $R^2$ , for intense, Tsegba et al. (2017) reported adjusted  $R^2$  of 23% while Tawiah and Boolaky (2019) reported  $R^2$  of 20.25% which adjusted  $R^2$  will be less.

Further the more, the model in general is significant at  $p < 0.01$ , which indicate that the compliance level with IFRS 16 MPDR is explained by the company characteristics. The explanatory power of each variable included in study model will be shown in section 5.3.1 used in hypotheses testing. According to the multiple regression analysis, both company size and audit quality are positively and significantly associated with IFRS 16 MPDR at  $p < 0.05$ . On the other hand, leverage and profitability have positive but not significant association while industry type has negative not significant association. More

analysis will be conducted separately for each variable by using simple regression which can be used to test the study hypotheses.

Table (6): Results of multiple regression analysis for factors associated with MPDR

Predictors	B	Beta	T	Sig. T	Effect
CSIZE	0.084	0.384	2.406	0.022	*
AUDQUL	0.294	0.548	3.169	0.003	**
LEV	0.001	0.190	0.787	0.437	NS
ROE	0.002	0.091	0.521	0.606	NS
INDTYPE	-0.012	-0.123	-0.965	0.327	NS
Constant	2.771				
R	0.740				
R2	0.548				
Adj. R2	0.402				
F	3.755				
F Sig.	0.002***				

\*\*p<0.01 \*p<0.05

### **5.3.1 Hypotheses Testing**

This section introduces testing the study hypotheses.

#### **5.3.1.1 Testing the First Hypothesis: Company Size and MPDR**

To test this hypothesis, simple regression analysis was used. Its results are shown in table (7) below:

Table (7): The association between CSIZE and MPDR

Predictor	Beta	B	R	R2	T. Value	Sig. T
CSIZE	.414	0.091	0.414	0.171	2.874	.006**
Constant		4.543				
Adj. R2		0.150				
F		8.263				
F Sig.		0.006**				

\*\*P < 01

Table (7) above shows that the regression analysis confirms a positive significant association between company size and IFRS 16 MPDR. The Adjusted R<sup>2</sup> indicates that company size interprets 15% of IFRS 16 MPDR. The significance of F indicates that the regression model is significant at P < 0.01, in addition, the significance of T indicates that the regression coefficients B and Beta are significant.

Based on the above analysis, we conclude that company size is positively associated with the IFRS 16 mandatory presentation and disclosure requirements. Hence, we accept H1, as:

***“There is a positive significant association between level of mandatory presentation and disclosure requirements (MPDR) and company size”.***

These results are supported by the agency theory which suggests that larger companies having higher agency cost and disclose more to reduce information asymmetry. Also, the results are consistent with mainstream of literature on this regard. As many studies reported similar association between company size and level of compliance of IFRSs MDR (Juhmani, 2012; Kumar & Saini, 2016; Samaha & Stapleton, 2009; Sarea & Abdulla, 2015; Tsegba et al., 2017). So, this study confirmed the prior studies in compliance research.

### 5.3.1.2 Testing the Second Hypothesis: Company Profitability and MPDR

To test this hypothesis, simple regression analysis was used. Its results are shown in table (8) below:

Table (8): The association between ROE and MPDR

Predictor	Beta	B	R	R2	T. Value	Sig. T
ROE	0.316	0.006	0.316	0.100	2.109	.041*
Constant		16.640				
Adj. R2		0.078				
F		4.446				
F Sig.		0.041*				

\*P < 05

Table (8) above shows that the regression analysis confirms positive significant association between ROE as proxy for profitability and IFRS 16 MPDR. The Adjusted R<sup>2</sup> indicates that Profitability interprets about 8% of IFRS 16 MPDR. The significance of F indicates that the regression model is significant at P < 0.05, in addition, the significance of T indicates that the regression coefficients B and Beta are significant.

Some controversy between the results of multiple regression and simple regression regarding the association between profitability and IFRS 16 MPDR. According to multiple regression, the association is positive nonsignificant, but according to simple regression the association is positive significant at P < 05. This controversy can be explained as some little correlation, according to the results on the correlation matrix, among the independent variables themselves could be exist. This little correlation does not provide any evidence for multicollinearity as explained before in univariate section.

Based on the above analysis, we conclude that profitability is positively associated with the IFRS 16 mandatory presentation and disclosure requirements. Hence, we accept H2, as:

***“There is a positive significant association between level of mandatory presentation and disclosure requirements (MPDR) and company profitability”.***

These results are supported by the suggestion of signalling theory that companies with high profitability disclose more. Also, results are consistent with most studies on this regard. Several studies reported same positive significant association (Al-Shammari, 2011; Al Mutawaa & Hewaidy, 2010; Hassan et al., 2019; Tsegba et al., 2017). In contrast, the study results are not consistent some researchers who documented that profitability has no effect on the compliance level or no relation between them (Alsaeed, 2006; Juhmani, 2012; Samaha & Stapleton, 2009).

### **5.3.1.3 Testing the Third Hypothesis: Company Leverage and MPDR**

To test this hypothesis, simple regression analysis was used. Its results are shown in table (9) below:

Table (9): The association between LEV and MPDR

Predictor	Beta	B	R	R2	T. Value	Sig. T
LEVERAGE	.005	3.108	.005	0.001	0.030	.976· NS
Constant		11.700				
Adj. R2		0.025				
F		0.001				
F Sig.		0.976 NS				

NS: not significant

The above results in table (9) show that the regression parameters confirm no association between leverage and IFRS 16 MPDR. The Adjusted R<sup>2</sup> indicates that leverage interprets only 2.5% of IFRS 16 MPDR. Sig. F indicates the regression model is not significant which indicates that leverage is not associated with IFRS 16 MPDR. This result could be explained by signal theory as companies will not disclose the bad news such as the high leverage.

Based on the above analysis, we conclude that leverage is not associated with the IFRS 16 mandatory presentation and disclosure requirements. Hence, we reject H3, as:

***“There is an association between level of mandatory presentation and disclosure requirements (MPDR) and company leverage”.***

These results are not consistent with few studies that found positive significant association (Al-Shammari et al., 2008; Samaha & Stapleton, 2009). Also, are not consistent with the studies that reached negative significant association (Kumar & Saini, 2016; Sarea & Abdulla, 2015). However, these results are consistent with other studies who reported no effect or association (Al Mutawaa & Hewaidy, 2010; Juhmani, 2012; Samaha & Stapleton, 2009).

#### **5.3.1.4 Testing the Forth Hypothesis: Audit Quality and MPDR**

To test this hypothesis, simple regression analysis was used. Its results are shown in table (10) below:

Table (10): The association between BIG4 and MTDR

Predictor	Beta	B	R	R2	T. Value	Sig. T
BIG4	0.529	0.284	0.529	0.280	5.834	0.000**
Constant		5.834				
Adj. R2		0.262				
F		15.561				
F Sig.		0.000**				

\*\*P < 001

Table (10) shows that the regression analysis confirms positive significant association between big four as proxy for audit quality and IFRS 16 MPDR. The Adjusted R<sup>2</sup> indicates that audit quality interprets 26.2% of the IFRS 16 MPDR. The significance of F indicates that the regression model is significant at P < 0.001, in addition, the significance of T indicates that the regression coefficients B and Beta are significant.

Based on the above analysis, we conclude that audit quality is positively associated with the IFRS 16 mandatory presentation and disclosure requirements. Hence, we accept H4, as:

*“There is a positive significant association between level of mandatory presentation and disclosure requirements (MPDR) and quality of audit firm”.*

These results are consistent with main stream of literature that report positive and significant association(Hassan et al., 2019; Juhmani, 2012; Sarea & Abdulla, 2015). On the other hand, this study is not in line with some studies that reported non-significant association (Al-Shammari, 2011; Al Mutawaa & Hewaidy, 2010).

#### **5.3.1.5 Testing the Fifth Hypothesis: Industry Type and MPDR**

To test this hypothesis, simple regression analysis was used. Its results is shown in table (11) below:

Table (11): The association between INDTYPE and MTPDR

Predictor	Beta	B	R	R2	T. Value	Sig. T
Sectors as one variable	-0.275	-0.038	.275a	.076	1.810	.078*
Constant		9.484				
Adj. R2		.053				
F		3.275				
F Sig.		.078*				

\*p<0.10

The results in table (11) above show that the regression parameters confirm a significant association at  $p < 0.10$  between industry type and IFRS 16 MPDR. The Adjusted  $R^2$  indicates that industry type interprets 5.3% of IFRS 16 MPDR. The significance of F indicates that the regression model is significant at  $P < 0.10$ , in addition, the significance of T indicates that the regression coefficients B and Beta are significant.

Based on the above analysis, we conclude that industry type is associated with the IFRS 16 mandatory presentation and disclosure requirements. Hence, we accept H5, as

*“There is an association between level of mandatory presentation and disclosure requirements (MPDR) and the industry type”.*

This study is on a line with several studies who reported that industry type is associated with the level of compliance with IFRS (Appiah et al., 2016; Glaum et al., 2013; Guerreiro et al., 2008). However, results are not consistent with other studies. These results suggest that each industry sector provides different level of compliance with IFRS 16 MPDR. Results are reasonable as the lease in some industries with high value assets such IT, airplanes ...etc. has more consideration than other sectors with low value assets such as some service sectors.

## **6. Conclusion and Implications**

This paper investigated the level of compliance with IFRS 16 mandatory presentation and disclosure requirements (MPDR) and its association with the company characteristics in Bahrain as one of the emerging markets using both new institutional theory and positive accounting theory. The first theory has been employed through coercive isomorphism that all listed companies applied the IFRS 16 when they enforced to do so starting January 1, 2019. None of these companies early adopted the standard. The second theory employed through the association between the level of compliance with IFRS 16 and the company Characteristics.

Using data of all 42 companies listed on Bahraini stock market in 2018, the year before the mandatory application of IFRS 16, to test whether the listed companies have early adopted the IFRS 16, and in 2019, the first year of mandatory application, to test the level of compliance with the standard MPDR and its association with the company characteristics.

To measure the compliance score, for each company, with IFRS 16 MPDR, I constructed a checklist based on this standard text issued by IASB and the checklists developed by the big four auditing firm. This checklist constructed in three parts including fifty-one items if a company is lessee and lessor and 37 items if a company is lessee only. Of the fifty one items; six items assigned to mandatory transition requirements (MTQ) to be applied in 2019 only as first year of adopting IFRS 16; ten items (eight items if a company is lessee only) assigned to mandatory presentation requirements (MPR); thirty five items (twenty three items if a company is lessee only) assigned to mandatory disclosure requirements (MDR). Then the level of compliance for each company calculated by dividing the number of applicable presented and disclosed items over the total applicable presentation and disclosure items.

This study documented that the average compliance score with IFRS 16 MPDR was 58.72% with a maximum of 83% and minimum of 15%. The compliance score with MTR was the highest score that recorded 72.76%, followed by the compliance with MDR that recorded 64.20% and the lowest compliance score was with MPR which recorded 54.21%. These results reveal that the level of compliance with IFRS 16 MPDR is in average and companies offered more attention to compliance with the transition requirements than presentation and disclosure requirements.

Our results also indicated that the level of compliance with IFRS 16 MPDR was positively and significantly associated with the company size, audit quality and profitability. On the other hand, leverage was not associated with that level of compliance and the industry type was negatively associated which suggests that each industry sector provides different level of compliance with IFRS 16 MPDR. This study represents one of the early studies that developed an integrated compliance checklist that measured the level of compliance with MPDR for IFRS 16 as newly born standard.

The results of this study have practical and theoretical implications. On the practical level, this study provides empirical evidence regarding the association between company characteristics and the level of compliance with MPDR of IFRS 16 through identifying five company-specific characteristics that influence compliance with the presentation and disclosure requirements in the Bahraini listed companies. This would help accounting policy makers in emerging economies to know about the best practices in compliance with IFRS 16. The results of this study are, of interest to academics, investors, creditors, financial analysts, governments, and practitioners such as managers and auditors.

On the theoretical level, this study contributes to disclosure literature by developing new integrated compliance checklist with IFRS 16 relating to emerging economies in general and Bahrain, in particular. The compliance checklist included three parts: compliance with mandatory transition requirement (MTR), compliance with mandatory presentation requirement (MPR) and compliance with mandatory disclosure requirement (MDR). Moreover, this study contributes to the literature by expanding the compliance research in both voluntary setting, when the standard was not effective but early adoption was permitted, and mandatory setting, when the standard became effective.

There are some limitations of the current study. First, the level of compliance measured through the year 2019 only as it was the first year of applying IFRS 16. Second, the current investigation scope was restricted to Bahraini context and the findings could be generalized in the emerging markets, but some future studies needed to confirm these results. Third, the study sample was relatively small, and it is recommended for this study to be re-conducted with a larger sample. Third, the author suggests case studies to be conducted in Bahraini companies to understand more about the institutionalization of IFRS 16 and its related implementation practices. Finally, this study has not deployed corporate governance mechanisms as a controlling variable in the statistical analysis to be conducted in future research.

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**مستوى الإذعان لمتطلبات العرض والافصاح الإلزامية لمعيار التقارير المالية الدولي رقم ١٦  
وخصائص الشركة: دليل من إحدى الأسواق الناشئة**

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**الملخص العربي**

تبحث هذه الدراسة مستوى إذعان الشركات المدرجة في بورصة البحرين كأحد الأسواق الناشئة لمتطلبات العرض والافصاح الإلزامية للمعيار الدولي للتقارير المالية رقم ١٦ (عقود الإيجار) وعلاقة هذا المستوى بخصائص الشركة وذلك بالاعتماد على كلاً من النظرية المؤسسية الجديدة والنظرية الإيجابية في المحاسبة. وتعتمد الدراسة على استخدام بيانات جميع الشركات المدرجة في بورصة البحرين وعددها ٤٢ شركة مقسمة إلى ست قطاعات. وقد تم تجميع البيانات في عامي ٢٠١٨، ٢٠١٩، حيث استخدمت بيانات عام ٢٠١٨ وهو العام السابق للتطبيق الإلزامي للمعيار، لاختبار ما إذا كانت الشركات المدرجة قد قامت بالتطبيق الاختياري المبكر للمعيار رقم ١٦، واستخدمت بيانات عام ٢٠١٩، وهو العام الأول للتطبيق الإلزامي، لاختبار مستوى إذعان الشركات لمتطلبات العرض والافصاح الإلزامية للمعيار الدولي للتقارير المالية رقم ١٦.

ولقياس مستوى إذعان كل شركة، فقد تم تطوير قائمة مكونة من (٥١) بنداً إذا كانت الشركة مؤجر ومستأجر معاً و (٣٧) بنداً إذا كانت الشركة مؤجر فقط وتنقسم هذه البنود إلى ثلاث مجموعات من متطلبات الإذعان هي متطلبات التحول في السنة الأولى لتطبيق المعيار، ومتطلبات العرض، ومتطلبات الإفصاح. ولقياس العلاقة بين مستوى إذعان الشركات لمتطلبات العرض والافصاح الإلزامية للمعيار الدولي للتقارير المالية رقم ١٦ وخصائص الشركة، فقد قامت الدراسة باختبار خمسة فروض رئيسة تتسق مع خصائص الشركة وهي الحجم، الربحية، معدل الديون، جودة المراجع، ونوع الصناعة. وقد توصلت الدراسة إلى مجموعة من النتائج من أهمها، عدم قيام أي شركة من الشركات المدرجة في بورصة البحرين بالتطبيق المبكر للمعيار الدولي للتقارير المالية رقم ١٦، وتتسق هذه النتيجة مع أحد أبعاد نظرية المؤسسية الجديدة والتي تدعم قيام الشركات بتطبيق المعايير في حالة الإلزام فقط. أن مستوى إذعان الشركات المدرجة في بورصة البحرين لمتطلبات العرض والافصاح الإلزامية للمعيار

الدولي للتقارير المالية رقم ١٦ قد بلغ ٥٨,٧٢٪ في المتوسط وبعده أقصى ٨٣٪ وبعده أدنى ١٥٪. وقد أكدت النتائج وجود علاقة إيجابية وجوهرية بين مستوى الإذعان وكل من حجم الشركة، مستوى الربحية وجودة المراجعة الخارجية، كما اتضح أن مستوى الإذعان يختلف بحسب نوع الصناعة. هذا ولم تجد الدراسة أية علاقة بين مستوى الإذعان ومعدل الديون للشركة. وتتسق هذه النتيجة مع النظرية الإيجابية في المحاسبة حيث يفسر مستوى الإذعان بحسب خصائص الشركة. وتعد هذه الدراسة من أوائل الدراسات التي تقيس مستوى الإذعان لمتطلبات العرض والإفصاح الإلزامية للمعيار الدولي للتقارير المالية رقم ١٦، وذلك من خلال تطوير قائمة شاملة لكل متطلبات العرض والإفصاح الإلزامية لهذا المعيار. وتسهم هذه الدراسة في إثراء الأدب المحاسبي في مجال مستوى الإذعان للمعايير المحاسبية في الإطار الإلزامي، كما أنها تقدم دليلاً تطبيقياً على علاقة مستوى الإذعان بخصائص الشركة. وتعد نتائج الدراسة ذات أهمية لكل من الأكاديميين، المستثمرين، الدائنين، المحللين الماليين، الحكومة والممارسين مثل المراجعين والمدريين.

**الكلمات المفتاحية:**

معيار التقارير المالية الدولي رقم ١٦، متطلبات العرض والإفصاح الإلزامي، إذعان الشركات، قائمة الإذعان، الأسواق الناشئة، البحرين.