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TRANSITION FROM LOCAL ACCOUNTING STANDARDS TO INTERNATIONAL ACCOUNTING STANDARDS: A COMPARISON BETWEEN THE OHADA MEMBER COUNTRIES AND TURKEY

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Abstract

This study tries to get a clear grasp of the factors that might play positively or negatively in a country's convergence or adoption of the international financial reporting standards (IFRS). Through a comparative analysis between Turkey and the OHADA countries and based on the existing literature, the transition process towards the IFRS and challenges faced by each one is discussed from a historical perspective to the level of development. As a result, it is understood that the adoption or convergence towards the IFRS can be a challenging and a long-term process requiring multiple adjustments. Also, countries may differ in terms of historical past, level of development, cultural and socio-economic aspects which can all influence their transition. In addition, given the lack of study on the new adoption of the IFRS in the OHADA countries, this paper will contribute to filling the gap in the literature on the transition process. Furthermore, it will help countries which are in their early stage of the transition process to avoid some missteps and learn from others experience to get better prepared for a successful shift towards a fully IFRS compatible accounting system as has done Turkey.

Keywords: IFRS Convergence, IFRS adoption, Transition to IFRS

YEREL MUHASEBE STANDARTLARINDAN ULUSLARARASI MUHASEBE STANDARTLARINA GEÇİŞ: OHADA ÜYE ÜLKELERİ İLE TÜRKİYE ARASINDA BİR KARŞILAŞTIRMA

Öz

Bu çalışma, bir ülkenin uluslararası finansal raporlama standartlarına (IFRS) yakınsaması veya tam olarak benimsemesinde olumlu veya olumsuz rol oynayabilecek faktörleri tespit etmeyi amaçlamaktadır. Türkiye ile OHADA ülkeleri arasında karşılaştırmalı bir analiz yoluyla ve mevcut literatüre dayalı olarak, UFRS'e geçiş süreci ve bu süreçte karşılaşılan zorluklar, tarihsel bir perspektiften tartışılmaktadır. Sonuç olarak, IFRS'in benimsenmesi veya uyumlaştırılmasının zorlu ve birçok ayarlama gerektiren uzun vadeli bir süreç olduğu anlaşılmaktadır. Üstelik bu güçlükler, ülkelerin geçişlerini etkileyebilecek, tarihsel geçmiş, gelişmişlik düzeyi, kültürel ve sosyo-ekonomik yönler açısından farklılık gösterebilir. Buna ek olarak, OHADA ülkelerinde IFRS'in yeni benimsenmesine ilişkin çalışma eksikliği göz önüne alındığında, bu makale geçiş süreciyle ilgili literatürdeki boşluğun doldurulmasına katkıda bulunacaktır. Ayrıca, geçiş sürecinin erken aşamalarında olan ülkelere bazı yanlış adımlardan kaçınmalarına ve diğerlerinin deneyimlerinden öğrenerek, Türkiye'de olduğu gibi tamamen IFRS uyumlu bir muhasebe sistemine başarılı bir geçiş için daha iyi hazırlanmalarına yardımcı olacaktır.

Anahtar Kelimeler: UFRS yakınsama, UFRS benimsenmesi, UFRS’ye geçiş

INTRODUCTION

In the last decades, our world has become more integrated than ever before. Multiple issues are being addressed on a multilateral basis through international agreements or regulations. Thus, the concept of globalization has become more than relevant for almost every international interaction. This fact becomes even more explicit when it comes to the business world. There has been a growing number of companies flourishing everywhere around the world with an international perspective of doing business. In this world of increasing free movement of the means of production (capital) the need of adjustments based on globally accepted rules are evident. It is within this perspective that the International Accounting Standards Boards (IASB) have developed and promoted the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) to ensure a global uniformity in accounting practices. This accounting set is aimed to provide, business actors and mainly investors a common tool that will help compare and assess financial reports of any entity regardless where it operates.

Nowadays, the echo of the IFRS/IAS is felt everywhere around the world. In almost 150 countries using or being in the process of adopting these standards, we can notice a wide adoption of these standards by listed companies on the stock exchanges. As for non-listed companies, they are often subject to local standards somehow different from the IFRS/IAS standards. Indeed, this can be related to some difficulties linked to tax legislations or other technical problems related to the fair value for example and the use of the standards themselves which are perceived by certain as too complex (Alp & Ustundag, 2009; Cavlak & Ataman, 2017)

Thus, like many countries in the world, French-speaking Sub-Saharan African countries have, rather late unlike their neighboring English-speaking countries, adopted the IFRS for their listed companies (Degos, Levant, & Touron, 2019). Turkey, however, have adopted the IFRS/IAS for its companies listed on the Istanbul stock exchange way earlier than the OHADA (Organization for the Harmonization of African Business Law; a French acronym) countries. In addition, for non-listed companies, local standards inspired by the IFRS/IAS for Turkey have been, although recent, developed by the Turkish Public Oversight, Accounting and Auditing Standards Authority (POA-KGK). This accounting set named as the Financial Reporting Standards for Large and Medium Size Entities (FRS for LMSE; BOBİ-FRS in Turkish) was designed for entities not in the scope of the full IFRS/IAS. The set was published in the official gazette on 29/07/2017, number 30138 and has been in force since 01/01/2018 *29* (29 Temmuz 2017 Tarihli ve 30138 Sayılı Resmî Gazete, 2017). In the OHADA countries, the revised SYSCOHADA (OHADA Accounting System) was adopted on the 15/02/2017 and in force since 01/01/2018 (Organization for the Harmonization of African Business Law [OHADA], 2017). This accounting set regulates the accounting of any types of entity within the OHADA space beside of few exceptions for banks and insurance companies which are subject to local regulations.

Turkey’s growing economy and its bid for joining the European Union have accelerated its process of shifting its local accounting towards the IFRS/IAS. The TASB (Turkish Accounting Standards Board; TMSK in Turkish) completed the translation of the standards published by the IASB in 2008. The move was part of a broad initiative of preparing and publishing the Turkish Accounting Standards (TFRS) which would guarantee a total full compliancy with the IAS/IFRS (Yalkın, Demir, & Demir, 2008). Within the same objective, the creation of the POA (KGK) in 2011 taking over from the TASB with more power and autonomy, the transition process has accelerated ever since. The process has resulted to the full adoption of the IFRS/IAS for listed and public owned entities. Also, since 2017, beside the adoption of a new set for large and medium size entities, a draft set for small and micro entities has been prepared for 2022.

In the OHADA member countries characterized by a very large informal sector (Benjamin & Mbaye, 2012; Degos & Souleymanou, 2018; Penouil, 1998) the transition process towards the IAS/IFRS will not be easy rather it will be more challenging. The accounting system originating from the colonial era has evolved over the years. The OHADA Accounting system is today a result of a mixture of Anglo-Saxon, continental European and international accounting concept (Elad, 2015). Furthermore, the need for greater integration into a multidimensional world with the possibility of raising fund beyond national and regional borders, the OHADA standards setters have understood the need of having an accounting set in line with the IFRS/IAS. It is within this spirit that the revised SYSCOHADA was published in 2017 requiring all listed entities and other public owned ones to prepare their financial statement according both the IAS/IFRS and the SYSCOHADA starting from 01/01/2018 (OHADA, 2017).

The transition towards the IAS/IFRS is not always an easy process given the philosophical divergences on the number of approaches and principles that differ accordingly. Also, other differences linked to various aspects including economic development and the maturity of the accounting profession itself (Degos et al., 2019). Thus, the convergence or harmonization of local accounting standards with the IFRS/IAS in each country should consider diverse aspect of the national context (Hellmann, Perera, & Patel, 2013). The analysis of the process of one compared to another would make it possible to understand differences and mechanisms adopted by each country and therefore draw lessons that would allow a better comprehension for a successful transition for countries which are in their early stage of the process.

The main objective of this study is to understand the transition towards the IAS/IFRS through a comparative analysis between Turkey and the OHADA countries on principal factors that might play a positive or negative role in a country's convergence or adoption process. Also, challenges that these countries may face during the process are discussed from a historical perspective to the level of development and lessons are drawn.

This paper will be divided into four main parts. First, there will be a summary of the Turkish accounting system. Second, a summary of the OHADA accounting system. Third, an analysis of the evolution of the two accounting systems toward the international accounting standards. And finally, based on the experience of each part, an analysis of factors that have played an important role in their process either positively or negatively are discussed and lessons are drawn from their experience.

1. A Summary of the Turkish Accounting System

1.1. Brief Turkish Accounting History

The evolution of Turkey's accounting practices has been deeply influenced by the practices of a number of Western countries resulting from economic and political ties. An analysis of the Turkish accounting history shows a significant influences from countries like France, Germany, the United States of America (USA) and also the European Union through its regulations and directives (Şımga-Muğa & Hosal-Akman, 2008). Therefore, we can deduce that the evolution of the Turkish accounting system can be divided into four main phases. Those phases are first, its evolution under the French influence. Second, its evolution under the German influence. Third, its evolution under the American influence and finally its process of joining the European Union with the influences of the IFRS/IAS.

Indeed, towards the end of the 19th century, in the last days of the Ottoman Empire and the foundation of the first republic, Turkey, because of its close relations with France at that time was deeply influenced by the

French legislation with regard to its commercial law which was a literal translation from the French commercial code as well as of the accounting system which resulted from it. Years later, in the 1960s with the development of bilateral relationship with Germany which was distinguished by a rather important presence of German companies in the Turkish private sector, Turkey sees itself again under the influence of German policies and its new commercial code which comes into force in replacement of the former one under French influence, was this time under the influence of German legislation and its accounting system. In the 1970s, the growing American influence, the successive economic crises in Turkey and in the world, the recourse to the economic aid from the Bretton woods institutions, results in seeing the influence on Turkey shifting from European based to become Americans based. Thus, the Turkish system finds itself again under the influence of the American system, and otherwise Anglo-Saxon philosophy of accounting (Alp & Ustundag, 2009; Simga-Mugan & Hosal-Akman, 2005).

The ''significant momentum'' taken by the IFRS/IAS around the world (Smith, 2008) alongside with multiple factors such as: the increasing presence of foreign companies in Turkey, the inauguration of the Istanbul stock exchange (ISE) in 1986, the flourishing economy of the country, also the rising number of local companies looking to increase their international presence, the Turkish accounting system like many other countries has been significantly influenced by the rise of the IFRS/IAS. Thus, from 1989 it has been made mandatory for listed companies to publish their financial statements in accordance with the standards published by the CMB which was somehow inspired by the IFRS/IAS (Şımga-Muğa & Hosal-Akman, 2008).

In addition, with Turkey's bid for entering the European Union, the process of harmonization or convergence has been accelerated. Thus, with the establishment of the CMB (Capital Market Board) in 1982, the establishment of the ISE (Istanbul stock exchange) in 1986, the creation of the POA in 2011, the adoption of the new commercial code in 2014, the transition process towards the IAS/IFRS in Turkey is in a very advanced stage. On one hand, from 2005, all publicly-owned and traded companies are required to present their financial statements according to IAS/IFRS compliant standards (Simga-Mugan & Hosal-Akman, 2005). On the other hand, a new set for large and medium entities out of the scope of the TFRS as a simplification of the full IAS/IFRS have been in force since 2018. Also, for small and micro entities a new set more consistent with the IAS/IFRS has been prepared and will be enforced from 2022.

Thus, the adoption of the new commercial code in 2014 by the Turkish authority has finally reinforced the trend towards an accounting system more in line with the IAS/IFRS. Furthermore, in order to consolidate this perspective, the POA has been entitled as the only authority responsible for the supervision, publication and the enforcement of the auditing and the IAS/IFRS standards as well as the translation of these standards in the Turkish language.

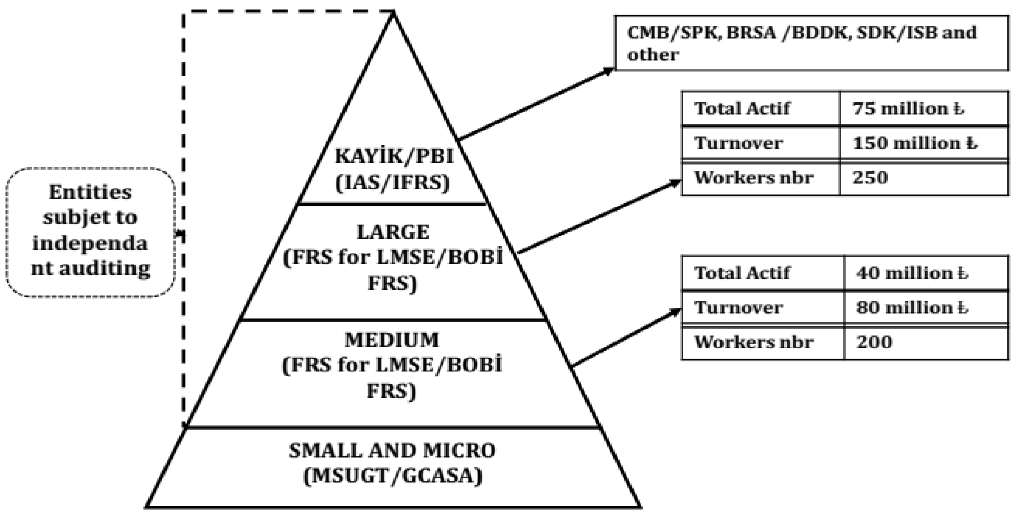
As we can see, the Turkish accounting system from its early days has primarily been under the influences of France and Germany. Therefore, influences from the continental philosophy of accounting whose represented by countries like : France, Germany, Belgium, Austria and so on (d'Arcy, 2001; Elitaş & Üç, 2009). Indeed, this approach which grants the primacy to compliance with the rules therefore the law, to a much more fiscal propensity and a broader conception of the business partners. Therefore, the continental conception of accounting unlike the Anglo-Saxon, aims to satisfy a wider set of partners including, among others, the state, creditors (banks, investors) and so on and so forth. However, despite the adoption of IAS/IFRS, the continental philosophy of accounting, rule based, has traditionally be one of the main characteristics of the Turkey' regulations and tend to partially remain so at least for the small and micro-enterprises which remains subject to the tax based regulation at least up until the enforcement of the new set for those category of entities as of January 2022 (Balsari & Varan, 2014).

The significant rise of the IAS/IFRS around the world in recent years has proved them to be unstoppable (Smith, 2008). Turkey's accounting system as many other countries in the world has now became under the influence of the Anglo-Saxon accounting philosophy in as well (Elitaş & Üç, 2009). Indeed, the Anglo-Saxon approach to accounting, being characterized by a primacy given to the investor and a more extended freedom to accounting professionals unlike the continental approach, is therefore distinguished by its market orientation. Thus, for Turkey, in the sense of developing its stock market and responding to the needs of its companies looking to expand their activities on the international level, converging its local accountings standards towards the dominant trend of international ones could be considered as a long-term strategic approach to support its economy.

The evolution of the Turkish accounting system is therefore revealing a gradual approach, characterized by multiple adjustments intended to respond to the needs of the country. These adjustments have evolved over time with the influence of partner countries which arise both from continental and Anglo-Saxon approaches as well as international accounting standards.

1.2. The Turkish accounting structure and characteristics and different models

Figure 1: The Turkish accounting system structure



Source: KGK, BOBİ FRS Tanıtım Toplantısı, İstanbul (14.09.2017), (From: (Cavlak & Ataman, 2017)

As shown in the graph above, the Turkish accounting is a mixed system combining market and partnership orientation of accounting. For the first category which is a market-oriented practices (Anglo-Saxon and international), financial statements main users are investors. This group is materialized by the adoption of the IFRS/IAS for a certain number of companies fulfilling defined criteria as well as all the companies listed on the Istanbul Stock Exchanges.

The second category which is a partnership-oriented practices (European-continental) is much more tax based. This is also materialized by the adoption of the FRS for LMSE (BOBI-FRS) in 2017 and enforced as of the 01/01/2018. Even though in reality this set of standards is a result from a simplification of IFRS/IAS (full IFRS / IAS), it meets the needs of companies subject to independent audit but not required to present their statements financial in accordance with the full IAS/IFRS. Also, the set ease the concern of public authorities in terms of tax purpose along with allowing companies to make their transition towards the IAS/IFRS in the future much easier as the two set are relatively close.

In addition, tax orientation practices (European continental) are much more highlighted in the General Communiqué on Accounting System Application (GCASA-MSUGT in Turkish). Indeed, for small and micro sized entities, not eligible for the FRS for LMSE, are required to present their financial statements according to this accounting system in force since the 1990s. This system, unlike the two sets (the IAS/IFRS and FRS for LMSE) is solely tax-oriented first (Şımga-Muğa & Hosal-Akman, 2008).

In the following lines, it will be discussed in detail these three different accounting sets that coexist in the Turkish accounting system.

1.2.1. The International Accounting Standards in Turkey

As mentioned earlier, the rapid rise of the IFRS/IAS around the world in the recent years has had an impact on the Turkish accounting system. In addition, Turkey's bid to join the European Union has sped up this process.

Companies subject to the preparation of their financial statements in accordance with the IFRS/IAS are essentially those publicly owned companies and those listed on the ISE. Also, it should be mentioned that financial institutions such as banks and insurance companies are also subject to the obligation of preparing their financial statements in accordance with the IAS/IFRS. In addition, it should also be noticed that public interest bodies finance and insurance companies are de facto subject to the IFRS/IAS, whatever their size.

The adoption of international standards by Turkey can therefore be considered as a willingness displayed by the public authorities to develop the financial sector. Therefore, support the country's development. Also, at same time allow the Turkish companies to be in line with the global accounting environment facing the irresistible rise of the IFRS/IAS. Nowadays, this has been the trend for many countries trying to attract more foreign investments but also for companies which are willing to conquer the world.

1.2.2. Financial Reporting Standards for Large and Medium Size Entities (FRS for LMSE)

A new accounting set published by the Turkish authorities through the POA under the name of FRS for LMSE was aimed for companies out of the scope of the IAS/IFRS but nonetheless subject to the obligation of independent auditing in accordance with the new commercial code number 6102 published in 14/02/2011 and in force since 07/01/2012 (Ulusan, Eren, & Köylü, 2012). This new accounting set was inspired by the IAS/IFRS and in line with the European Union directives (Öztürk, Gökçen, & Güleç, 2018).

Indeed, the FRS for LMSE are in line with the accounting reform undertaken in recent years in the transition process towards the IAS/IFRS. It mainly covers two types of entities: large entities and medium sized.

Large Size Entities: According to the criteria defined by the POA, a company is considered as a large entity if it fulfills the following requirements: having a total assets equal to or greater than 75M Turkish lira; a turnover equal to or greater than 150M Turkish lira; a total of employee equal or superior to 250 people (KGK, 2017) retrieved from (Cavlak & Ataman, 2017).

Medium Size Entities: According also to the same criteria defined by the POA, a company is considered as a medium sized entity when it fulfills the following requirements: having a total assets equal to or greater than 40M Turkish lira; a turnover equal to or greater than 80 million Turkish lira; a total of employee equal or superior to 200 people (KGK, 2017) retrieved from (Cavlak & Ataman, 2017).

It should be nevertheless mentioned that in both cases the entity belongs to one or the other group when two of these three criteria are met for two successive fiscal years. Thus, in the third financial year, the company is de facto subject to the condition of an independent audit and belong to the category of either a large size entity or a medium size entity (Cavlak & Ataman, 2017).

1.2.3. Accounting for Small and Micro Size Entities and General Communiqué on Accounting System Application (GCASA, MSUGT in Turkish)

For a business to belong to the small entity's category, it must meet at least two of the three criteria below according to the EU Directives. Businesses that do not meet those criteria will therefore be considered as belonging to the micro entity group, and businesses that do not meet the requirement of the micro entities will not be considered in the scope of this regulation (Öztürk, Gökçen, & Güleç, 2019).

Small Entities: According to EU directives number 2013/34 EU Directives on companies' size, a business is considered small if it meets at least two of the following three criteria (Demir & Bahadır, 2014):

Total Assets: < 4000 000 Euro
Turnover: < 8000 000 Euro
Number of workers: < 50

Micro Entities: According to EU directives number 2013/34 EU Directıve on companies' size, micro-enterprises are those which have (Demir & Bahadır, 2014):

Total Assets: <350,000 Euro
Turnover: <700,000 Euro
Number of workers: <10

In force since 1994, the GCASA/MSUGT is an accounting framework which regulates all accounting operations for tax purposes. Therefore, entities which are subject to this regulation are mainly looking to meet their tax obligations (Gençoğlu, 2020; Öztürk et al., 2019). Previously applied for almost all entities, with the last reforms that took place in recent years for the convergence towards the IAS/IFRS, the GCASA/MSUGT is now applied only for small and micro size entities. Those entities are not subject to compliance with related obligations of independent auditing therefore excluded from the scope of the FRS for LMSE and will remain so at least until 2022.

Indeed, in line with the logic of the accounting reform underway, a draft of accounting standards for small and micro entities comprising 22 chapters has been prepared in accordance with the directives of the European Union. The application of this new accounting framework is scheduled for the 01/01/2021.

2. A Summary of The OHADA Accounting System

2.1. Brief Accounting History of the OHADA Accounting System

2.1.1. The OCAM Accounting Standards

The OCAM (African and Malagasy Union; in French: Organisation Commune Africaine et Malgache) was an organization founded in 1961, and went defunct in 1985, by newly independent French-speaking African counties to promote cooperation between member countries. Through the work of this organization, the OCAM generally accepted accounting principles (OCAM GAAP) were introduced in the 1970s (Degos et al., 2019). This was later the base for the development of a new accounting set in the 1990s named as the SYSCOA (Accounting System for West African Countries) later renamed as the SYSCOHADA.

The OHADA accounting system govern accounting practices in 17 African countries which are: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Republic of the Congo, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal, Togo, Democratic Republic of Congo**,** all former French colonies with some exception such as Equatorial Guinea and Bissau Guinea which are former colonies of Spain and Portugal. Almost all these countries reach their independences in the 1960s.

The OHADA accounting system has its roots in the colonial era of these countries. Indeed, during the colonial occupation, these countries were using the same accounting system as of those of their former colonizer. This is how the French GAAP came into being the main accounting regulation used in these countries up until their independence and sometimes even beyond in some cases such as Mali, Ivory Coast and Senegal which were using the French GAAP far beyond their access to independence (Dicko & Fortin, 2014).

After their independences, the need to regulate various sectors and reclaim their own destinies was unquestionable. Likewise, the concern for the cooperation of the neighboring countries by nature was indisputable. Indeed, to seal this cooperation into fact, the OCAM was founded in 1965 (Dicko & Fortin, 2014). The OCAM was a regional organization whose aim was to promote economic, social, technical, and cultural cooperation (Elad, 2015). This organization in partnership with France decided to develop its own accounting system considering its own realities and not simply copying the French accounting system of that time (Degos et al., 2019; Dicko & Fortin, 2014).

The new standards developed by the OCAM was officially adopted in 1970 in Yaoundé, Cameroon. A second version in 1979 as well as a third one in 1985 were successively adopted (Degos et al., 2019). The new OCAM accounting GAAP was seen as very innovative in that time. However, being a general framework that left each country the latitude to adapt it to its own internal realities, over the years, it has revealed major differences in the practical application of the OCAM GAAP. Thus, contributing to the end of the accounting set which was in some way very promising (Elad, 2015).

2.1.2. The SYSCOA and SYSCOHADA Standards

Elad (2015), the failure of the OCAM accounting system due to various factors such as the fundamental difference in terms of local adoption in each country led to the need of review of the initiative to harmonize accounting in the countries signatory of the OCAM treaty. And, it is in this context that a new treaty was signed in 1993 in Port Louis (Maurice) by 16 countries (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Republic of the Congo, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal, Togo) including former OCAM member's and the membership of the DRC (Democratic Republic of Congo) in 2012 which thus brings the total of the members of the organization to 17 countries. Thus, OHADA as a pan-African organization is born with the mission of modernizing and harmonizing business law in Africa while encouraging to bring henceforth the accounting practices within the framework of this new treaty.

In the 1990s, giving a new context with the rising of the IAS/IFRS standards, the challenge of developing an accounting system which took into account the new realities were obvious (Degos et al., 2019; Ngantchou, 2011). Indeed, the OHADA countries in their will to implement substantial reforms decided within the framework of the OHADA treaty to develop a new accounting set. This is how the Uniform Act on the Accounting Law was adopted under the name of OHADA Accounting System (SYSCOHADA) (OHADA, 2000). This new accounting set was enforced as of 01/01/2001 and aimed to harmonize accounting rules across all member countries without exception (Degos et al., 2019).

Furthermore, well before the enforcement of the SYSCOHADA, the member countries of WAEMU (West African Economic and Monetary Union; UEMOA in French) grouping 8 of the 17 members of OHADA, through its central bank, BECEAO (Central Banque of West African States) had initiated a work in order to standardize the accounting practices in its member countries since 01/01/1998. From that initiative, the West African Accounting System (SYSCOA) was born (Degos et al., 2019).

Indeed, given that the two accounting systems SYSCOHADA and SYSCOA are developed by the same experts in a partnership with France, they were compatible on various aspects. Thus, the two sets somehow identical co-existed up until the last major reform of the SYSCOHADA in January 2017. The new reform resulted to an adoption of the new Uniform Act on Accounting Law and Financial Information (AUDICIF) which included for the first time the obligation for listed companies and publicly-owned entities to adopt the IAS/IFRS in their financial reporting beside of their financial statements prepared according to the SYSCOHADA. At the same time, these new standards will be considered as the only accounting standards enforceable in the OHADA member countries (Degos et al., 2019).

Furthermore, it worth mentioning that the two accounting sets, the SYSCOHADA and the SYSCOA, had all as a source of inspiration the French GAAP and particularly the 1982 set, the OCAM GAAP as well as the IAS/IFRS (Degos et al., 2019; Djossa Tchokote, 2009). Thus, the accounting system in French-speaking countries is can be resumed as a mixture of Continental-European, Anglo-Saxon, and international accounting philosophy. In addition, it is obvious therefore to mention also that the accounting system in the OHADA countries is strongly influenced by its colonial past but also the development of the accounting itself (Dicko & Fortin, 2014).

Over the years, the needs which change over time show the necessity to adapt to new realities and take advantage of the current opportunities by meeting the needs of professionals and businesses. With this obvious reality, the OHADA countries took a significant step forward by creating the OHADA standard-setting commission (CNC-OHADA) in 2009 as an assisting body for modernizing the OHADA accounting system among other responsibilities such as overseeing the implementation of standards across member countries (OHADA, n.d.).

2.2. The OHADA Accounting Structure

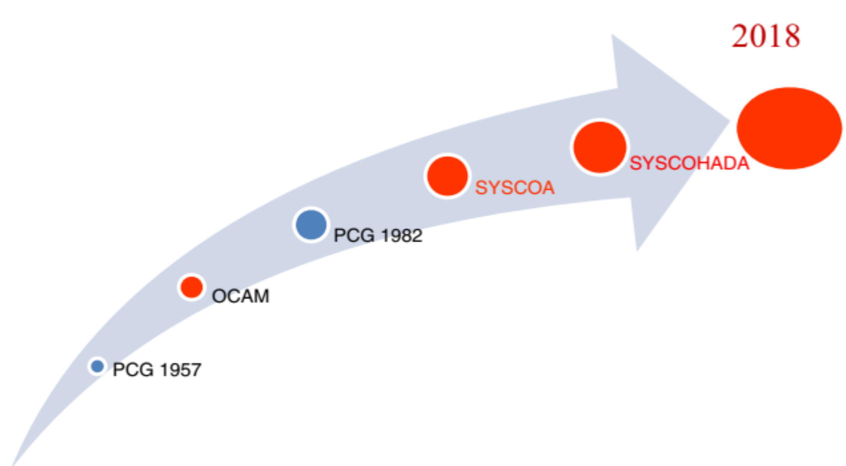
In this part, we will discuss the different systems in application under the revised SYSCOHADA implemented as of 01/01/2018 for personal accounts and 01/01/2019 for combined and consolidated accounts. It should be mentioned that the new SYSCOHADA reforms have for the first time introduced the obligation for certain categories of companies to present their financial statements according to the IAS / IFRS in addition to their SYSCOHADA compliant financial statements. It should also be mentioned that some entities such as public entities with the exception of listed companies, financial institutions (banks and other credit institutions), insurance and reinsurance companies, as well as non-profit organizations are excluded from the scope of SYSCOHADA and such entities are subject to the accounting regulations specific to their own sector (OHADA, 2017).

2.2.1. The IFRS/IAS in the OHADA countries

The latest SYSCOOHADA reforms are part of a logic of a more openness towards the IAS/IFRS. Also, as part of broader perspective to increase the attractiveness of the member countries for international investors and especially the desire to develop a strong financial system. The decision to make mandatory for certain types of companies to present their financial statements according the IAS/IFRS in addition to SYSCOHADA financial statements was made in result of those reforms. The type of company concerned as well as the obligation to present the financial statements according to IAS/IFRS standards is specified in article 8 of the AUDICIF (OHADA, 2017).

In addition, these latest reforms are part of a dynamic of a closer convergence towards the IFRS/IAS. However, the financial statements prepared according to the IFRS/IAS standards remain exclusively intended for the financial market. Therefore, these companies remain subject to the obligation of presenting their financial statements in accordance with SYSCOHADA which remains the basis of the taxable and distributable result (OHADA, 2017).

Figure 2: The Accounting evolution over the years in the OHADA countries



Source : (Degos et al., 2019, p. 13)

2.2.2. The accounting systems under the SYSCOHADA

Unlike the old version of the SYSCOHADA in which there were three systems according to the size of the company, namely the *normal system* for large enterprises, the *lightened system* for medium-sized enterprises and the *minimum cash system* for small enterprises the new set has been redesigned. Indeed, the revised SYSCOHADA, with the findings of misunderstandings that surround the lightened system, policy makers have decided to remove this system to keep the two others which seem more understandable with less practice burdens (Tchokote, 2019).

Indeed, the revised SYSCOHADA implemented since 01/01/2018, provides in its 11 article two different accounting system (the normal system and the minimum cash system). The affiliation to each system is determined considering the size which is defined in terms of annual turnover. The financial statements presented according to each system may therefore differ from one to another giving the level of requirements which vary accordingly.

The normal system: The 11th article of the OHADA (2017, p. 17) in its third paragraph states that "*All entities are, barring exceptions related to their size, subject to the normal system for the presentation of their financial statements and for keeping their accounts"*. The normal system is therefore, the one that is used by all entities except for those that do not meet the requirements related to the turnover. Thus, financial statements required to be presented by entities under the normal system according to the 8th and the 26th articles in the AUDICIF are the Balance Sheet, the Income Statement, the Cash Flow Statement, and the Notes.

The minimum cash system: The affiliation to this system is based on the exception related to the annual turnover for small entities as defined in the 13th article of the AUDICIF (OHADA, 2017). The article defines the eligibility criterions for the minimum cash system and leave at the same time a possibility for these entities to present their financial statements according to the normal system if they decide so. The turnover requirements are as follow:

- **For commercial entity**, 60 million CFA francs (USD 100,000) or the equivalent in the currency unit of the country.
- **For artisanal and similar entity**, 40 million CFA francs (USD 70,000) or the equivalent in the monetary unit of the country.
- **For service entity**, 30 million CFA francs (USD 50,000) or the equivalent in the currency unit of the country.

The financial statements to be presented under the minimum cash system are according to the article 28 of the AUDICIF (OHADA, 2017): The Balance Sheet, the Income Statement, and the Notes. As can be seen, the minimum cash system does not require the presentation of a Cash Flow Statement.

Finally, despite the adoption of some Anglo-Saxon and IAS/IFRS concepts such as the principle of substance over form, fair value in specific cases, the impairment of tangible assets, amortization of intangible assets, the SYSCOHADA remains an accounting set intended to satisfy mainly the stakeholders of an entity namely public authorities, creditors and other third bodies which contrast to the ideal of the international standards whose main focus remain mainly the satisfaction of investors (Tchokote, 2019). Thus, the SYSCOHADA remains essentially a Continental European model of accounting mainly intended to satisfy tax obligations.

Furthermore, the adoption of international standards in the revised SYSCOHADA for listed and publicly owned companies, shows the will of the OHADA countries to gradually move towards the accounting harmonization with the IAS/IFRS. So, to take advantage of opportunities that such move would bring to their national economies, i.e. access to international financial resources which is essential for their economic development (Degos & Souleymanou, 2018).

3. Analysis of the Transition of the Turkish Accounting Standards and The OHADA Accounting System Toward the International Accounting Standards

As the business world becomes more integrated, the need for a common set of accounting for all countries becomes more than necessary (Simga-Mugan & Hosal-Akman, 2005). Thus, since the establishment of IASC in the 1970s we have witnessed in recent years a rising number of efforts at the local levels of each country intended to implement new reforms that would lead to a convergence or adoption of the IAS/IFRS developed by the IASC, later IASB, with the main goal developing international accounting standards accepted by all countries.

From the work carried out on the local level of each country, two main trends of the transition process towards the IAS/IFRS have evolved. Those trends are essentially, on one hand, the trend towards harmonization or adoption which requires alignment, i.e. the use of international standards as published by the IASB. On the other hand, however, the trend is towards the convergence which supposes a gradual approach and the development of standards considering local realities and acceptable to all (Simga-Mugan & Hosal-Akman, 2005).

In this section, there will be an analysis of the approach followed by the Turkish accounting standards as well as that of the OHADA in their transition towards the IAS/IFRS.

3.1. The Turkish Accounting Standards Transition

The transition from the Turkish accounting system towards the IAS/IFRS is a process of convergence that has evolved over time (Şımga-Muğa & Hosal-Akman, 2008). Furthermore, the salient points of these development are on the one hand the creation of the Capital Market Board of Turkey (CMB) with the enforcement of the law on the capital markets in 1982 followed by the establishment of the Istanbul Stock Exchange (ISE). Also, Turkey's bid of the European Union has been the accelerating factor of the accounting transition.

Indeed, in the years following the economic crisis of the 1970s, several reforms were undertaken, some with the assistance of the International Monetary Fund (IMF). These reforms were intended at reducing inflation, increasing production while supporting imports. From these measures, the most important was related to the establishment of the CMB and the creation of the ISE. Also, the increase in foreign direct investment at that time accelerated the accounting development process towards the IAS/IFRS. Thus, from 1989 with the establishment CMB, a set of accounting standards for listed companies were implemented to be enforce as of January 1989 (Şımga-Muğa & Hosal-Akman, 2008). In addition, the standards implemented by the CMB were for the most part in compliance with IAS/IFRS and only the accounting relating to inflation was a fundamental difference between the two systems. Applied up until early 2003, new standards more in line with the IFRS/IAS was implemented and was also later replaced by the standards applied in the European Union for listed companies which was the IFRS/IAS (Şımga-Muğa & Hosal-Akman, 2008).

It worth mentioning that even if the CMB was in some extent one of the pioneers of the transition towards the IFRS/IAS, several works from different institutions have also contributed to the process. This is the case of the Insurance Supervisory Board (ISB, SDK in Turkish) which was then the body responsible for regulating accounting in the insurance and reinsurance sector which prepared the Uniform Account Plan for insurance and reinsurance companies starting from 01/01/1994. This framework was replaced in 2008 by the obligation for these companies to present their financial statements in accordance with the standards prepared by the TASB, fully compliant with those of the IAS/IFRS (Çelik, 2012; Güleç & Ergi, 2019).

In the banking sector, the BRSA (The Banking Regulation and Supervision Agency, BDDK in the Turkish), which was then the regulatory body began from 2002 to publish accounting standards that banking institutions had to comply with for the publication of their financial statements (Güleç & Ergi, 2019; İbiş & Özkan, 2006). In addition, from 2006, it was decided to comply with the IAS/IFRS for the presentation of their financial statements (Cavlak & Ataman, 2017; Güleç & Ergi, 2019).

To harmonize the work related to the preparation and publication of accounting standards in Turkey, the TASB was set up in 1999. The body main mission was the preparation and publication of financial standards that meet the needs for comparability and reliability of financial statements (Alp & Ustundag, 2009; Cavlak & Ataman, 2017; Güleç & Ergi, 2019). This body was replaced in 2011 by the POA, giving it an enforcement power and exclusivity in the preparation and publication of financial accounting and auditing standards applicable in Turkey and which comply with the IAS/IFRS standards (Güleç & Ergi, 2019). As can be understood, the creation of the POA was a very significant step in the transition process towards the IFRS/IAS in Turkey and this will make it possible to unify and facilitate the convergence process. This will also help avoid overlapping prerogatives between different policy making bodies.

The other key element in the transition towards the IAS/IFRS in Turkey is the adoption of the new commercial code which came into effect starting from 07/01/2012. Indeed, in its process of joining the European Union, as well as the transition towards the IAS/IFRS, this new code was a key point in term of policy harmonization (Ulusan et al., 2012). In addition, the new commercial code which incorporates several provisions from the European regulations, brings major changes in the Turkish accounting system (Güleç & Ergi, 2019).

On the major changes made by the new commercial code, we have the significant shifts from a tax based accounting policies towards a more financial based accounting policies with the investors as the main users of the accounting information which is the main intent of the IAS/IFRS (Öner, 2011; Ulusan et al., 2012). In addition, the new commercial code beside of the public-owned and listed companies, it requires other private large companies to present their financial statements following the IFRS/IAS (Ulusan et al., 2012). This decision however was reverted on 26 August 2014 by the POA and limiting again the application of IAS/IFRS standards for publicly owned and companies listed on the stock exchange. The new commercial code displays the expressed will of the public authorities to go further in the transition process towards the IAS/IFRS.

Indeed, it should also be mentioned that for entities out of the scope of the IAS/IFRS standards, a work for a new accounting set of standards has resulted to the FRS for LMSE and applied since 01/01/2018. These standards constitute a lighter version of the IAS/IFRS, and they are intended for large and medium size enterprises defined according to three main criteria including: total assets, turnover and number of workers. These standards, despite being somehow different from the full IAS/IFRS, will nevertheless allow companies which apply them to be prepared in the long run for the adoption of the IAS/IFRS.

Other initiatives to make the Turkish accounting standards closer to the IAS/IFRS is the preparation of the accounting standards for small and micro enterprises (FRS for SME; KÜMİ FRS in Turkish). This new set has been completed and the application planned for 01/01/2021. The new set of standards will be in line with the EU directives on entities out of the scope of independent auditing. Indeed, the FRS for SME will help replace the GCASA/MSUGT which is still used by the small and micro-sized entities (Gençoğlu, 2020). This new step will finalize the convergence process reforms and ensure the compliance with the IAS/IFRS for all financial reporting sets.

Finally, as we can see, the accounting transition process in Turkey has been a long and complex process in which several state organizations as well as professional ones have taken part over the years. Also, this process has been accelerated by a rapid economic growth with an increased international investment on one hand and political will on the other. It should also be mentioned that the establishment of the Capital Market Board of Turkey with the need of disclosing reliable financial information and also the bid for the EU membership have sped up the process of transition towards the IFRS/IAS (Alp & Ustundag, 2009).

3.2. The OHADA Accounting System Transition

The accounting in the OHADA space was at the beginning a tool for economic integration of the member countries which share a same colonial history. Thus, in the 1970s the adoption of the OCAM GAAP was itself a major advance. However, being developed by experts disconnected from the local reality of each country, the practical adoption of this accounting set was not as successful as expected. This was mainly due to the numerous differences between countries on their local realities and that the OCAM GAAP was a mega set that let every country to adapt it given its own local realities (Degos et al., 2019).

In the 1990s, faced with the failure of the OCAM GAAP, the French-speaking countries of sub-Saharan Africa faced a double challenge which was first the harmonization of their accounting at the local level and also, with the rise of the IAS/IFRS standards, set up an accounting standards in line with the new context (Degos et al., 2019; Ngantchou, 2011; Tchokote, 2019). Thus, with the development of the SYSCOA set initiated by the WAEMU/UEMOA countries, a new path to accounting was initiated leading to the creation of the SYSCOHADA accounting set by the member countries of the OHADA treaty which is now the main set within those countries since 2001. The development of the SYSCOHADA took into account the new advances and regulation by including the 4th, 7th directives of the European Economic Community related to accounting through the French GAAP of 1982 from which the OHADA GAAP was inspired (Degos et al., 2019; Tchokote, 2019).

Indeed, the establishment of the BRVM (Regional Stock Exchange) in the UEMOA space in 1996, the pressure exerted by multinational firms, the IMF (International Monetary Fund) and the WB (World Bank) also played an important role in the convergence process of the SYSCOA/SYSCOHADA towards the IAS/IFRS in the late 1990s. Also, the partial adoption of these standards with the last revision of the SYSCOHADA in 2017 (Boolaky, Tawiah, & Soobaroyen, 2020; Degos et al., 2019; Elad, 2015).

The SYSCOHADA adopted in 2001, although still being a European approach or tax-based accounting due to its inspiration from the French GAAP of 1982, has borrowed both Anglo-Saxon and IAS/IFRS accounting concepts. It is for this reason that it is qualified by some analysts as a hybrid accounting system (Elad, 2015). Furthermore, the regulatory provisions of the SYSCOHADA 2000, even if they may be different in application, take into account all of the principles set out in the IAS/IFRS (Tchokote, 2019). Those principles are among others: the principle of historical cost, prudence, substance over form, as well as the introduction of a conceptual framework. The revision of SYSCOHADA in 2017 goes further in the convergence process towards the IAS/IFRS by making a partial adoption of these standards to mandate some category of entities to present their statements financial in following the IAS/IFRS in addition to their financial statements in accordance with the SYSCOHADA (Degos et al., 2019).

In addition, Tchokote (2019) the SYSCOHADA revised in 2017 although it followed its predecessor the SYSCOHADA 2000 from which it has been inspired, it differs in the sense of which it goes further in the convergence towards the IAS / IFRS. Thus, some provisions introduced into the revised SYSCOHADA which brings it closer to the IAS/IFRS are among others: the cash flow statement in accordance with IAS 7 among the financial statements but also the Explanatory Notes. It also introduced the impairment of tangible assets in accordance with IAS 36 even if the gains from revaluations are not recognized by the SYSCOHADA 2017. Also, the amortization of intangible assets was introduced in the new set as in the IAS 38 with an exception for trademarks subject to legal protection. The IFRS 6 on exploration and exploitation costs of mineral resources has also been introduced in the new SYSCOHADA 2017. Other international standards introduce into the new set are IAS 1, IAS 16, IAS 40, IAS 41, IAS 19, IFRS 15. In addition, an obligation by the new SYSCOHADA for listed companies and publicly owned entities to present their financial statement in accordance with the IAS/IFRS has been added which was not the case for previous accounting set.

As we can see, the revised SYSCOHADA, even if it does not incorporate all the requirement included in the IAS/IFRS, the similarities between these two-accounting set are numerous (Tchokote, 2019). This indicates the will of the accounting policy maker in the OHADA to develop an accounting system which is both compatible with the local economic realities but also increasingly convergent with the dominant standards trend of our time which seems essential to the economic development as the IAS/IFRS seem to be an essential tool to attract investors.

Finally, as we have seen, the transition process towards the IAS/IRFS standards in the OHADA space was a two-step process (Degos et al., 2019). The first one, less important, took place with the establishment of the SYSCOHADA in the 2000s which incorporated some principles of the IAS/IFRS standards. The second, more significant, came with the last revision of the SYSCOHADA which took place in 2017. The new set although still based on a strong legal basis (Elad, 2015), goes further in the convergence towards the IAS/IFRS by partially adopting these standards for listed and publicly owned entities which must now present financial statements according the IAS/IFRS as well the SYSCOHADA starting from 2019 (Degos et al., 2019).

This recent evolution of the SYSCOHADA may seem marginal in the sense that there are only around forty (40) listed companies in all the OHADA area (Degos et al., 2019). However, the step remains quite significant in the sense that it shapes the path forward and will allow the accounting practitioners to become more familiar with the IAS/IFRS standards. We can therefore conclude that the process of transition towards the IAS/IFRS in the OAHADA countries is still at its primary stage of the convergence process with a strong will to move forwards (Degos et al., 2019).

4. Positive Factors and Challenges Faced by Countries in their Transition Towards the International Accounting Standards and lessons

Following the analysis of the transition towards the IAS/IFRS of Turkey and the OHADA countries, it is obvious that multiple factors may play positively or negatively on the process.

4.1. Positive factors that might encourage the transition towards the IAS /IFRS

By going through several studies, one can easily understand that the transition process towards the IAS/IFRS may vary over time and differ from country to country (HassabElnaby, Epps, & Said, 2003). However, multiple factors which might play significant roles in facilitating the transition towards the IAS/IFRS have been extensively examined and supported by several studies. Some of the main factors largely covered are: the role of culture, the education level and the existence of a financial market and other political and socio-economic factors which are either strongly or relatively tied to the adoption of IAS/IFRS by a given country (Alp & Ustundag, 2009; Boolaky et al., 2020; Chamisa, 2000; Chua & Taylor, 2008; Ding, Jeanjean, & Stolowy, 2005; HassabElnaby et al., 2003; Jeriji, 2009; Stainbank, 2014; Zeghal & Mhedhbi, 2006).

Thus, we can assume that countries with an Anglo-Saxon background culture with a growing financial market are more likely to adopt earlier the IAS/IFRS. This can be true for the OHADA countries which have a continental approach to accounting and therefore explain the late adoption of the IAS/IFRS. The something can be said in some extent for Turkey which has the same background of accounting practices but has a bigger economy and also willing to join the EU which can be seen as reasons of the earlier adoption of the IAS/IFRS by Turkey for its financial market.

Other factors behind the adoption the IAS/IFRS by several countries and specially emerging and developing ones are the ‘’coercive, mimetic, and normative isomorphism influence’’ (Boolaky et al., 2020; Irvine, 2008). Those factors are explained by the pressure put on these countries to adopt the IAS/IFRS by international institutions such as the WB and the IMF. Also, those factors can be explained by the years of membership in the International Federation of Accountants, the presence of global audit firm in those countries along with business partners and large multinationals which might push for more compliance with the IAS/IFRS (Boolaky et al., 2020; Dicko & Fortin, 2014; Irvine, 2008).

In Turkey as for the other emerging market and developing countries, reasons for the transition towards the IAS/IFRS remain mostly the same (Alp & Ustundag, 2009) . Therefore, the level of economic development along with the creation of the capital market, the significant growth of direct investment from international firms have been determining elements in the transition process (Simga-Mugan & Hosal-Akman, 2005). Indeed, the fast growing number over the last two decades can be measured by a number of companies with foreign capital in Turkey, hitting 6 5,533 at the end of 2018 up from 5,600 in 2002 and a total FDI (Foreign Direct Investment) around USD 209 billion attracted over the period 2003-2018 up from a merely USD 15 billion up until 2002 (Presidency of the Republic of Turkey, 2018). International firms with the need of satisfying their investors started earlier to prepare their financial statements according the IAS/IFRS beside of those which they are required to present in line with the local accounting regulations in force in Turkey (Şımga-Muğa & Hosal-Akman, 2008). Thus, in parallel of the acceleration of the FDI, there has been a real sped up of the transition process towards the IAS/IFRS to both enhance the attractiveness of the country and also meet the pressing needs for companies to ensure the comparability and reliability of financial information not to forget the bid for entering the EU (Alp & Ustundag, 2009).

In addition, the foundation of the CMB along with the creation of the ISE have been a milestone in the development of the accounting and auditing standards in line with the IAS/IFRS (Şımga-Muğa & Hosal-Akman, 2008). To this, it must also be added the natural evolution of accounting which, with regard to the evolution of the world which has become more integrated, with a global circulation of capital, the transition to the IAS/IFRS seems to be irreversible and the Turkish public authorities have understood this need early enough in the sense that they have put in place mechanisms that will make the transition much easier.

As for the OHADA countries, which for the most part still use loans granted by the IMF and the WB, institutions that back and encourage adoption of the IAS/IFRS, the transition process towards the IAS/IFRS can also be considered as the result of lobbying and requirement for loan granting from these institutions (Boolaky et al., 2020; Degos et al., 2019; Elad, 2015; Irvine, 2008; Jeriji, 2009). These factors are defined as ''institutional pressure'' (Dicko & Fortin, 2014; Irvine, 2008) which explain why some countries especially in Africa chose to adopt the IAS/IFRS.

In addition, the increasing presence of multinational companies and global audit firms in Africa along with a pressing need to attract more international fund essential for their development, we have seen an growing trend of adoption of the IAS/IFRS across the continent including the OHADA countries with the latest revision of the SYSCOHADA. Also, the willingness to develop a thriving financial market with the establishment of BRVMP, DSE (Duala Stock Exchange), BAE (Central Afica Stock Exchange), are among other factors which will ultimately quicken the process of transition towards the IAS/IFRS for the OHADA countries.

However, let mention that that the IAS/ IFRS adoption in the case of Africa does not necessarily lead to IAS/IFRS implementation or compliance (Samaha & Stapleton, 2008; Stainbank, 2014). In many African countries, the knowledge required for successful transition does not generally come with it (Fossung et al., 2020). Also, the lack an independent institution for the enforcement of standards make difficult an effective implementation. Following the Turkish experience may therefore help the OHADA countries in avoiding missteps related to the issue.

4.2. Negative factors or challenges that might hinder the transition towards the IAS /IFRS

Like any process, difficulties remain inherent. Thus, the transition processes towards the IAS/IFRS standards both in Turkey and in the OHADA countries face different setbacks according to the stage on which each are. Turkey being in a very advanced stage; conversely the OHADA countries being at their early stage even if they have started working for a convergence long ago.

With regard to Turkey, in the early days of the transition, the lack of pressure from the public authorities and the significant number of family owned businesses not necessarily having an interest in adopting the

IAS/IFRS have somehow contributed to the delay of the process (Balsari & Varan, 2014; Şımga-Muğa & Hosal-Akman, 2008). Also, according to Alp and Ustundag (2009), several other challenges related to the Turkish adoption of the IAS/IFRS might be summarized as the complexity of the IAS/IFRS which call for a coordination of legislative requirements for a successful transition. We also have difficulties related to the scope of application and enforcement which generally require a global legislative framework. Other issues are technical, the translation problem and the lack of sufficient knowledge about the IAS/IFRS.

In addition, with several regulatory bodies in almost each sector like: the BDDK/BRSA for banking sector, the SDK/ISB for insurances, the SPK/CMB for listed companies, and the TMSK/TASB did not facilitate the coordination of work which could allow a more complete and early transition. However, with the establishment of the POA/KGK in 2011 as the only body responsible for the preparation and publication of accounting and auditing standards in Turkey, the problem of multi-standards setting bodies was resolved. The other problem is a common one for countries with an accounting system based on the continental European or tax-based approach of accounting. In such countries, any change in accounting requires a change in legislation beforehand (Şımga-Muğa & Hosal-Akman, 2008). It should also be mentioned that, the last reforms which led to the implementation of the new commercial code in 2012 allowed Turkey to engage more than ever in the path of investor-oriented accounting and an easier convergence towards the IAS/IFRS. However, the other major issue remains the training of accounting and auditing practitioners to ensure a successful transition and this will constitute the main challenges for Turkey to meet in the forthcoming years (Şımga-Muğa & Hosal-Akman, 2008).

Finally, as we can see, Turkey is at a well-advanced stage in its transition process towards the IAS/IFRS and has overcome so far, all major challenges. Therefore, this experience could be a way to follow for many countries especially developing ones and other emerging market which engages in the same process (Alp & Ustundag, 2009).

With regard to the OHADA countries, the difficulties encountered are socio-economic, legal, institutional, the evolution of the accounting practices, the level of development but also the colonial past of the member countries (Degos et al., 2019). Also, the OHADA as a supra-national organization, speed in decision-making and the practical application of those decisions are not always effective due to the "*bureaucratic hurdle*" (Elad, 2015).

In addition, being still an accounting system relying heavily on a legal basis despite the latest progress, any accounting modification requires a change in the law, and this can be an important obstacle to the flexibility of the system. Other element that can be considered as a difficulty is the absence of a dynamic financial market in the region where yet, there are only around 40 listed companies in the whole region. We should also mention the importance of the informal sector which lack regulation and therefore undermine any process for accounting regulation (Benjamin & Mbaye, 2012; Degos & Souleymanou, 2018; Penouil, 1998). Also, the need of training for practitioners who are not yet very familiar to the IAS/IFRS which is not likely to facilitate the accounting transition (Fossung et al., 2020).

Finally, the process of accounting transition towards the IAS/IFRS in the OHADA countries is in an early stage facing several challenges and whose success will depend on the adaptability that those countries will demonstrate in the future.

4.3. Lessons from the Turkish experience

The transition process towards the IAS/IFRS is a long process which requires adjustments over time. Turkey, for the last two decades have been successful in shifting its national accounting system from a strong legal based system to more Anglo-Saxon based accounting with multiple legal reforms leading to a full adoption of the IAS/IFRS for listed companies and publicly owned entities. Also, the implementation of a new set of accounting for large and medium entities inspired by the IAS/IFRS and fully in line with the EU directives on accounting. Another set of accounting for small and micro entities is also set to be in force as of 2022.

This success of the Turkish transition comes with the ability to overcome several challenges somehow common to developing countries and emerging markets. The Turkish transition success is particularly related to the creation of auditing mechanism which led to the creation of the PAO/KGK the single autonomous body with a full authority for preparing, publishing accounting and auditing standards in Turkish and also ensuring the compliancy with these standards. Also, for a successful transition process, working groups composed of experienced accountants, auditors, and academicians was set from the beginning. Accounting interest groups were as well involved in the process along with a cooperation between governmental institutions. Other actions taken are: making sure that the national accounting standards adopted into national legislation are in line with the IAS/IFRS, provide guidance, create public awareness on new standards, ensure necessary regulations for implementation and supervision, provide training for accountants, revise accounting certification for professionals and curriculum of universities, promote cooperation with the international standard setting body, address the specific issues of the country and update standards to be in line with the IAS/IFRS (Alp & Ustundag, 2009; Balsari & Varan, 2014; Hellmann et al., 2013; Samaha & Stapleton, 2008).

CONCLUSION

In this study, we tried to understand factors which might play a positive or negative role in a country's transition process towards the IAS/IFRS. Through a scan over the existing literature in both Turkey and the OHADA countries, we have analyzed the transition process towards the IAS/IFRS that have been taking place in these countries over the past years. Both parties have in some extent several common characteristics but also differ in certain ways. On hand the main common characteristic of Turkey and the OHADA countries is the shared background of continental accounting practices. On the other hand, the main difference can be listed as the stage on which each are in the transition process towards the IAS/IFRS. The OHADA countries are in their early stage of the process with only a partial adoption of the IAS/IFRS for its listed and publicly owned entities which are required to prepare IAS/IFRS compliant financial statements only intended for the financial market. Turkey however, is at a very advance stage of the process with a full adoption of the IAS/IFRS for listed and publicly owned entities and other accounting sets in line with the IAS/IFRS for both non-listed large and medium entities but also for small and micro entities.

From the literature review of Turkey, the OHADA countries and many other developing countries, it can be understood that the transition process towards the IAS/IFRS can be a challenging and a long-term process requiring multiple adjustments. Also, several factors may play a key role in a countries transition process and some of the main factors are summarized as follow: the cultural background, the education level, the existence of a financial market and other political and socio-economic factors which are either strongly or relatively tied to the adoption of IAS/IFRS by a given country (Alp & Ustundag, 2009; Boolaky et al., 2020; Chamisa, 2000; Chua & Taylor, 2008; Ding et al., 2005; HassabElnaby et al., 2003; Jeriji, 2009; Stainbank, 2014; Zeghal & Mhedhbi, 2006). Furthermore, an adoption of the IAS/IFRS does not directly lead to an implementation or compliance with those standards specially in the African context and therefore, a proper oversight and legislative action are required to ensure a successful transition (Samaha & Stapleton, 2008; Stainbank, 2014).

We suggest from this study that the Turkish experience from the transition process towards the IAS/IFRS could be an example to look at for the OHADA countries as well as for other developing countries and therefore, avoid missteps and make the process easier and more successful.

This study has not been based on an empirical analysis and therefore the cause-effect relationship between factors that encourage or those which are considered as difficulties for the transition process cannot be measured. However, a later empirical study on these matters could be considered.

MAKALE BİLGİ FORMU* / *ARTICLE INFORMATION FORM

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Yazar(lar)ın Katkıları

Makaleye tüm yazarlar eş katkı sağlamıştır.

Çıkar Çatışması Bildirimi

Yazar(lar) tarafından potansiyel çıkar çatışması bildirilmemiştir.

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Etik Onay ve Katılımcı Rızası

"Yerel Muhasebe Standartlarından Uluslararası Muhasebe Standartlarına Geçiş: Ohada Üye Ülkeleri ile Türkiye Arasında Bir Karşılaştırma" başlıklı çalışmanın yazım sürecinde bilimsel, etik ve alıntı kurallarına uyulmuş; toplanan veriler üzerinde herhangi bir tahrifat yapılmamış, karşılaşılacak tüm etik ihlallerde "Yorum Yönetim Yöntem Uluslararası Yönetim, Ekonomi ve Felsefe Dergisinin" hiçbir sorumluluğu olmayıp, tüm sorumluluk yazarlara aittir

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