THE IMPORTANCE of INTERNATIONAL FINANCIAL REPORTING INTEGRATION FOR NON-PUBLIC JOINT STOCK COMPANIES OPERATING in the TRANSPORTATION and LOGISTICS SECTOR

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ABSTRACT

With the increasing globalization of the world, the commercial environment has become more interconnected, making an economic disadvantage in one region of the world potentially impact the entire world simultaneously. In such an interconnected and globalised world, the acquisition, transfer, accuracy, and comparability of financial information is an important issue for many different actors, such as investors, economists, and auditors. The increased digitization of business after the COVID-19 pandemic and the increased involvement of the Internet in business have made it easier for different countries to interact with each other, leading to trade reaching global dimensions. It has therefore become an important issue for companies operating in different countries and even within the same country to have a common financial reporting system.

Public companies (International Board of Accounting Standard) have issued the International Accounting Standards (IFRS) since 1973 to meet the need for a common reporting requirement in financial statements. However, the IAS/IFRS reporting system has not adequately addressed the needs of SME who are the driving force behind global trade. Due to the complexity and cost-effective implementation of the IAS/IFRS set and the different structures of the public enterprises in the transport and logistics sector, there has been a need to establish separate reporting standards for the SMEs operating in the transport and logistics sector. We highlighted the importance of a separate, easy-to-implement, comprehensible financial reporting standard for SME and discussed the difficulties faced by SME operating in the transport and logistics sectors in implementing IAS/IFRS.

Keywords: International Accounting Standards, Financial Reporting System Transport and Logistics Sectors

1. OVERVIEW of THE LOGISTICS SECTOR

Foreign commerce, particularly exports, plays a vital role in facilitating countries to enhance their economic growth rates and secure larger portions of worldwide marketplaces. The attainment of satisfactory levels of exports and sustainability is contingent upon nations engaging in the exportation of high-value goods, while concurrently expanding the diversity of both products and markets. Nevertheless, the intricate nature of international trade transactions in recent times has heightened the significance of logistics, necessitating nations to formulate and incorporate cohesive policies and strategies into their logistics frameworks

Logistics is a strategic operation that facilitates the precise and timely delivery of the appropriate product to the designated client and location. (Kotler&Armstrong, 2004). Logistics encompasses all the activities and resources required for the procurement, distribution, and availability of assets, services, and information that are or will be advantageous to individuals and society. (Kılıç, 2017)

The logistics concept, an evolved form of transportation, involves moving products from the manufacturing point to warehouses for storage and stockpiling. We then carefully plan the delivery of these products to specific locations, ensuring maximum efficiency and speed. The logistics activity encompasses the flow of pre-shipment information, communication channels, and post-shipping storage procedures between the exporting country, the company, and the importing country, including the transportation of goods. (Vallee, 2011:82)

The role of logistics in the economic structure is highly valuable and makes significant contributions to the country's economy in various ways. Therefore, the value and contribution of logistics significantly influence the degree of growth in society. The increase in national income, employment, education levels, and foreign trade, as well as the improvement in income distribution, tax revenues, competitiveness, and economic growth, contribute to the country's value in various aspects such as logistics, economy, society, psychology, culture, strategy, military, and politics. This also enhances its geopolitical and geostrategic importance, fosters bilateral and multilateral agreements, establishes logistic bases, consolidates political power and leadership, promotes strategic partnerships, and serves as a role model for partnership and equity. Because of the improved quality and quantity of logistical activities, the country's health indicators are increasing, leading to social development.

Logistics activities have a beneficial impact on both the macro level (country) and the micro level (firm), enhancing the competitiveness of businesses. Companies must prioritise and allocate resources to both production and marketing activities, as well as logistics tasks. Efficient logistics management leads to cost savings, higher production levels, improved quality, enhanced customer happiness, and ultimately, increased market share and competitiveness. Therefore;

- Efficient stock management ensures that the most cost-effective materials are acquired in terms of timing and quantity, while also ensuring optimal production levels, delivery, and sales.

- We successfully complete the tasks of production support, product consolidation, stockpiling, loading and distribution, and consolidation procedures.

- Our goal is to achieve a competitive advantage by delivering goods and services faster than our competitors, while also reducing transportation expenses. This will help us improve transportation performance and assure customer happiness.

2. NECESSITY OF INTEGRATION OF INTERNATIONAL FINANCIAL REPORTS

Since the end of World War II, companies have increased their cross-border trade, and this has brought globalization. With these growing commercial relationships, global companies have multiplied. (Song, 2020) Globalising trade has made it difficult to compare financial information, which has increased global capital.

Since many private companies have become effective in global trade, accuracy, accountability, and comparability of information in financial statements have become more important, and the idea has emerged that there should be a common financial reporting standard in order to make the right decisions on issues such as lending and investing. (Feltham, 2013:28) Competent institutions have created accounting procedures and policies in conformity with the values and legal frameworks of each country for many years. The interconnectivity of global financial systems has grown with the advent of globalization, resulting in criticism of local accounting methods due to the disparities between them. (Outa,2013:35-36) The absence of uniform standards and practices is a challenge when attempting to compare financial information generated by organisations located in various regions of the globe. In a more globalised economy, the adoption of a unified set of superior accounting standards simplifies investment in stock exchanges and facilitates decision-making on many economic matters. This enhances market efficiency and diminishes the expenses associated with raising capital.

Following the COVID-19 outbreak, global corporations have expedited their collaborations via the Internet. As a result of global trade obstacles, companies have shown increased enthusiasm for new investments. Accounting serves as a universal means of communication among corporations, investors, beneficiaries, financial analysts, and other entities involved in commercial transactions. Therefore, corporations' use of diverse accounting methodologies to disclose the financial outcomes of their worldwide company operations to their stakeholders may complicate comprehension in a highly interconnected global economic milieu. (Ankarath & oth., 2010:1-2)

In light of trade globalisation, multinational corporations are actively seeking other investment avenues to improve their profitability. As a result, they are opting to list their company shares on several stock exchanges across different countries in order to secure additional capital. Within this context, employing an application that does not adhere to a universally accepted set of criteria creates ambiguity for analysts and investors. In the absence of a standardised procedure, disparities may arise between local and global accounting methods, complicating investment decision-making and potentially impacting the company's profitability.(Robert, 2009:1)

German multinational Daimler-Benz attempted to list on the New York Stock Exchange in 1993. As part of this process, the business had to ensure that its financial statements complied with US GAAP (Generally Accepted Accounting Principles). According to German national accounting rules, Daimler-Benz reported a profit of 615 million German Deutsche Mark in its financial statements, but the US-GAAP fiscal accounts reported a profit of 1839 million Deutsche Mark. In this particular setting, a picture that lacks harmony will provide challenges in terms of comprehension. (Aqel, 2015)

3. INTERNATIONAL FINANCIAL REPORTING PROVISIONS FOR NON-PUBLIC LOGISTIC COMPANIES.

Small and medium-sized firms (SMEs), which play a crucial role in the global economy, operate as catalysts for various aspects like job creation, capital generation, entrepreneurship, and economic development.Small and medium-sized firms, crucial in the global economy, operate as catalysts for aspects such as job creation, capital generation, entrepreneurship, and economic development. It is challenging to create a universal definition for women, as they typically align with the characteristics of non-public enterprises. (Cacciolatti&Lee, 2015:7) The classification of a business as either small or large might vary across countries and even within various sectors of the same country. (Berisha&Pula, 2015:21)

Various nations and institutions have distinct criteria for defining small and medium-sized enterprises (SMEs). To address the discrepancies in definitions, certain criteria are taken into consideration during the formulation process. SMEs are typically defined based on various parameters, including the number of employees, total net assets, sales and investment levels, number of yearly working hours, annual turnover, and annual production volume.

Out of these factors, the number of employees and annual turnover are the most frequently used. (Salimzadeh&Courvisanos,2015)

The formulation of business criteria, access to financial benefits and government assistance, and the acquisition of advisory services from consulting companies are crucial. As a result of varying definitions for SMEs, the criteria for categorising them fluctuate based on the specific industry or country in which the firms are located. This is an obstacle to small and medium-sized enterprises' ability to use these services, as well as to the implementation of policies aimed at fostering SMEs' growth and support. Therefore, numerous governments and institutions have recognised the necessity of establishing a shared definition to guarantee consistency in defining small and medium-sized enterprises (SMEs). (Akgemci, 2001)

3.1. Pros and Cons of Small and Medium Enterprises (SMEs)

A firm's scale has a direct impact on its organizational structure and operational methods. Employees in major organisations have well-defined and rigidly structured jobs, which provide them with a clear understanding of their responsibilities within the organisation. However, it is frequently unfeasible to come across such a hierarchical framework in small and medium-sized enterprises (SMEs). The manager or owner of a small and medium-sized enterprise (SME) is typically very adaptable and handles multiple workloads. Adapting to changing situations is more manageable in smaller organisations compared to larger corporations. (Cacciolatti&Lee,2018)

Small and medium-sized firms (SMEs) have narrower operational scopes compared to large enterprises. As a result, SMEs deal with a smaller range of products and clients, enabling them to concentrate on a specific sector and develop expertise in that particular field. Specialisation in a competitive market is providing small and medium-sized firms (SMEs) with a competitive edge over large companies. This advantage enables SMEs to respond to developments more efficiently, at a lower cost, and in a shorter timeframe. (Burns,2011)

Small and medium-sized enterprises (SMEs) play a crucial role in driving industrialization in economies and have a substantial impact on various aspects, including income distribution, tax revenues, employment, resource efficiency, and the stability of family income. Small and medium-sized enterprises (SMEs) typically rely more on labour-intensive methods of production compared to large companies. This leads to a significant increase in job opportunities, money generation, and eventually helps to reduce poverty. (Jasra &oth.,2011:275)

Similar to how every organisation has drawbacks in specific areas, small and medium-sized enterprises (SMEs) also have limitations. Small and medium-sized firms struggle to compete with large enterprises due to their constrained resource utilisation. Large organisations possess significant leverage, which grants them greater sway over suppliers and enables them to engage in more adaptable collaborations with them. Since SMEs have limited influence over their suppliers, they are required to bear a greater burden of work and cost. (Hong&Jeong,2006:293)

The robust organisational framework present in major corporations allows personnel to specialise in specific domains and plays a crucial role in establishing an efficient management system. Small and medium-sized enterprises (SMEs) typically have a centralised management structure, with only one person in charge. This limitation hinders the effective use of information across several departments such as finance, production, and marketing, leading to management challenges. (Bridge&oth.,1998:137)

The streamlined management structure commonly seen in small and medium-sized enterprises (SMEs) typically necessitates people to assume multiple job titles and greater responsibilities. Consequently, SMEs operating under such management structures are more prone to failure. (Sahraoui,2018)

Major corporations have the ability to secure funds by raising capital if there is a demand for additional financial resources. Small and medium-sized firms face challenges in accessing finance and struggle to operate efficiently due to limited resources, hindering their ability to engage in strategic initiatives. (Bridge&oth.,2010)

3.2. Logıstıcs Actıvıtıes and Accountıng Transactıons

Currently, people fulfil their logistics requirements through two primary methods. The first purpose is for the manufacturing business to fulfil its own logistical requirements, while the second purpose is to leverage the services of specialised logistics companies in the region, who operate as separate legal entities. Furthermore, the industrial industry must utilize all necessary logistical services provided by the specific independent logistics company. In recent years, it has become common for certain manufacturing organisations to exploit logistics companies, which operate independently from the manufacturing industry, during their operations. Within such a context, there can exist three distinct operations that are mutually autonomous.

Accounting theory and standards dictate that the cost of a specific product or service includes all related expenses. In this particular situation, numerous logistical cost components are included in the overall cost of the product or service being produced, while others are accounted for as expenses incurred over a specific period of time. Logistic costs can be accurately documented using an accounting plan that will be created. To analyze and incorporate logistics expenses into decision-making, it is necessary to first identify and track them using appropriate accounts. Logistics expenditures can be associated with many main accounts and can also arise at multiple departure centres. In this situation, we can track logistics costs by allocating them to specific primary accounts and further categorizing them into parallel sub-accounts. Logistics activities encompass a comprehensive process that begins with the procurement of supplies, extends to the distribution of goods, and concludes with providing customer support after the sale. Thus, it is exceedingly challenging to ascertain the expenses associated with this procedure and categorise them as a distinct item in the logistical cost component.

Therefore, literature classifies logistical activities into three categories: input logistics, production logistics, and output (distribution) logistics. Due to advancements in information and communication technologies, rivalry in the business world has grown to a global scale. With the expansion of competition on a global scale, there has been a significant growth in both the quantity and velocity of product distribution worldwide.

These advancements have raised logistics costs, which firms now pay. The accurate estimation of logistics costs becomes increasingly crucial as organisations prioritise the timely execution of on-site logistical activities in this process. Hence, ensuring the accuracy and measurability of logistics costs is crucial. By effectively managing logistics costs, firms can lower their overall expenses, resulting in increased profitability and a competitive edge. Although logistics costs are crucial, a significant number of individuals fail to closely manage them. Hence, it is of utmost significance to meticulously monitor and regulate logistical expenses. Enhancing the precision and control of logistics cost estimation and management results in reduced expenses and improved operational efficiency. (Weiyi, & Luming, 2009)

Logistics engineering is typically seen as a subset of human systems rather than mechanical systems. Logistics is the field of study that focuses on the systematic management of processes to ensure the optimal availability of goods or services, in terms of quantity, timing, and cost. Efficiency, supply chain, and project implementation are closely monitored to meet the necessary standards in all industrial sectors.Logistics is a system that stems from the soldiers' self-sufficiency in meeting their own demands. Building upon this initial groundwork and consistently enhancing its understanding, logistics has progressed significantly, now gaining recognition as a formal discipline.(Stock&Lambert:2001)

Furthermore, it is crucial to minimise the expenses associated with these operations that occur before the production line, while still maintaining uninterrupted production. Additionally, the cost of the products should be minimised after production, taking into consideration the most appropriate choice for the end consumer.The Logistics Management System enables the effective and efficient planning, transportation, storage, and traceability of all products throughout the whole supply chain, in order to fulfil client requirements. (Bartolacci,2006)

Once all of these factors are taken into consideration, logistics necessitates thorough financial management, namely the ability to determine costs based on activity and the implementation of an effective cost and pricing system. This is crucial for the field of logistics and its operations. A corporation cannot achieve success without possessing this knowledge and employing accounting science and cost accounting in a right and acceptable manner. Without proper measurement and precise determination of costs, it is impossible to progress with an activity. A logistics service provider must be able to monitor and maintain records of its operational expenses and pricing strategy for each customer it serves. The term "finance" refers to the actions that involve providing finances under suitable conditions and ensuring their efficient utilisation. (Gurbuz,2003)

One of the roles of finance, whether for individuals or institutions, is to create tangible revenue, make investments, and assess the performance of these investments over a period of time. Finance holds significant importance in multiple aspects of business. Business owners have the right to achieve success if they possess knowledge of and effectively handle financial management. When examining financially troubled organisations globally, a common issue arises where they either have excessive funding or fail to effectively handle their financial positions. For those who effectively manage their companies, this is a lesser concern. Companies must establish and uphold their sales and inventory systems effectively. The concept of supply chain management arises at the intersection of logistics and finance management. Effective logistics management is crucial for maximising profitability. Therefore, it is quite likely that a financially well-managed organisation also excels in logistical management. Logistics often aligns closely with finance and accounting, while also posing a significant challenge to ineffective management. (Donath &Oth.,2002)

4. OBJECTIVE AND SIGNIFICANCE OF THE STUDY

Financial transactions play a crucial role in the highly interwoven chain of the global economy. The accessibility of financial information regarding a matter of significant importance, as well as the precision and consistency of that information, is undeniably a crucial concern. FRS is crucial in the logistics sector for investors, economists, academics, and various stakeholders to obtain precise and comparable information regarding the financial statements of logistics companies.

Our research aims to analyse the global utilisation of logistics financial reporting standards (FRS) by small and medium enterprises (SMEs) in relation to the economic advancement of countries. The provided data aimed to highlight the significance of SME FRS. Furthermore, the literature contains numerous studies on SME FRS and UMS/UFRS, which distinguish themselves from other studies on SMEFRS usage. This further emphasises the significance of our research.

4.1. Methodology of the Researcher

The research is conducted using two methodologies: theoretical and practical. The theoretical section presented general information, while the application section involved quantitative data analysis using the SPSS 24 software.

4.2. Identification of Dates

The research utilises quantitative data for analysis. The study examined 155 countries globally, with per capita GDP growth data available for 149 countries due to a shortage of data. Education levels were analysed for 152 countries, while equity and foreign direct investment levels were assessed for 153 countries.

The study examined the educational attainment, foreign direct investment, stock exchange performance, and per capita GDP data for small and medium-sized enterprises (SMEs) using the Financial Reporting System (FRS). The survey data was gathered online from 15.03.2024 to 21.06.2024.

The survey collected data on the usage of SME FRS from the official site of the International Financial Reporting Standards (IFRS) at https://www.ifrs.org/. GDP per capita data was obtained from the website http://knoema.com/. Information on securities exchange status was gathered from the websites http://www.world-stock-exchanges.net/ and https://www.ifRS.org/We sourced data on foreign direct investment from https://unctad.org and obtained education level data from http://hdr.undp.org/. . The data collection process aimed to ensure up-to-date information. However, during analysis, data from 2022 was used for all variables. This decision was based on the assumption that there were no available data for the years 2023-2024. The belief was that using data from the same year for all variables would enhance the research's reliability.

The study obtained the data on education levels from the yearly Human Development Reports (HDR) released by the Human Development Reports. These reports were then incorporated into the study using the education index calculation formula.

4.3. Date Analysis

The data collected for the study were analysed using the SPSS 24 software. The study used frequency and percentage analysis to examine the integration of SME FRS with the status of the securities market, as well as the levels of education, foreign direct investment, and GDP per capita. The study utilised descriptive analyses to determine the values of the parameters evaluated in the nations included in the study. Averages and standard deviations were utilised for this purpose.

The data obtained was analysed using central tendency measures to study its distribution, and it was concluded that the distribution followed a non-parametric distribution. Nonparametric tests were subjected to statistical analysis at a 95% confidence level. The Mann Whitney U test was employed to identify variations across nations and SME FRSs based on the parameters being examined. On the other hand, the Kruskal Wallis H test is a method utilised in the stock market. The chi-square test was employed to ascertain the correlation between the level of integration of small and medium-sized enterprises' financial reporting standards and the status of their stock exchanges in different nations.

4.4. The Hypothesis of the Investigator

The study comprises these hypotheses.

H1: A nation that experiences greater economic growth is more inclined to implement Small and Medium Enterprise Financial Reporting Standards (SME FRS) in its non-public transportation and logistics firms.

H2: Countries with a high level of education are more inclined to implement SME FRS in non-public transportation and logistics firms.

H3: A country with a high degree of economic openness is more inclined to implement Small and Medium-sized Enterprise Financial Reporting Standards (SME FRS) in its non-public transportation and logistics sectors.

H4: The likelihood of non-public transport and logistics enterprises adopting SME FRS is higher if the country has a well-structured securities exchange.

4.5. Research Findings

This section of the study presents the findings derived from the data collected during the investigation. Table 1 displays the results of the integration of SME FRS in the examined countries.

Table 1: The Distribution Of Countries İncluded İn The Study Based On The İntegration Of Small And Medium Enterprises (Smes) With Financial Reporting Standards (FRS).

Integration of SME FRS	n	%
No integration	74	47,7
Integration by parts	69	44,5
Complete integration	12	7,7
Total	**155**	**100,0**

Upon analysing the distribution of SME FRS integration conditions in the surveyed nations, it was found that 47.7% (n = 74) of the countries did not have any integration of SME FRS. On the other hand, 44.5% (n = 69) had some level of integration, while 7.7% (n = 12) had achieved full integration. The stock exchange situation of the countries under inquiry is presented in Table 2.

Table.2 The study examines the distribution of countries based on their stock exchange status.

Stock Exchange	n	%
Yes	45	29,4
No	108	70,6
Total	**153**	**100,0**

A total of 153 countries underwent evaluation due to insufficient access to information regarding the securities markets of the two countries.

Upon analysing the distribution of surveyed countries as securities exchanges, it was discovered that 29.4% (n = 45) of the countries studied lacked a securities stock market, whilst 70.6% (n = 108) did possess one. Table 3 presents the indicators of GDP per capita, educational levels, and levels of foreign direct investment in the assessed nations.

Table 3: The study provides conclusive results regarding the relationship between GDP, educational attainment, and levels of foreign direct investment in the countries under investigation.

Parameters	Min.	Max.	$\bar{x}$	Ss
GDP growth per capita	-15,40	7,00	1,81	3,05
Level of training	0,02	0,95	0,67	0,17
Foreign Direct Investment	-87212,09	139043,48	6788,89	22235,11

The countries analysed in the survey had an average GDP growth per capita of 1.81 ± 3.05. The lowest growth rate seen was -15.40, while the highest growth rate recorded was 7.00. Upon analysing the educational levels of the surveyed countries, it was found that the average level of education was 0.67±0.17. The least level of education observed was 0.02, while the maximum level reached 0.95.

The mean level of foreign direct investment in the examined nations was 6788.89±22235.11, with the lowest level recorded at -87212.09 and the highest level at 139043.48

Table 4: Results of the normality test for the collected data

Parameters Sleekness	Statistic Differentiation	P		x	Median
GDP growth per capita	0,116	0	1,81	2,00	-2,01	8,00
Level of training	0,069	0,001	0,67	0,69	-1,68	-2,02
Foreign Direct Investment	0,325	0	6788,89	1113,41	2,28	14,72

To identify the distribution of the data, we examined the arithmetic averages, medians, abrasions, and pressures. Based on our analysis, we determined that the distribution of the data is non-normal due to the similarity or closeness of the medians and the ratios of abrasion and pressure, which were not within the range of $\pm$ 2. (George,2010) The research provides detailed information on the integration of GDP per capita, education levels, and foreign direct investment levels of the nations evaluated in the SME FRS. These findings are presented in table 5.

Table 5. The study examines the GDP, education levels, and levels of foreign direct investment in the countries under consideration. The study draws definitive conclusions regarding the integration of SME FRS across various countries.

SME FRS	GDP		Level of training		Foreign Direct Investment	
	$\overline{x}$	Ss	$\overline{x}$	ss	$\overline{x}$	ss
No integration	2,00	3,00	0,70	0,19	8077,84	23200,06
Integration by parts	1,60	2,40	0,63	0,16	5407,85	22172,05
Complete integration	2,00	5,80	0,67	0,14	6996,23	17196,83

The study analysed the GDP growth per capita of non-FRS-integrated SME countries. The average growth rates for these countries were 2.00±3.00. In contrast, the partially integrated countries had an average GDP per capita growth of 1.60±2.40. The full-fledged countries had an average per capita growth rate of 2.00±5.80.

Upon analysing the educational levels of countries that were not included in the SME FRS survey, it was found that the average level of education was 0.70 ± 0.19. In comparison, the average educational level of partially integrated countries was 0.63 ± 0.16, while fully integrated countries had an average education level of 0.67 ± 0.014.

The mean level of foreign direct investment in countries not integrated into the FRS was found to be 8077.84±23200.06, whereas that of the integrated nations was 5407.85±22172.05. The fully integrated countries had foreign direct investment levels of 6996.23±17196.83.

4.6. HYPOTHESIS OF THE DEVELOPER
This part of the study includes the findings of the hypotheses studied in the research.
4.7.1. Findings of the First Hypothesis of the Study
The results of Kruskal Wallis H are shown in Table 6 in order to identify the significance of the difference in per capita GDP growth in the surveyed countries between the women's FRS integration groups of the countries studied.

Table 6: Analysis results comparing the integration groups of countries in the Financial Reporting Standards (FRS)

SME FRS	N	$\bar{x}_{line}$	X²	sd	P	Difference
No integration	72	79,31	6,81	2	0,044*	1-3
Integration by parts	65	66,53				2-3
Complete integration	12	95,04				

*p<0.05 1. Group= No integration; 2. Group = Integration by parts; 3. Group = Complete integration.

Assessments were conducted in 149 nations due to the absence of data on per capita GDP growth in 6 countries.

The initial premise of the study was confirmed, as there was a statistically significant disparity between the per capita GDP growth of different nations and the integration states of their SME FRS, with a confidence level of 95% (X²=6.81; p=0.044, p<0.05). The Kruskal-Wallis H test results indicate that the GDP growth per capita in women's FRSs was higher compared to both non-integrating nations (order 95.04) and partially integrated countries ($\bar{x}_{line}$ 66.53), with statistical significance. A Mann Whitney U test was used to compare the groups.

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4.7.2. Findings of the Second Hypothesis of the Study

The significance of the difference between the education levels of the nations questioned and the women's FRS integration categories in the countries analysed was determined using the Kruskal Wallis H test. Table 7 contains the results.

Table 7: Results of Analysis of Differences in Education Levels among SME FRS Integration Groups of Countries

SME FRS	N	$\bar{x}_{line}$	X²	sd	P	Difference
No integration	73	87,23	8,82	2	0,012*	1-2
Integration by parts	67	65,13				1-3
Complete integration	12	74,71				

*p<0.05 1. Group= No integration; 2. Group = Integration by parts; 3. Group = Complete integration.

A total of 152 countries were assessed, as three countries lacked data on their educational attainment.

The second hypothesis of the study was disproven due to a significant negative disparity in the confidence level of 95% between the educational levels of different nations and SME FRS (X²=8.82; p=0.012, p<0.05). The Kruskal-Wallis H test results indicated that the fraction of non-integrating countries ($\bar{x}_{line}$ = 87.23) in the FRS exhibited greater levels of education in comparison to integrating countries (($\bar{x}_{line}$ = 65.13) and fully integrated countries (($\bar{x}_{line}$ = 74.71). A Mann-Whitney U test was conducted to compare the groups.

4.7.3. Findings of the Third Hypothesis of the Study

The Kruskal-Wallis H test results, presented in Table 8, aim to determine the statistical significance of the variations in foreign direct investment levels among the nations included in the survey.

Table 8: Results of an Analysis of Differences in Foreign Direct Investment Levels among Different Groups of Countries Within the FRS Integration.

SME FRS	N	$\bar{x}_{line}$	X²	sd	P	Difference
No integration	72	82,75	3,285	2	72	82,75
Integration by parts	69	69,84			69	69,84
Complete integration	12	83,67			12	83,67

Assessments were conducted in 153 nations, as the two nations lacked access to any data regarding the extent of foreign direct investment.

Upon analysing table 8, it was found that there was no statistically significant disparity, at a 95% confidence level, between the levels of foreign direct investment in different countries and their integration status of small and medium-sized enterprises into the Financial Reporting System (X²=3,285; p=0.193, p>0.05). The study's third hypothesis was disproven.

4.7.3. Findings of the Fourth Hypothesis of the Study

Table 9: Relation Between SME FRS Integration Status and Securities Exchange Status of Countries

SME FRS		Stock Exchange			X²	P
		YES	NO	Total		
No Integration	F	23	49	72	0,452	0,798
	%	31,9	68,1	100,0		
Integration by parts	F	19	50	69		
	%	27,5	72,5	100,0		
Complete integration	F	3	9	12		
	%	25,0	75,0	100,0		

CONCLUSION

The global importance of financial information accuracy cannot be overstated. The UMS/UFRS, which aims to ensure comparability of financial information for public firms, is implemented in numerous nations, either as an obligatory or optional requirement. Nevertheless, the adoption of these standards poses significant financial and operational challenges for small and medium-sized logistics enterprises (SMEs). The SME FRS, which aims to establish a universal set of standards that are more accessible and comparable for small and medium-sized enterprises, has received both favourable and negative reviews since its release. The utilisation of SME FRS is solely determined by the country's own discretion. This is the initial stage of our research, which has been examined using quantitative data. Countries believe that the use of this information may differ based on their respective levels of development.

An analysis has been conducted on the correlation between the integration of the SME FRS and per capita GDP development. This analysis takes into consideration the fact that an economically advanced country is characterised by the implementation of sound financial practices. While SME FRS may not demand the same level of extensive expertise as UMS/UFRS, it nevertheless necessitates training for effective utilisation. An analysis was conducted to examine the association between the level of education and the incorporation of SME FRS. An analysis has been conducted on the correlation between the integration of SME FRS and foreign direct investment. It has been observed that as a country receives a higher level of foreign investment, its financial statements become more similar.

An analysis has been conducted on the correlation between the integration status of small and medium-sized enterprises (SMEs) with Financial Reporting Standards (FRS) and their status as a stock exchange. This analysis is based on the understanding that the presence of a stock exchange in a country enhances the efficiency of its economy, thereby increasing the demand for financial statements that are both comprehensible and comparable.

The analysis results indicate that there was no noticeable disparity between the degree of foreign direct investment and education, except for the per capita GDP variable and the integration status of small and medium-sized enterprises (SMEs) with the Financial Reporting Standards (FRS). Moreover, there is no significant correlation discovered between the classification of SME as a securities exchange and the level of integration of the SME FRS. Therefore, the per capita GDP growth variable alone does not allow us to draw a definitive conclusion that there is a direct correlation between the levels of development of nations and the extent of integration of small and medium-sized enterprises (SMEs) with financial reporting standards (FRS). These data indicate that factors other than only the amount of development may influence the utilisation of SME FRS.

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