

International Accounting Normalization and Harmonization Processes across the World: History and Overview

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Abstract—Based on a literature review, the paper traces the history of the International Accounting normalization, and presents an overview of the harmonization process across different regions of the world.

In a first part we present the circumstances that led to the genesis of the International Accounting Standards Committee (IASC) in 1973, by returning to the evolution of its notoriety, and to the production of its first international accounting standards (IAS). After discussing the replacement of the IASC in 2001 by the International Accounting Standards Committee Foundation (IASCF) and the International Accounting standards Board (IASB), we give details on how the international standards were henceforth called International Financial Reporting Standards (IFRS), due to their new dominating financial aspect.

In the second part of the paper, we discuss the existing differences between developed and developing countries regarding the international accounting harmonization process. After discussing the limits and the advantages of the international accounting harmonization, we raise the issue of financial security in relation to the process of international accounting harmonization.

Keywords — *component; IFRS; harmonization; normalization; overview*

I. INTRODUCTION

Today, the phenomenon of globalization affects almost all areas, and creates a controversy over its effects on the world. In particular, financial globalization, advocated by some, responsible for all the evils for others is at the heart of political and economic debates [1]. Indeed, presented as a multifaceted process, financial globalization is certainly related to the opening of borders between countries of the world, thus promoting trade and investment, and homogenizing the

economic sphere of the world. Moreover, one of the potential virtues of financial globalization is that it connects national economic actors and foreign economic actors, resulting in a beneficial process of exchange of know-how [1].

However, this phenomenon of financial globalization is also often used to explain various phenomena such as crises in emerging economies, tax avoidance or impoverishment of some countries [1]. In this context, in 1996, James Gustave Speth, then General Director of UNDP (United Nations Development Program), had spoken of a "myth to fight, the one that shoes that thanks to the economy globalization, the world would get better under the leadership of fifteen dragons." However, according to [2], adapted to a world where emerging reforms were small labs countries, Speth judgment is no longer relevant in a world where demographic giants like China and India have an accelerated catching up and where so-called emerging countries are being born and are growing.

Thus the World Bank's report on the 2005 economic outlook recommends that countries that have not yet done so to "reposition themselves in the new global environment where innovation and competition are the leitmotif." According to the report, to improve the living conditions of populations out of poverty, the challenge of African countries is to access to the various international markets, especially as Africa continues to suffer from weak integration in the global market.

Also, technically, economists define financial globalization "either as a massive increase in international transactions in financial assets, or as the convergence of identical financial asset prices to a common level in all global markets" [1]. Thus, financial globalization is promoted by any factor leading to lower

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transaction costs in financial markets, such as the development of telecommunication technologies that has been a major factor promoting the growth of international financial transactions. When the cost of telecommunications decreases, the information exchange is stimulated, and thus the mobility of financial capital increases [1].

Analogically, this is also the case of the international accounting harmonization. Indeed, it brings together the efforts of several countries, particularly developed ones, and aims to reduce transaction costs in financial markets, by unifying the accounting language and eliminating the heavy and expensive accounting restatements operations.

Indeed, in a context that favors the globalization of the economy, environment characterized by enlargement of the European Union, the globalization of financial markets, a powerful privatization movement, and a fast development of multinational groups, the role of financial accounting has considerably evolved, and the need to speak the same accounting language is increasingly imposed. Thus, after many years of research and endless reform efforts, the international accounting standards have finally emerged.

II. THE ÉVOLUTION OF INTERNATIONAL ACCOUNTING NORMALISATION

The international accounting standardization process includes mainly the accounting professionals who have tried to create an international body, beyond politicians, to create universal accounting standards.

A. *Genesis of the IASC in 1973*

In fact, it all began when the British Sir Henry Benson, grand-son of one of the four founding brothers Coopers (now PricewaterhouseCoopers), was elected in June 1966 President of the Institute of Chartered Accountants in England and Wales. Upon taking office, Benson expressed his desire to make closer relations with the US and Canadian institutions, a will materialized in February 1967 with the establishment by the three agencies in the three countries of an international accounting Study Group which gradually developed an autonomous body of doctrine [3].

Starting from this work, the International Accounting Standards Committee (IASC) was founded in June 29, 1973, after the signing in London of the IASC creation charter, which is a constituent agreement

between the representatives of national associations of accountants from several countries, namely Germany, Australia, Canada, the United States, France, Ireland, Japan, Mexico, the Netherlands and UK.

At the initiative of the whole project, Henry Benson was the first elected president of the committee that installs its offices in London.

B. *Evolution of the IASC's notoriety (1973-2001)*

The main purpose of the IASC was to produce international reference standards, called International Accounting Standards (IAS), which would facilitate eventual convergence of national standards. Thus in 1975 the IASC issued its first two standards, on the publication of accounting statements (IAS 1), and on the development and presentation of inventories (IAS 2). In the following years, while gaining worldwide notoriety, the IASC has prepared and published a growing number of documents, gradually forming a complete set of rules. In 1989, the committee created and published its conceptual framework for the preparation and presentation of financial statements, which describes the spirit of the standards and the aims of financial statements. It is only from that date that a draft revision of existing IAS began, aiming to limit the options brought in former IAS and to comply with the new framework. This latter is not a standard. In fact, very inspired by the US FASB recommendations, it is a set of goals and basic accounting principles related and intended to help ensure the definition of consistent standards. It also provides guidance to national standards organizations to create and develop national accounting standards. In order to show the importance of the conceptual framework of the IASC, reference [4] states that "without a reference conceptual framework, accounting rules end up looking like cookbooks." Moreover, the conceptual framework has several categories of potential users such as investors, suppliers and other creditors, customers, governments and their agencies, and the public in general. Investors are placed by the IASC at the forefront of potential users; they are the privileged users of financial information.

Finally, it was only in 1998 that the international standard of the IASC has been finalized, as a set of numbered standards; IAS 1 to 39 [3].

Moreover, since its creation, the main problem of the IASC was to group accounting professionals, while this body has no legal power. Indeed, in order to promote the acceptance of IAS in the world, the IASC called for the participation of all countries to try to agree on reference accounting standards. It took almost a decade for this

instance to become progressively recognized as a leading one in accounting normalization. Since its creation in 1973 until 1986, the IASC's first ambition was to push the idea of an international accounting harmonization. So initially the referential was wide enough to convince a majority of states that have a very different culture and accounting normalization. In each standard, there was a wide variety of options. Later, in 1987, the IASC has recognized the necessary evolution of its referential, and the reduction of those options became his priority.

At the same time and progressively, the IASC gained notoriety in the world, which resulted in the occupation in 1990 by the European Commission of a seat as observer on the IASC Board. In addition, in 1999 the European Commission has certified the compatibility of the IAS with the guidelines of the Union, and provided an action plan to promote the implementation of international standards in 2005. Therefore, the European regulation (EC) No 1606/2002, called "IFRS 2005", published on 11 September 2002 in the Official Journal of the European Communities (OJ) (later Official Journal of the European Union or OJEU) mandates the application of IFRS in the consolidated financial statements European companies listed on a regulated market in the EU, for fiscal years beginning on or after 1 January 2005. One year later, in 2003, the European Commission published the EC Regulation No 1725/2003 which adopts almost all standards issued by the IASB (IAS 1 to IAS 41) except IAS 32 and IAS 39.

In addition, over the years, the IASC has obtained the support of two very important international forums, which are the International Organization of Securities Commissions (IOSCO) and the International Federation of Accountants and Auditors (IFAC). Thus in 1995, IOSCO is committed, under certain conditions, to recommend national regulators to accept financial statements prepared according to International Accounting Standards for emissions in the financial markets. Thus, in July 1995, an agreement between IASC and IOSCO has been concluded, which commits the IASC to provide for 1999 a comprehensive set of standards for companies to seek a listing on a foreign financial market without the need for reprocessing, even in the United States. Five years later, on 17 May 2000, there has been a recommendation to all of the world stock market authorities to accept the use of IAS. These events have helped make the IASC standards a reference for international firms and brought countries with different models or not are compatible with these standards to revise their standard model. This has led companies to recognize the benefits of the use of

international accounting standards, although these standards have no legal force and the IASC has no enforcement power to pass its standards.

C. *From the IASC to the IASCF and the IASB in 2001*

Later, after having gradually built a set of standards and developed cooperation with the various players in the financial markets, including accountants organizations and national market regulators, the IASC had in 2001 a change in its legal and operational organization, and became a private foundation based in the United States in the State of Delaware, the International Accounting Standards Committee Foundation (IASCF) with its subsidiary based in London, the International Accounting standards Board (IASB).

So now, the mission of development and adoption of international accounting standards is provided by the IASCF, which entrusts the technical mission to the Executive Board, the IASB. The IASCF is a private, independent organization, composed of two councils: the IASB and the supervisory board (including nineteen members called "trustees"), and two committees: the Advisory Committee (SAC) and Interpretations Committee (IFRIC).

Like its predecessor, the IASB remains a private organization and acts in an international setting. Its members are permanent employees, twelve of them working full-time and fixed-term, and paid by the IASCF foundation. The fourteen members of the IASB are nominated by the members of the Supervisory Board, that are the nineteen trustees representing all stakeholders on issues related to accounting standards (accounting professionals, accounting managers, financial analysts and academics). The IASB members are selected by the trustees on the basis of a set of individual criteria, the main one being technical competence. Nationality is not part of the criteria. In addition, seven members must assume the role of regulatory authorities' correspondents (standard setters) in their respective countries. Thus, it seems obvious that the international standards were originally designed to fit to as many countries.

Moreover, there has been a clear effort to help people of diverse origins. The statutes provide that among the nineteen Trustees, at least six are European, six North Americans and four were from the Asia-Pacific region.

D. From IAS to IFRS

The mission of the IASB is to develop or revise the old IAS and prepare and vote on the new standards, now called international financial reporting standards (IFRS). To do this, the IASB is working with the three other bodies, namely the supervisory board (19 trustees), the IASB's Standards Advisory Committee (SAC) and the International Financial Reporting Interpretations Committee (IFRIC) formerly SIC.

Composed of 49 members, the SAC's role is to advise the IASB on its work program and priorities of the agendas of meetings and consultations. In May 2002, the SAC for example asked the IASB to include in its agenda the study of the specific application of IAS / IFRS for small and medium enterprises and developing countries. As for the IFRIC, it is to interpret the existing body of IASB standards and develop technical positions on specific issues, pending the definition of a final standard.

Thus, from taking office, the IASB tried to update and enrich the goals set by its predecessor the IASC, while retaining the broad outline. Therefore, the reformulation by the IASB in May 2002, of the IASC goals is as follows:

1. Develop in the public interest a single set of accounting standards of high quality, understandable and that can be enforced in the world, imposing the provision in the financial statements and other financial information, high quality information, transparent and comparable, so as to help the various stakeholders in the capital markets worldwide, as well as other users in their economic decision-making;
2. Promote the use and rigorous application of those standards;
3. Move towards the convergence of national accounting standards and international accounting standards for high quality solutions.

In fact, the IASB standards are the cornerstone of international standardization of accounting and financial information, that help minimize the discrepancies between the accounting practices of different countries.

No longer defined as accounting standards (IAS), the international standards became financial reporting ones (IFRS), widening the scope of standardization. The standards' new name shows that they are in communication with the financial markets. Indeed, the change of vocabulary (IAS to IFRS) is not neutral. It reveals a change in the nature of the standards and scope of standardization. Thus, accounting information is now

produced more for the needs of investors than other users. Indeed, the IASC reform shows a will to professionalization, independence and openness of its bodies to preparers, regulators and national standard setters in addition to accounting professionals.

Furthermore, the publication of a standard goes through a process that includes four major steps. First, the IASB asks the technical experts for their opinions on the study of a project. Then, after collecting the proposals made by the technical instances, the IASB publish a "Discussion Document" or "draft statement of principles" (DSOP), to call for comments. Once the opinions, arguments, and comments received, the IASB proposes an "Exposure Draft" on the submitted project to be approved by at least eight votes. Finally, after having considered the different opinions and comments, the IASB issued an IAS, now known as IFRS. Each Board member has one vote. The publication of a standard, an Exposure Draft or SIC or IFRIC interpretation must be approved by at least 8 of the 14 members. Other decisions simply require a majority of the members present at a meeting. Periods during which comments can be made are 90 days for Exposure Drafts and Discussion Papers. This period is 60 days for SIC or IFRIC interpretations. The complete process of developing a standard lasts about 2 years.

Finally, it is clear that the IASB, this private institution created under a British and American aegis, is growing stronger and is now at the center of the global convergence quest [5]. In fact, the IASB has "the ambition to become the global standard setter and to play a major role in the standardization of information for investors, regardless of sector, size and activity of companies, the performed operations, the nature of information and the vectors used "[6].

Today, there is a development and maturity of international accounting standards. Deep changes are taking place in the daily accounting applications. Thus, according to [8], in the coming years, regardless of international and technological avatars, accounting will certainly become more international and more technical.

III. THE INTERNATIONAL ACCOUNTING HARMONIZATION ALL OVER THE WORLD

This deterministic approach in favor of international accounting harmonization has been so successful and so proved salutary and necessary that over the years, the adoption of IFRS has evolved considerably in the world. One hundred countries have chosen to impose to their

companies to use IFRS for their financial reporting in the near future. Moreover, even before the adoption of IFRS for reporting becomes mandatory, many companies around the world had already voluntarily adopted or switched to IFRS [9]. In the European Union, international accounting standards were recorded in 2002 by European Regulation No 1606/2002 and implemented from 1 January 2005 for European companies making public offerings and publishing consolidated financial statements since 1 January 2007 for companies with only listed securities other than shares.

However, the choice of accounting homogenization has not, to date, affected all countries of the world. Indeed, despite the universal consciousness of the challenges of such a globalist Action, several countries remain reluctant and are still applying their local accounting standards to their economic entities.

Moreover, in practice, the harmonization process with international accounting standards faces cultural resistance in the concrete situations of accounting reforms either they are international, national, or even micro-scale level of an economic entity. Thus, the accounting can't be changed without affecting certain social, cultural, institutional variables.

The fact is that the transition to IFRS couldn't be without difficulty for countries that adhere to it. Moreover, given that the international accounting standards come with an Anglo-Saxon tradition, the reform for adoption these standards is even more complicated for countries that are initially impregnated with a continental accounting culture, where changes in IFRS would be even more difficult to assimilate. In fact, by preparing in 2004 the IFRS adoption in the EU starting from 2005 for the consolidated accounts of listed companies, reference [10] evokes the "result of a long way towards harmonization of accounting and financial communications practices." Thus, according to the same author, in the French case, a country with continental accounting tradition, alignment with IFRS is much more than a harmonization, but also "a framework more demanding for information density, and with more broadcasts quality than the French regulatory framework ... in this perspective, a number of more or less discretionary financial publications, and rarely comparable, could disappear under the weight of a put to binding standards."

A. *The differences in international accounting harmonization processes: developed versus developing markets*

Obviously, besides the countries with continental accounting tradition for which it is more difficult to adopt IFRS, this complex process of transition to IFRS is even more in some countries of the world, so-called developing.

Moreover, the most general finding is that the pioneers of adopting IFRS are mostly developed countries.

Of course, this cleavage is neither a strict nor a general rule. Besides, there are many developed countries that have not yet harmonized their financial and accounting system with the international standard while some emerging countries such as China and India took the step and made it very clear that they are in the process of adopting IFRS. The fact is that any change or reform can't be done without difficulties and obstacles, and this is the case for both emerging and developed countries.

Among the countries that have opted for adoption of IFRS, several ones reserve this reform to a particular category of firms that meet specific characteristics, and allow other companies to apply the country's local standards. However, it is clear that the application of two accounting frameworks, local and international standards, within the same country, generates additional costs. Thus, there is the cost of control for the tax administration as well as credit analysts (banks) that must have auditors able to control the financial statements relating to these two frameworks [11]. This is true both for the case of developed countries and emerging countries. Also, regardless of the country's nature, the coexistence of two accounting frameworks, if not properly regulated, can create "standard shopping" opportunities for local economic entities.

Moreover, according to the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) whose main objective is the improvement of accounting information, SMEs requirements regarding accounting standards are quite different from those of big firms and multinational corporations. However, those international standards, basically intended to be universally applicable both by big companies and SMEs, have untested implementing rules that don't face the reality of SMEs. Again, this is not only the problem of emerging countries but also of developed countries, since SMEs make up a large part of the global economic texture.

In fact, the integration of developing markets in the new international accounting system is a topic of conversation since the creation of the International Accounting Standards Committee (IASC), the predecessor of the IASB. The latter has already addressed the issue of whether developing markets should have their own international accounting system to conclude that it was better not to make a distinction [12]. Most public and private companies in developing markets are unlisted SMEs. Therefore, according to the IASB, smaller companies need to adopt a different accounting treatment whether they belong to developed or developing countries. Thus, the IASB has put aside issues related to developing markets [12]. Moreover, the organism itself admits that "the issue of developing markets is just not a part of the IASB's priorities."

So despite the difficulties of integration, this global language which is the international accounting standards is expected to be adopted equally by the two great poles of the world, namely the developed and developing countries. The universal vocation of accounting is supposed to exist and grow, basically by bringing together the basic concepts including both types of countries. According to Jean Hegarty, Director of Financial Management for the region of Europe and Central Asia at the World Bank and Chairman of the Bank's Financial Sector Committee based in Washington, this merger lies mainly with standardization bodies; the aim is to define international standards that would make comparable national accounting systems, without underestimating the importance of the cultural variable [13].

Moreover, it goes without saying that among the factors that developing countries must address to ensure their development and their integration into globalization, while taking into account cultural differences they have with other developed countries, there is accounting, and more generally the national accounting system.

At first glance, accounting and culture have only weak links. Or, accounting gives structure to society. Depending on the firm, accounting and accountants differ. Indeed, it is clear that accounting and accountants do not have the same role in society from one country to another. Today, even as the cultures tend to merge (known example of a Western culture), there are still differences between countries regarding to their bookkeeping and accounting. We talk about cultural accounting differences [8].

Moreover, the problem is that despite efforts made by international organizations working on the

development and improvement of international accounting standards, it seems that the process of development and improvement does not take into account the specificities of emerging markets.

As a reminder, an emerging country is defined as "a developing country that has already overtaken some of the developed countries (e.g. the Asian Newly industrialized Countries: South Korea, Taiwan, Hong Kong, Singapore) or that appears on track to experience the same "success story" (China, India ... to a lesser extent). Those are primarily the economies of Southeast Asia, the countries of Central and Eastern Europe and some Latin American countries, but also Turkey, South Africa ... As there are no clear criteria, we often call "emerging countries" all developing countries with high growth, without further details. "[2]

Today there is an extremely fast growing competence in several areas of emerging countries and a rise of firms from these countries in all sectors. Offshoring to emerging countries are no longer limited to the transfer of activities based on unskilled labor, they touch today: supporting services, design, research and development and especially accounting and finance. Thus, the emerging countries that want to promote the installation of foreign companies in the country are forced to adapt their protectionist policies and be opened to international reforms. In this case, these countries are increasingly interested in the adoption of international accounting standards.

Several studies focused on the adoption of IAS / IFRS in emerging countries. Reference [11] established a review of these studies, distinguishing between those on a group of emerging countries and those that specifically address the case of a given emerging country.

Thus, reference [11] classes studies on the relevance of international standards for emerging countries into two groups; studies performed on a group of emerging countries, including the studies of references [13], [14] and [15]; and studies focused on the case of one given emerging country. These studies include those of [16] on the Egyptian case, [17] in Jordan, [18] in Zimbabwe, [19] in Poland, [20] in Pakistan, [21] in Kazakhstan, and [10], [22] and [23] in Tunisia. These studies have attempted to examine the specific economic and cultural environment in each country to determine the relevance of international accounting standards for each case.

For most of the cited studies, whether they are related to a group of countries, or to a particular country, the hypothesis that international accounting standards

are an appropriate system that facilitates economic growth in emerging countries [24] was empirically validated. However, this hypothesis is valid only for countries that have changed the IAS before adopting them to meet their environmental and local conditions. These results join the affirmation that international standards are not relevant for countries that do not adapt them to their cultural and economic contexts [25].

Also, it is clear from the literature that most of the countries called "emerging market countries" face serious obstacles to the implementation of international accounting standards and therefore wish to find an international solution to their accounting needs.

In fact, besides the universal obstacles for the adoption of international accounting system, it is clear that there are many challenges and constraints specific to emerging countries related to specific contextual characteristics to those countries. Moreover, we know that a growing economic uniformity, by its very nature, goes against the particularities of local specificities of each country, and therefore, in this case, the emerging countries.

Thus, in an interview with CGA Magazine in 2006, Pierre Barnes, a member of the Montreal's Certified Public Accountants, former president of Interamerican Accounting Association (IAA), draws an analogy between the situation of SMEs whose needs in accounting standards are very different from those of big firms, and that of emerging countries whose needs and concerns are quite different from those of developed countries, regarding accounting standards and international harmonization. This analogy was also established by the ISAR group that also showed the big difference between developed and emerging countries to explain the problem of international harmonization in emerging countries.

As a result, in the last few years, the debate around the adoption of IFRS by emerging countries has greatly refined, both in the field of professional accountants, as in that of the research community in accounting.

In fact, according to Colin Fleming, project manager at the IASB and responsible for the development of international standards in countries with emerging markets, four conditions are essential for a given country to "convert" under IFRS, namely: "accounting standards, qualified and independent auditors and accountants, a strict independent and impartial regulatory authority, and a fair government system". If one can easily confirm these conditions in developed

countries, the situation in emerging countries is very different [10].

Indeed, developed countries have regulatory frameworks, skilled professionals and a well-developed accounting infrastructure. For example, in France, the accounting profession has around 500,000 employees in all accounting organizations, including accounting firms and statutory auditors. This is one of the major professions in France by the workforce. This situation is also found in other Western countries, and is accompanied by more intellectual recognition, more social, more moral authority of accounting. The accounting studies in France for example, have experienced the same expansion.

That said, the situation of the accounting discipline is different in emerging countries where the maturity of accounting for the expansion of knowledge and accounting education is just beginning. Thus, several difficulties are faced in these countries. Today in emerging countries, it is easy to see that accounting is not a usual topic in the mainstream press, on television or radio, unlike developed countries where, in recent years, specialized journalists in some newspapers (Le Monde, Le Figaro, Les Echos, La Tribune ...) follow the profession and its developments.

Claire Egan, director of technical training committee of IFAC, considers that in emerging markets, the development of the capacity of the profession, including skills, is a very important issue. The creation, the development and management of a professional body of accountants are essential to the creation of this capacity, in addition to the need to establish an appropriate regulatory framework to govern the accounting profession, and adopt standards with a recognized quality. The implementation, monitoring and enforcement of international standards can be problematic [11].

Yet it is clear that the accounting associations in emerging market countries and the governments of these countries do not have the resources to follow these recommendations. According to Paul Pacter, head of the IASB's project on SMEs, director at the central office of the "International Financial Reporting Standards" and managing partner at Deloitte Touche Tohmatsu in Hong Kong "the accounting organizations from emerging economies have very little staff. They focus more on education, training and prospecting than on the implementation... But that's the nature of the emerging economies; they have many other concerns than the implementation of accounting standards. "

Almost contradictorily to what Paul Pacter says, according to Claire Egan, the major concerns of emerging markets are the lack of a fundamental infrastructure for training that would allow students to meet international standards, the lack of expertise expected from professional accountants, and the lack of regional resources, that is to say, the human intellectual capital and the financial resources for the development of a quality training program that would be recognized internationally. This is often a problem in these countries [11].

Colin Fleming insists on the approximation by ISAR between the situation of emerging countries and SMEs, showing that both for SMEs than for emerging countries, the application of all IAS / IFRS violates the principle benefit / cost. Indeed, the application of these international standards requires human and material resources. Most emerging economic entities do not have the specialized staff nor the necessary technical infrastructure nor the resources required to implement these standards [10]. In other words, having not participated in the process of creating this international framework, and having not been represented at the choices and decisions in international standardization, emerging countries can not logically have, at least in immediate, accountants and professionals, perfectly able to understand and implement, without difficulty, international accounting standards.

In addition, all emerging entities do not see the direct interest of the adoption of international accounting standards. Instead of this, these entities, having usually a conservative accounting culture, and characterized by a greater restriction of disclosure of accounting information in the new system, would see in the new system known primarily by his call for financial transparency, the "informer" able to report their irregularities.

Moreover, sometimes the regulatory authorities of a country claim they want to conform to international standards, as they are themselves changing the rules. In other words, standard-setters in many countries are trying to adopt the IAS / IFRS when drafting their national accounting standards. Yet when you look more closely, many differences exist.

Finally, the efforts of the World Bank and IFAC interested in the concerns of emerging markets regarding international standards, is an important first step in the right direction. However, although some emerging countries have decided to change their laws to incorporate the text of international standards in their

corporate law, lack of infrastructure and qualified accountants makes it missing essential knowledge.

For all these reasons, the actors responsible for accounting standard setting, are facing particularly in emerging countries many difficulties, mostly cultural but also technical, about the international standards adopting.

This is a serious problem, because the lack of application of international standards in emerging countries is expensive for these countries in many ways.

First, when a company established in a country with emerging market prepares and presents its financial statements under the local system of the country, it is not as trusted as a Canadian or American firm, which may have direct consequences like reluctance to investments in emerging markets.

Moreover, given that for some emerging market countries no date is set for adherence to international standards, investors can expect that the flow of international capital continues to be hampered, and the potential of bilateral agreements could be reduced [11].

In other words, if the emerging market countries do not stick or fail to join the unique international accounting system, everyone is likely to be penalized.

Finally, as Waitzer says, it is clear that having international standards is one thing, applying them by everyone is another thing.

B. The limits and advantages of international accounting harmonization

In the end, it is true that we always perceive as a moral satisfaction in seeing accounting designed and practiced universally in the same way [7]. However, according to [11], there is rather a dissatisfaction of professionals of accounting and auditing resulting from the delay in the implementation of desired goals internationally. According to Colin Fleming, "the problem is that we would like to see things change quickly." Unfortunately, the results may be delayed. Fleming added that he had attended meetings where professionals have the best intentions. "Unfortunately, resources are rare and professionals do not see that it takes a lot of time to create the expertise they need. Thus, standards can be written in clear language and have the required documentation for the implementation and training, as long as we do not invest in infrastructure, the best rules in the world are not going to give the desired results."

Indeed, the desire to see a universal accounting is difficult to achieve since there are visible differences between the various countries of the world; these differences are often large enough to prevent understanding between cultures. Moreover, international accounting standards are often criticized for having a too pronounced and not objective type of culture.

However, according to [13], the success of the partnership between the countries involved in international cooperation can't and shouldn't underestimate the importance of cultural variable. Thus, several countries and national standard setters perceive the idea of accounting harmonization as a risk of loss of their national cultures because of the adoption of a system with a generic identity.

So, in order to avoid the risks of globalization, it is necessary to attach importance to the moral aspect of accounting, rather than trying to remove national identities. In other words, the specificities of all countries should be taken into account.

Also, technically, the transition to IFRS is a complex process, which is hard to implement. When adopting IFRS, companies must learn to know a fundamentally different accounting system, to apply more complex accounting standards, to focus more on market value, and to adapt to constant changes in accounting regulations.

Furthermore, in addition to the complexity of IFRS adoption process, it is established that the adoption does not guarantee the validity of the financial information [26]. Several authors accuse the international standards to be at the origin of contemporary financial crises, due to the variety of options they offer to the preparers of financial information. Thus, those standards can be responsible of induced volatility on the result and equity.

Finally, to close the debate on the relevance of international standards for emerging and developed countries, we believe that even if the need for a unique international accounting guideline varies considerably from one country to another, the IFRS should inevitably concern and interest all the countries around the world, for several reasons.

Indeed, following an analysis of the global implications of the accounting harmonization project, [27] concluded that the international accounting harmonization projects provide useful concepts in accounting decision and faithful representation.

Also, according to Ernst & Young, one of the big four, IFRS present a strategic opportunity for all listed companies in the world. Indeed, the international financial markets require international coherence in accounting standards and approaches. Several countries have either already adopted IFRS, or based their local standards on IFRS. Today, many listed companies "reconvert" to IFRS, which is considered by Ernst & Young as the "single most important initiative in the world".

Thus, the existence in the world of different accounting systems causes an evident economic inefficiency. The challenge for the international standards setter is to sensitize countries to the interests of the adoption of IFRS, and to encourage them to think about the possibility of a greater use of IFRS for preparing their financial statements.

In fact, adaptation to IFRS has at least the immediate effect of leverage information. The adoption of an Anglo-Saxon conceptual framework that gives priority to the needs of investors was certainly considered as a panacea for many parties [26].

The first advantage of the international financial harmonization is the advantage of globalization itself. Indeed, whatever is the field, the merits of the phenomenon of globalization are undeniable. In other words, by operating on a global basis, we have a talent selection in the world and we can enrich its organizational culture through knowledge sharing systems.

With these positive factors of globalization, it is not surprising that the global phenomenon, namely in the field of accounting, invade the world. Indeed, the international accounting standards reflect the construction of a world language that other disciplines, such as law or taxation, are far from possessing.

Also among the advantages of the international financial harmonization there is the trust inspired by the financial statements prepared according to international standards compared to those whose preparation is based on local standards, especially if they are emerging countries' standards. Thus, the IFRS are seen as a way to regain confidence in the accounting profession and also in the financial markets, particularly in a volatile economic environment where financial crises are ongoing and where scandals are multiplying. They are also seen as a way to ensure the reliability and comparability of financial statements across countries and jurisdictions.

Therefore, to be part of the global economic and financial sphere, a country, whether developed or emerging, is obliged to match with international rules, and reform its accounting system and move to International Accounting Standards IAS / IFRS.

Of course, while a developed country can by itself ensure the transition to IAS / IFRS, the actors of an emerging one make more effort, and could even possibly need external assistance to carry out and succeed such reform.

C. *International Accounting Harmonization and financial security*

Finally, one cannot understand the evolution of international accounting harmonization without going through the issue of financial security in the world. In fact, the economic and financial world has experienced in the early 21st century, many clashes and financial scandals in several countries and at different times. Subsequently, the immediate local responses that were observed have all converged, more or less, to the same type of reaction. This is, for most countries to strengthen national financial security laws. Particularly for countries with continental accounting model, they react by instituting reforms to harmonize accounting systems, and local audit with international financial reporting standards (IFRS) and International Standards on Auditing (ISA). Obviously IFRS have been criticized and even accused by some of having favored the 2007-2010 financial crisis since they have changed the image and the size of companies that have adopted them, possibly causing unfair investors attraction. However, assuming that the only respect of the spirit of these standards normally promotes financial transparency with greater disclosure and better contribution to the firm valuation, we consider the adoption of the IFRS by a given country as a reinforcement of the financial security.

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