IFRS Adoption and Accounting Quality: A Review

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Abstract

Literature on IFRS adoption by countries concerning high quality, understandable and applicable IFRS in order to be worldwide accepted has generated a pertinent discussion, since the results presented in the literature are not unanimous on the adoption of IFRS and accounting quality. Soderstrom and Sun (2007) analyzed a research published in leading accounting journals selected from 1990's on the consequences of IFRS adoption and found that the determinants of accounting quality after the adoption of these standards are articulated in: quality of the standards; political and judicial system in the country; financial reporting incentives. Based on Soderstrom and Sun (2007) study, this work aims to analyze literature on IFRS adoption and the accounting quality from 2006. In order to achieve this goal, a systematic search of the literature focused on a "Web of Science" database associated with a bibliometric analysis was done, aiming to understand the discussion on IFRS adoption and accounting quality in literature. As a result, it was found that the adoption of IFRS related to the accounting standard factors, political and judicial systems of the countries and the financial reporting incentives discussed by Soderstrom and Sun (2007) to determine the quality of accounting remains persistent. Overall, this analysis concludes that the quality of accounting cannot be evaluated only in terms of IFRS adoption, either on a voluntary or mandatory basis. The results of this study present at least two limitations: The studies on IFRS adoption researched, despite tackling institutional issues, do not show the real complexity of the reality, due to reduce the quality of the social context to the quality of economic rationality; and the alleged quality of standards based on principles is not enough to determine the quality of accounting.

1. Introduction

Literature on IFRS adoption by countries has received academic attention. An interesting discussion regarding this adoption (partial or total change from the national accounting standard to international standard) is the one concerning to high quality, understandable and applicable IFRS to be worldwide accepted, according to the proposal of the International Accounting Standards Board (IASB) (Ball, 2006; IASB, 2005). This discussion becomes even more relevant as the results presented in the literature on IFRS adoption and accounting quality are not unanimous. As in the investigation of Jeanjean and Stolowy (2008, p. 480) that analyzed the effect of the mandatory adoption of IFRS in the quality of earnings, more precisely on performance management, shows that following the standards is not sufficient to create a common language of business. Jeanjean and Stolowy (2008) also state that incentives for management and national institutional factors play an important role forming the characteristics of financial reporting. On the other hand, the investigation of Chen, Tang, Jiang and Lin (2010) shows that an improved accounting quality is attributable to IFRS instead of the change in the management incentives, institutional characteristics of the capital market and business environment in general. In this context, Soderstrom and Sun (2007, p. 695) analyzed the researches that were done on the consequences of changes in the accounting standards (IFRS adoption) and found that the determinants of the accounting quality after the adoption of these standards are articulated in three factors: quality of the standards; political and judicial system in the country; financial reporting incentives. The authors adopted a historical approach and focused on the accounting literature published in leading accounting journals selected in the 1990s. Based on Soderstrom and Sun (2007) study, this paper aims to analyze the literature on the IFRS adoption and accounting quality from the year of 2006, focused on "Web of Science" database, in order to understand how the discussion about the adoption of IFRS and the accounting quality in literature continues. Our assumption is that the relationship between IFRS adoption and accounting quality is not limited to the perspective of economic consequences, as Chen *et al* (2010) state. The accounting system in each country is a cultural, economic history and political product incorporated into each own beliefs, influenced by the way each country interprets and adopts the IFRS standards (Chand & Patel, 2008; Guerreiro, Rodrigues, & Craig, 2011).

This study presents several rationales to be done: First, the research extends Soderstrom and Sun (2007) studies, analyzing articles published after the year 2006, focused on "*Web of Science*" database. Secondly, the present study shows innovation when it is compared to Soderstrom and Sun (2007) study, integrating a bibliometric analysis of the period 2007-2013. The third form of contribution is about the continuity of this paper. This paper presents an analysis of literature, which will be use in following papers, related to interactions between organizations, cultural, political and social environments in which the adoption of IFRS occurs. In this particular case, Brazil will be studied through a systemic perspective, using recursiveness model proposed by Dillard, Rigsby, and Goodman (2004) and applied to the social reality in Portugal by Guerreiro *et al.* (2011).

As previously mentioned, this paper focused on a systematic literature research, on "Web of Science" database, including the topics "adoption of IFRS" and "accounting of quality", from 2007 to 2013. As a result, overall, this analysis concludes that the accounting quality cannot be evaluated only in terms of IFRS adoption, either on a voluntary or mandatory basis. More recently, Ahmed, Neel and Wang (2013) also found that accounting quality declined after mandatory adoption of IFRS, unlike previous studies have shown, highlighting an increase in the quality of accounting after the adoption of IFRS.

Finally, this work was organized as follows: In section 2 is described the literature review, including the reasons for the adoption of IFRS and the determinants of the accounting quality outlined by Soderstrom and Sun (2007) and used in order to guide this analysis; in section 3 the methodology is developed, in section 4 the analysis of the results is presented and, finally in section 5 discussion and conclusion are presented.

2. Literature Review

2.1 IFRS Adoption

IFRS, successors of International Accounting Standards (IAS), were originally developed in the 1970s and 1980s (Soderstrom and Sun, 2007), more specifically after the "foundation of International Accounting Standards Committee (IASC), constituted by the accounting bodies in Australia, Canada, France, Germany, Japan, Mexico, Netherlands, UK, Ireland and the United States "(Aljifri & Khasharmeh, 2006, p. 506), to issue accounting standards that could be accepted globally. Since then, IFRS are applied as standards which:

Reflect economic substance rather than legal form; reflect economic gains and losses in a more timely manner (in some respects, even more than the Generally Accepted Accounting Principles (GAAP) of the United States (U.S.); announce more about the earnings; provide more useful balance sheets; and reduce the historical description of Continental Europe, providing administrators conditions to manipulate provisions, create hidden reserves, gains 'smooth' and hide economic losses from public view "(Ball, 2006, p. 9).

Besides these applications, the adoption of IFRS is also revealing how the standards which promote lower costs in processing information (Beneish & Yohn, 2008), among other resulting effects of financial and commercial transactions by these standards in the global market.

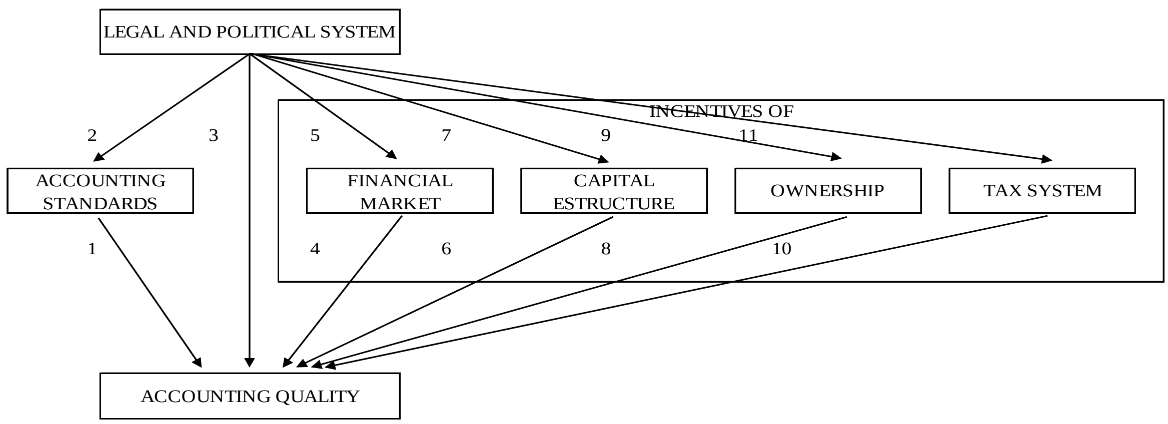
In the 1990s, before IFRS became mandatory, scholars have discussed the specific characteristics of firms that had adopted IFRS voluntarily (Sellhorn & Gassen, 2006). From the 2000s, coinciding with the restructuring of the International Accounting Standards Board (IASB), the successor of IASC, the European Union (EU) decided that the companies with securities admitted to trading on the Stock Market of the European member states should apply IFRS prepare consolidated financial statements, from January 1, 2005 (Armstrong, Barth, Jagolinzer, & Riedl, 2010), which are currently adopted by over 100 countries and regions (Zhang, Uchida & Bu, 2013).

Thus, IFRS emerged in the regulatory environment of international accounting bodies to harmonize internationally the financial accounting information in order to meet the needs and interests of the economic system in the global market (Ball, 2006). In this respect, the literature related to the adoption of IFRS, involves both voluntary as mandatory adoption.

The two types of adoptions are inevitably linked with the increased integration of the world market, consequently are driven by lower cost of information processing and communication (Ball, 2006). In turn, the relationship of costs and benefits of IFRS adoption are the most emblematic issues to legitimize the quality of accounting. In this sense, the study of Soderstrom and Sun (2007) shows that convergence to IFRS is only one of the determinants of accounting quality.

According to the quality of accounting is embraced by the choice of an accounting standard, the political and legal systems of the countries and the incentives of each country, as shown in Figure 1:

Fig. 1: Determinants of Accounting Quality



Source: Adapted from Soderstrom and Sun (2007, p. 688).

As it can be observed in Figure 1, firstly, accounting quality is directly influenced (i) by accounting standards, (ii) legal and political systems of the countries and (iii) incentives. But on the other hand, the political and legal systems are presented in a unique position, because they also influence indirectly the accounting quality, through their own accounting standards, and through the information incentives in each country, such as: financial market development, capital structure, ownership and tax system (Soderstrom & Sun, 2007). In this sense, this paper will lead the next session with the analysis of publications on adoption of IFRS and accounting quality, based on the scheme developed by Soderstrom and Sun (2007), from the year 2006, after the publication period.

2.2 Determinants of Accounting Quality

2.2.1 Accounting Standards

The first factor that Soderstrom and Sun (2007, p. 688) identified as a determinant of the accounting quality is the accounting standard choice (see arrow 1 in Figure 1). To justify this determination, the authors state that: "If IASB continues to improve the quality of IFRS, it is expected that the financial statements prepared under IFRS become increasingly reliable and relevant value." In a more recent study, unlike the study by Soderstrom and Sun (2007), Chen *et al.* (2010) show that the accounting quality is is assigned to IFRS (accounting standards). In this study, the authors used indicators, such as performance management, the magnitude of absolute discretionary accruals and accruals quality, as proxies for the accounting quality and found that most indicators improved accounting quality after IFRS adoption in EU.

More recently, Gebhardt and Novotny-Farkas (2011) analyzed the implications of mandatory IFRS adoption on accounting quality of banks in twelve EU countries, and concluded that the restriction to recognize only incurred losses under IAS 39 significantly reduces the income flexibility. However, this effect is less pronounced in countries with stricter banking supervision, banks which have more dispersed ownership and the EU banks listed in the USA. These factors provide evidence on institutional issues in the formation of the results of financial reports.

In addition, Aubert and Grudnitski (2011) analyzed the impact and importance of mandatory adoption of IFRS in the EU firms (20 industries in 13 European countries). To assess the impact of mandatory adoption of IFRS, significant differences in the return on assets (ROA) were analyzed comparing the two standards (IFRS and local standards (LG)), in terms of the market and the quality of financial reporting. As a final result, the authors point that when different accounting information is reported under IFRS and LG are compared, some differences can be found. However, the quality of discretionary accruals was significantly higher under IFRS than under LG only in firms in Finland, Greece and Sweden.

But the study by Chan, Hsu, and Lee (2013) demonstrates that IFRS improves the transparency and credibility of foreign firms listed in the U.S.A., reduce information costs and risks for U.S. investors.

Evidence suggests that the adoption of IFRS in their country of origin (where there is a larger difference between the previous domestic standards and IFRS) benefit firms that are already listed or are looking to list in the U.S.A.

Meanwhile, Pope and McLeay (2011) provide an academic perspective on the development of EU harmonization project based on IFRS, on the costs and benefits of IFRS adoption in Europe and the research challenges which may arise. The authors argue that the consequences of the IFRS adoption and the quality of IFRS implementation are far from uniform across Europe and they depend on factors, which reflect the incentives of preparers and effectiveness of local application.

Although the publications found for this research is relatively small (see analysis of the results), it is, at least, enough to observe that the relationship between the IFRS adoption and the accounting quality cannot be studied outside the environment in which the firms operate (Miller, 1994), that means, in the environment where the firms develop their economic activities. Likewise, the environment in which firms develop economic activities cannot be independent of the regulatory environment, the values, the community and the roles that make up the structure of society (Parsons, 1974). In fact, indeed, "there is no society (nor can there be no society) in which economic relationships are not subject to the customary and legal rules" (Giddens, 2011, p. 113).

This reality can be observed in the study by Francis, Khurana, Martin, and Pereira (2008) who investigated IAS voluntary adoption and explain that firm factors dominate country factors in the more developed countries, while in less developed countries, country factors dominate the firm factors. Thus, this study proceeds with the analysis in the literature on the influence of political and legal systems of the countries in the accounting quality, according to the predefined schema by Soderstrom and Sun (2007).

2.2.2 The Political and Legal Systems of the Country

The second factor that Soderstrom and Sun (2007) identify as a determinant of accounting quality is the political and legal systems of the country. The political and legal systems of the countries influence indirectly and directly the accounting quality. When Soderstrom and Sun (2007) state about the indirect influence of the political and legal systems of the countries in the accounting quality (see arrow 2 in Figure 1), they state that the definition of the accounting standards itself is a political process, in which the users of accounting such as tax authorities, banks, shareholders, managers and labor unions influence significantly.

This reality can also be seen in the research of Brown and Tarca (2007) which provides a review of the activities of two very different kinds of advice from independent application, the Financial Reporting Review Panel (FRRP) from the UK and the Australian Securities and Investments Commission (ASIC). In this review, Brown and Tarca (2007) describe the activities of these accounting bodies, during the period of 1998-2004, and they show that both accounting bodies,

Beneish and Yohn (2008) evaluating if the IFRS adoption reduces the information processing costs, the investor uncertainty about the financial reporting quality or uncertainty about the distribution of future cash flows, verified that the national determinants, such as investor protection mechanisms, national trends of family shareholders, are stronger than IFRS adoption. In this study, the authors conclude that the global adoption is unlikely to affect local trends.

In this sense, the study by Khurana and Michas (2011) concluded that the local trend of the U.S. investors not only decreases with respect to countries that adopt mandatory IFRS as well as to local trends of U.S. investors is higher after the mandatory adoption of IFRS, with respect to countries with larger differences between IFRS and national accounting standards, as with respect to countries with strong law and legal "common law" system and with respect to countries with greater financial incentive to disseminate high quality financial information. Overall, the results indicate that a common set of accounting standards improve portfolio holdings of U.S. investors and that these investors consider the standard application a key factor for any investments outside the United States.

Consistent with the results of Khurana and Michas (2011), it was also observed the investigation results of Barth, Landsman, Lang, and Williams (2012). In this study, Barth *et al*. (2012) analyzed if IFRS adoption by no American firms results in comparability of accounting with those U.S. companies applying US-GAAP. The authors concluded that the comparability is higher for firms adopting IFRS mandatorily, in high level of execution and common law countries, in recent years. For Barth *et al*. (2012), although the application of IFRS has increased the comparability of financial information with U.S. firms, significant differences remain.

As a rule, the political and legal systems affect indirectly both the accounting quality as, therefore, affect directly the accounting quality, as previously mentioned. Based on this statement, Soderstrom and Sun (2007) developed this factor in their studies. When Soderstrom and Sun (2007) reported to the legal system, they referred to more traditional legal systems, which are the Roman law (code law) and customary law (common law). The Roman law (code law) was developed to allow the government to control the definition and interpretation of the laws (Soderstrom & Sun, 2007), while the customary law (common law) was developed on the basis of customs and traditions (Lopes, 2009). As noted, the main differences of these legal systems are centered at the origin and strength of laws. As it can be frequently observed in literature, which supported this analysis. In this sense, the influence of legal and political systems will be addressed again in the discussion and conclusion of this study, considering that this section refers to the analysis of the direct influence of political and legal systems in the accounting quality.

Soderstrom and Sun (2007) consider that there is a direct influence of political and legal systems (see arrow 3 in Figure 1) in the accounting quality in application of accounting standards and to managers and auditors against litigation. The role of application of the legal system is very important in determining the accounting quality, in particular, after the IFRS adoption (Soderstrom & Sun, 2007). This assertion is reinforced in the studies of Cohen, Krishnamoorthy, Peytcheva, and Wright (2013). These authors consider that the auditors are more likely to restrict aggressive information under principles-based accounting standards (IFRS) than on rules-based accounting standards, both in strong and weak regulatory regime. According to Soderstrom and Sun (2007), the legal system is very important in determining the accounting quality, especially in situations that are not provided by IFRS and need an interpretation of the principles. The political system also affects directly the accounting quality (Soderstrom & Sun, 2007). According to Armstrong *et al.* (2010) IFRS adoption adopted by the EU represented an important milestone for the convergence of financial reporting and further stimulated controversy reaching the highest levels of government.

2.2.3. Financial Information Incentives

The third factor that Soderstrom and Sun (2007) identify as determinants of accounting quality is the financial information incentives. This factor is discussed in several studies and in different ways. In the analysis made by these authors, the financial information incentives consist of financial market development, capital structure, ownership and tax system.

The first financial information incentive which probably affects the accounting quality is the financial market development (see arrow 4 in Figure 1) (Soderstrom & Sun, 2007). The investors' financial information needs make the countries makes countries announce plans to adopt IFRS, instead of the standards that they used to have previously (Brown, 2011). According to Brown (2011) study, it seems relatively clear that the switch to IFRS has had many consequences both in the evaluation of the shares as in the capital markets. In this sense, Daske, Hail, Leuz, and Verdi (2008), evaluating the economic consequences of the information, based on the IFRS, concluded that, on average, market liquidity increases throughout the period of the introduction of the IFRS and emphasize the fundamental importance of the incentives of firm information and the enforcement regime of the countries to reach the quality of financial reporting.

It is important to observe that when Soderstrom and Sun (2007) discuss this factor (financial information incentives), they present that the information incentives are likely to affect directly the accounting quality as well as they are used by political and legal systems to affect indirectly the accounting quality. Actually, the four types of incentives ranked in the scheme developed by Soderstrom and Sun (2007) both are affected by the political and legal systems to determine the accounting quality as they themselves affect the accounting quality. That means, the mandatory IFRS adoption improves the comparability of the financial information across countries. On the other hand, the improvement of the comparability of the financial information among the countries is a result of the firms' institutional environment (financial information incentives) (Yip & Young, 2012).

Because it is important to harmonize this information across market participants, Jiao, Koning, Mertens, and Roosenboom (2012) consider that IFRS adoption improved the quality of the financial reporting and, more specifically, the quality of the results of the firms. In this study, the authors contribute to the literature to understand the effect of using a high quality and uniform accounting language in the use of financial information across financial market participants.

Sharing the same opinion, Bissessur and Hodgson (2012) analyze the stock market synchronicity, after mandatory IFRS adoption in 2005, and they verified that there is a general decrease in synchronicity in the first two post-IFRS years in Australia, followed by a reversion to a significantly higher level in subsequent years. It is noteworthy that in this study, the more synchronicity decreases, the more the confidence and transparency in financial reporting increase, or even show a higher degree of comparability. Zhang *et al.* (2013) show the same perception related to IFRS. These authors infer that the accounting standards are factors that are more important associated to the performance management level. In this particular case, the performance management is affected by the informants' incentives, due to a set of specific accounting standards.

Chalmers, Clinch and Godfrey (2011), through an investigation into the IFRS adoption and the value relevance of financial information for listed firms on the Australian Stock Market, suggest that even for a country classified by the IFRS application, high-quality financial information, protection of strong investors, the IFRS adoption affects the relationship between accounting information and market value.

This discussion on the financial market development as an incentive to determine the accounting quality is also indirectly driven by political and legal systems (see arrow 5 in Figure 1). The studies of Peng eandBewley (2010) assess the feasibility and desirability of a large emerging economy in adopting and implementing fair value accounting (FVA), as codified in IFRS for financial instruments in the Chinese environment. As a result, these authors considered that the benefits desired by Chinese regulators to adopt FVA and converge to IFRS may not be performed due to the fundamental characteristics of the Chinese environment.

The second financial information incentive which affects the accounting quality is the capital structure (see arrow 6 in Figure 1) (Soderstrom & Sun, 2007). Firms with different financial needs have different incentives for financial reporting (Soderstrom & Sun, 2007). In this sense, IFRS is a decision that aims to reduce the asymmetry of information by private firms’ adopters and facilitate contracting with external parties (Francis et al., 2008).

Regarding the IFRS adoption, Sun, Cahan, and Emanuel (2011) analyzed the impact in the quality of the results of U.S. firms. For this purpose, the authors selected foreign firms, listed in the U.S.A., in countries that had already adopted the mandatory IFRS as substitutes of U.S. firms, in order to observe the effect of IFRS adoption in the U.S.A. and applied five standards of quality of the results of the firms. As a result of the study, these authors found small significant differences showing an improvement in the quality of the results by the firms listed in the U.S.A. in relation to the U.S. firms. The authors say these results are surprising, since U.S. GAAP standards are perceived as high quality. Unlike Sun et al. (2011), the investigation of Kabir, Laswad, and Islam (2010) analyzing the impact of the IFRS adoption on the accounts and the quality of results in New Zealand firms, based on data of years 2002-2009, verified that absolute discretionary accruals are significantly higher based on IFRS than GAAP in New Zealand.

The capital structure is also influenced indirectly by the political and legal systems to affect the accounting quality (see arrow 7 in Figure 1). Soderstrom and Sun (2007) refer that countries with high-level creditor protection, the firms are able to obtain bank’s loans at low rates. In countries where government corruption and expropriation is relatively high, contracting between the parties is often completed in parallel to avoid the political and social impact. In these countries, the financial information is used less frequent in order to reduce information asymmetry. In this particular case, the firms prepare different information reporting for the government than the one they prepare for the financial institution. On the other hand, in countries with high protection of investors, the firms are more capable of using the financial information in order to raise capital.

In this sense, the study of Florou and Pope (2012) analyzed if mandatory IFRS adoption leads to an increase in demand of institutional investors for capital. These authors, using a large database of owners covering all kinds of institutional investors from all over the world, find that institutional holdings increase to mandatory IFRS users. Additionally, Florou and Pope (2012) show that the increase in institutional holdings are concentrated in countries where compliance and information incentives are stronger and where the differences between local GAAP and IFRS are relatively high.

The third financial information incentive which affects the accounting quality is the ownership (see arrow 8 in Figure 1) (Soderstrom & Sun, 2007). Firms with concentrated ownership and large differences between cash flow rights and the right of control has fewer incentives for financial reporting (Soderstrom & Sun, 2007).

Hamberg, Mavruk and Sjogren (2013) studied how the no local ownership of the Swedish firms is affected by mandatory IFRS adoption. In this sense, the authors decompose the group of foreign investors, for the analysis, in institutional and non-institutional investors. The foreign investors are further decomposed in investors established in Europe and not established in Europe. As a result, Hamberg *et al.* (2013) find that after mandatory IFRS adoption, the foreign owners from the countries which have adopted IFRS, and particularly those from the EU, increased their investments. Additionally, the authors suggest that the increased of foreign ownership is due to the improved conditions to companies compare instead of improved quality.

Khurana and Michas (2011) analyze if the mandatory IFRS adopted by a country reduces the propensity of U.S. investors for surplus domestic stocks in their portfolio of common stocks (generally referred to as national trends). The authors found that, in average, the local trend in the U.S.A. decrease for the countries that adopt mandatory IFRS, denoting the influence of IFRS adoption for dispensing the concentration of ownership and consequently influencing the accounting quality.

Likewise it is discussed that legal systems can affect earnings quality indirectly through the ownership structures (see arrow 9 in Figure 1) (Soderstrom & Sun, 2007). These authors reported that as countries have a stronger investor protection, the trend is a lowest concentration of ownership. Unlike the study by Soderstrom e Sun (2007), Hamberg *et al.* (2013) consider that the foreign ownership from EU increased in the Swedish firms in concentrated ownership as well as in dispersed ownership after IFRS adoption. Nevertheless, the result of this increase is due to a better ability of the firms in comparing the information under the IFRS standards, since Sweden had strong legal enforcement and low-level management of the results before the adoption of IFRS.

The fourth financial information incentive which affects the accounting quality is the tax system (see arrow 10 in Figure 1) (Soderstrom & Sun, 2007). The authors show three possible ways in which the tax system can affect the accounting quality. The first one is when there is a strong link between accounting income and taxable income, and the results are less likely to reflect the underlying business. Additionally, Morais and Curto (2009) consider that in countries where the taxation and accounting are clearly separated, accounting information is most relevant. The second way, the high tax rate increases the incentive to reduce taxable income. The third way, the tax authorities of countries have authoritarian power to check the firms' profits. Complementing this fourth incentive of financial information, as it was shown in other approaches; the political and legal systems also affect the accounting quality through the tax system (see arrow 11 in Figure 1). Soderstrom and Sun (2007) consider that unlike the role of financial information in code law countries, as a measure of tax payments to the government, the financial information in the financial information in the common law countries reduce the asymmetry firms' information.

3. Methodology

To analyze the literature, a bibliographic research was initially developed in accordance with Lakatos and Marconi (2009), in order to cover the literature already published on the topic of study [...].Its purpose is to put the researcher in direct contact with everything that was written. Based on this bibliographic search, a paper published by Soderstrom and Sun (2007), which is entitled "IFRS Adoption and Accounting Quality: A Review", was studied. Then, from this document, a systematic literature search was performed, using the terms "IFRS Adoption" and "Accounting Quality", both terms in topic fields, with the stipulated period between 2007 and 2013, restricted to quotes "Social Sciences Citation Index" (SSCI) in multidisciplinary database "Web of Science".

After the research, the result found was 59 publications, which were selected according to the following parameters: selection of categories from Web of Science on the theme, selection of the type of document, selection of search area, selection of the language. At the end of these selections, the result was 49 publications that have fitted for the analysis of literature and the bibliometric analysis, based on the model of Soderstrom and Sun (2007), after the year 2006, related to the theme, "IFRS Adoption and Accounting Quality", the subject of this study. According to Saur-Amaral (2010); (Saur-Amaral, 2011), a methodological literature review guarantees the quality of the conceptual model and allows researchers to map effectively the field study and link their research to relevant schools of thought.

After these procedures, for the bibliometric analysis, a universe comprised of 49 publications related to its contents was used.

Then, a database was developed. This database contains the following variables: i) authors of publications; ii) year of publication; iii) types of document: for this study, only papers were selected; iv) research area, only the economic business was selected; v) languages: only articles in English were selected; vi) journal publishing; vii) countries that have published the articles; viii) objectives and conclusions of the articles, ensuring greater safety analysis and disclosure of the results presented.

4. Analysis of Results

Table 1 shows the list of the authors who published more than one article, during the period 2007-2013. It was observed a predominance of authors affiliated to universities in the U.S., followed by universities in Australia, Germany, China, England and New Zealand. This predominance of authors linked to American universities can be a consequence of repeated discussions conducted by Exchange Commission (SEC) of the U.S.A. to incorporate IFRS into the U.S. financial reporting model. Since the formation of the IASB in 2001, SEC leaders have indicated that the logical choice for a single set of accounting standards globally applicable is IFRS issued by IASB. However, in line with other major economies, such as Japan, India and China, by June 2012, the U.S.A. had not yet adopted IFRS (Street, 2012). Although, another important event in the history of the IAS (IFRS predecessors) in the U.S.A., that gained prominence during the period of extreme instability of financial information, in 2001-2001, the emerging and increasingly opinions supporting the accounting standards based on principles, instead of accounting standards based on rules, thus confronting the crisis of financial information around the world (Bhimani, 2008).

Table 1: List of Authors, with more than one Publication, Per Affiliated Universities

Author	Total of publications	% of 49	Universities in which the authors are affiliated
HAIL L	3	61.22%	University of Pennsylvania
LEUZ C	3	61.22%	University of Chicago
BARTH ME	2	40.82%	University Stanford, Graduate School of Business
BROWN P	2	40.82%	Australian School of Business at the University of New South Wales
GEBHARDT G	2	40.82%	Goeth-Universität Frankfurt am Main
JAGOLINZER AD	2	40.82%	Stanford University
LASWAD F	2	40.82%	Massey University
POPE PF	2	40.82%	King’s College London
RIEDL EJ	2	40.82%	Harvard University
SELLHORN T	2	40.82%	WHU - Otto Beisheim School of Management
STREET DL	2	40.82%	University of Dayton
TARCA A	2	40.82%	Business School at the University of Western Australia
YOUNG DQ	2	40.82%	Chinese University of Hohg Kong
Authors	Total of publications	% of 49	

Source: Research database

Table 2 shows the total number of publications surveyed, per year, relating to the 49 articles that were subject of this essay, distributed between the years 2007-2013. It can be noticed that, there was a substantial increase in publications during the period 2009-2013. This growth can be an effect of the *split decision of the European Parliament (2002), by Regulation (EC) No. 1606, which obliged all companies listed on the stock exchange of European member states to adopt IFRS in the preparation of their financial statements, after January 2005. Due to this event, which had a great impact on the capital and financial markets, there was significant growth of publications that hold the determinants and consequences of the decision and the adoption of IFRS by countries (Gassen & Sellhorn, 2006), the investor perception of the potential IFRS adoption in the U.SA. (Joos & Leung, 2013), if IFRS adoption enhances information comparability (Yip & Young, 2012), among other studies.*

Table 2 – Total of Publications per Year

Years of publication	Total of publications	% of 49	Bar Graph
2013	16	32.65%	
2012	12	24.49%	
2011	10	20.40%	
2010	6	12.25%	
2009	2	4.08%	
2008	2	4.08%	
2007	1	2.04%	
Years of publication	Total of publications	% of 49	Bar Graph

Source: Research database

In the rankings of the leading "journals" with publications on the theme "IFRS adoption" and "accounting quality", *Accounting Review* and *Australian Accounting Review* occupy, respectively, the first and second place in the rankings of publications, each of them representing similarly 12.24% of the total publications researched. Accounting Review is a journal published by the American Accounting Association, with a range that covers any subject related to accounting and any research methodology. *Australian Accounting Review* (2014*)* is a prominent journal in Australia which allows deep discussion and critical analysis on the developments which affect professionals who work in all areas of finance, accounting and business. In particular, the most recent volumes include coverage of important issues in accounting, such as public sector accounting change, international standards and auditor independence. In the list of material researched, there are *Accounting Horizons*, *a Accounting and Business Research*, *Accounting and Finance*, *Contemporary Accounting Research*, *European Accounting Review*, *Journal of Accounting Research*, *Australian Journal of Management* and *Journal of Accounting Economics*, representing, 10.20%, 8.16%, 6.12%, 6.12%, 6.12%, 6.12%, 4.08% and 4.08%. Other journals obtained, individually, approximately, 2% of the total number of articles published.

Table 3: Source Titles by Total Publications

Source titles	Total of publications	% of 49	Bar Graph
ACCOUNTING REVIEW	6	12.24%	
AUSTRALIAN ACCOUNTING REVIEW	6	12.24%	
ACCOUNTING HORIZONS	5	10.20%	
ACCOUNTING AND BUSINESS RESEARCH	4	8.16%	
ACCOUNTING AND FINANCE	3	6.12%	
CONTEMPORARY ACCOUNTING RESEARCH	3	6.12%	
EUROPEAN ACCOUNTING REVIEW	3	6.12%	
JOURNAL OF ACCOUNTING RESEARCH	3	6.12%	
AUSTRALIAN JOURNAL OF MANAGEMENT	2	4,08%	
JOURNAL OF ACCOUNTING ECONOMICS	2	4.08%	
Source titles	Total of publications	% of 49	Bar Graph

Source: Research database

The final result of 49 publications obtained using selection criteria categories of "Web of Science", types of document, area of research and English language is detailed in Tables 4, 5, 6 and 7. The total number of publications by category, 89.79% of publications were classified as *Business finance*, followed by *Economics* (8.16%), *Management* (8.16%) and *Business* (6.12%). Among the total number of publications by type of document, by areas of research and language, 100% of publications were articles, in the area of Economic Business in English, respectively.

Table 3 – Total Number of Publications by Categories Web of Science

Categories Web of Science	Total of publications	% of 49	Bar Graph
BUSINESS FINANCE	44	89.79%	
ECONOMICS	4	8.16%	
MANAGEMENT	4	8.16%	
BUSINESS	3	6.12%	
Categories Web of Science	Total of publications	% of 49	Bar Graph

Source: Research database

Table 5 – Total Publications by Document Type

Document type	Total of publications	% of 49	Bar Graph
ARTICLES	49	100.00%	
Document type	Total of publications	% of 49	Bar Graph

Source: Research database

Table 4 – Total Publications by Research Areas

Research áreas	Total of publications	% of 49	Bar Graph
BUSINESS ECONOMICS	49	100.00%	
Research areas	Total of publications	% of 49	Bar Graph

Source: Research database

Table 7 – Total Publications per Language

Languages	Total of publications	% of 49	Bar Graph
ENGLISH	49	100.00%	
Languages	Total of publications	% of 49	Bar Graph

Source: Research database

In the rankings of countries with more than two publications related to "IFRS adoption and accounting quality", the U.S.A. again ranks first in the rankings of publications, according to Table 8. Previously, we presented the rankings of the authors of publications affiliated to universities, where the Hail, and Leuz L, C, occupy first and second place, respectively, with 61.22% of publications, both of American universities. After the U.S.A., Australia (18.37%), China (14.29%), England (12.25%), Canada (10.20%), Germany (10.20%), New Zealand (10.20%), the Netherlands (8.16%) and France (4.08%) present in the rankings of total publications per country within the universe of this study.

Table 8 – Total Publications per Country

Countries / Territories	Total of publications	% of 49	Bar Graph
USA	15	30.61%	
AUSTRALIA	9	18.37%	
PEOPLES R CHINA	7	14.29%	
ENGLAND	6	12.25%	
CANADA	5	10.20%	
GERMANY	5	10.20%	
NEW ZEALAND	5	10.20%	
NETHERLANDS	4	8.16%	
FRANCE	2	4.08%	
Countries / Territories	Total of publications	% of 49	Bar Graph

Source: Research database

5. Discussion and Conclusion

This essay analyzed, systematically, literature on "IFRS adoption and accounting quality" based on the model proposed by Soderstrom and Sun (2007), using a bibliometric analysis, after the year of 2006, on the basis of "Web of Science" database. As a result, it was verified in literature that the IFRS adoption related to the accounting standards, political and judicial systems of the countries and the financial reporting incentives discussed by Soderstrom and Sun (2007) to determine the quality of accounting remains persistent.

With regard to accounting standards, except the investigation of Chen et al. (2010), which states that the improved accounting quality is attributable to IFRS, other investigations strongly support the view that the standards (IFRS) are not sufficient to create a common business language (Jeanjean & Stolowy, 2008), although they have improved both the quality of financial reporting as well as the comparability of financial reporting (Horton, Serafeim, & Serafeim, 2013; Jiao et al, 2012).

Regarding the political and legal systems of the countries, Peng and Bewley (2010) evidence that disputes in China because of the differences between Chinese IFRS and GAAP/2007 threaten the success of the desired benefits, by Chinese regulators, to adopt FVA and converge to IFRS, which may not be realized. Overall, the results are relevant to the current debate on the adoption of IFRS in the U.S. and highlight the importance of convergence for investors.

However, when literature reports the financial reporting incentives which can affect the accounting quality, the results are in unanimous majority that it is necessary to take into account the institutional context in which the company operates (Soderstrom & Sun, 2007). As an example, Florou and Pope (2012) investigation showed that the increased institutional holdings are concentrated in countries where the implementation of information incentives is stronger and where the differences between IFRS and local GAAP are relatively high. Yip and Young (2012) suggest that both the convergence of accounting as the high quality information under IFRS are the likely drivers to improve the comparability of information. In addition, there is evidence that improving the comparability of data across countries is influenced by the institutional environment of firms.

Overall, this analysis allows inferring that the accounting quality cannot be evaluated only in terms of IFRS adoption, either on a voluntary or mandatory basis. More recently, Ahmed *et al.* (2013) also verified that accounting quality declined after mandatory adoption of IFRS, unlike previous studies have shown, highlighting an increase in the accounting quality after IFRS adoption.

Finally, the results showed at least two limitations. The first limitation is about the papers on IFRS adoption researched. Even addressing institutional issues, they do not do justice to the complexity of the reality. These investigations reduce the quality of the social context to the quality of the economic rationality. The second limitation is the alleged quality of principle-based standards is not enough to determine the quality of accounting. These limitations suggest the importance of future research in order to analyze in Brazil, as well as it was investigated in Portugal, the process of IFRS adoption in the social context.

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Appendix 1 - Literature Map

	Authors	Year	Document type	Research area	Language	Publication journal	Publication country	Objective	Conclusions
1	Philip Brown and Ann Tarca	2007	Article	Economic business	English	ABACUS	Australia	To provide an analysis of two very different types of board of national implementation activities, the UK's Financial Reporting Review Panel (FRRP) and the Australian Securities and Investments Commission (ASIC).	The analysis of the cases reveals that, for both councils, approximately half of the activity was linked to issues of measurement and recognition, where interpretation may be crucial. Although they have the potential to differ between countries, they can be mitigated with the participation of both councils in coordinating activities of the international application.
2	Messod D. Beneish and Teri Lombardi Yohn	2008	Article	Economic business	English	Journal of Accounting and Public Policy	USA	To evaluate whether IFRS adoption reduces the cost of information processing or decreases investor uncertainty about the quality of financial reporting and the distribution of future cash flows.	The evaluation concludes that it is unlikely that the global adoption of IFRS affects national trends.
3	Holger Daske, Luzi Hail, Christian Leuz and Rodrigo Verdi	2008	Article	Economic business	English	Journal of Accounting Research	USA	To analyze the economic consequences of mandatory IFRS information around the world. In this purpose, it was analyzed the effects on market liquidity, cost of capital in 26 countries.	We found that, on average, market liquidity during the introduction of IFRS has increased. We also found a decrease in the cost of capital and an increase in the valuation of company stock, but only if we calculate the possibility that the effects occur prior to official adoption. Partitioning our sample, we found that the benefits to the capital markets occur only in countries where firms have incentives to be transparent and where enforcement law is strong, underscoring the central importance of the incentives of firms' information systems and the application of countries for the quality of financial information. Many countries adopting IFRS are concurrent to improve the system of governance and enforcement, which probably confirms our results efforts. Comparing voluntary and mandatory adopters, we found that the effects of capital market are more pronounced for companies that voluntarily change to IFRS, both in the year as they change again later, when IFRS become mandatory.
4	Thomas Jeanjean and Hervé Stolowy	2008	Article	Economic business	English	Journal of Accounting and Public Policy	USA	To analyze the effect of the mandatory introduction of IFRS standards on quality of earnings and more precisely in the management of earnings.	We found that the diffusion of management of earnings has not declined after the introduction of IFRS, however, increased in France. Our results confirm that formed rules are not sufficient to create a common language of business condition. Incentives for management and national institutional factors play an important role shaping the characteristics of financial reporting.
5	Donna L. Street	2008	Article	Economic business	English	Australian Accounting Review	Australia	To present the advantages and disadvantages of the use of IFRS by U.S. companies.	Before taking a decision on the use of IFRS in the United States (U.S.), the Securities and Exchange Commission (SEC) must develop a plan to ensure that the prerequisites for achieving a true global standard are met and that the convergence is continuous. One approach to "adopt" and then "improve" represents the best way forward for the USA.
6	Anna-Maija Lantto and Petri Sahlstrom	2009	Article	Economic business	English	Accounting and Finance	Australia and New Zealand	To investigate the impact of adopting IFRS on key financial indexes.	The results show that the adoption of IFRS changes the magnitude of the main indices of accounting. Furthermore, the literature is extended by showing that the adoption of the rules of fair value accounting and the most stringent requirements in certain accounting issues are the reasons for the observed changes in accounting numbers and financial indicators.
7	Ana Isabel Morais and José Dias Curto	2009	Article	Economic business	English	Australian Accounting Review	Australia	To investigate if the relevance value of listed European companies increased after the mandatory application of IAS / IFRS and how the relevance value of the financial information prepared in accordance with IAS / IFRS is shaped by country-specific factors where they are established.	The results show that the value relevance of financial information during the application of IAS / IFRS mandatory in companies is higher than during the period of application of local accounting standards.
8	Joseph Aharony, Ran Barniv and Haim Falk	2010	Article	Economic business	English	European Accounting Review	United Kingdom	To compare the value relevance of accounting information in 14 European countries in the previous year and in the year of mandatory adoption of IFRS. We focus on three	The results suggest that the adoption of IFRS increased the value relevance of the three accounting items for investors in equity securities in the EU. Association tests support our two hypotheses: (1) in the year before the

								items of accounting information on which the measurements under IFRS are likely to differ considerably from the measurements in national accounting practices in all EU countries before the introduction of international standards: expenditure on goodwill, research and development (R & D) and revaluation of assets.	mandatory adoption of IFRS, the incremental value relevance to investors of the three domestic GAAP-based accounting items was greater in countries where the relevant internal standards were more compatible with IFRS and (2) the larger the deviation of the three items accountingGAAP based domestic values of their corresponding IFRS, the greater the incremental value relevance to investors from the change to IFRS.
9	Christopher S. Armstrong, Mary E. Barth, Alan D. Jagolinzer and Edward J. Riedl	2010	Article	Economic business	English	The Accounting Review	USA	To analyze the reaction of the stock market in Europe in 16 events associated with adoption of IFRS in Europe.	We found a positive reaction incrementally for companies with pre-adoption of lower quality information, which is more pronounced for banks with asymmetric information and pre-adoption largest, consistent with investors expecting the benefits of the quality of conclusive information from the adoption IFRS. We found a incrementally negative reaction of companies domiciled in countries of Roman law (code law), according to investor concerns about the application of IFRS in those countries.
10	Huifa Chen, Qingliang Tang, Yihong Jiang and Zhijun Lin	2010	Article	Economic business	English	Journal of International Financial Management & Accounting	USA	To show that the quality of accounting is assigned to IFRS.	There is less earnings management toward a goal, lower magnitude of absolute discretionary accruals and accruals quality higher. But our results also show that firms engage in more earnings improvement and recognize large losses less timely, in post-IFRS periods. Furthermore, we examined the effects of institutional variables on the quality of financial reporting.
11	Luzi Hail, Christian Leuz and Peter Wysocki	2010	Article	Economic business	English	Accounting Horizons	USA	To develop a conceptual framework for analyzing the potential costs and benefits of IFRS adoption in the United States. Based on the accounting, finance and economics academic literature, we evaluated the potential impact of IFRS adoption on the quality and comparability of the information practices of the U.S., the next effects of the capital market, the potential costs of changing the U.S. GAAP to IFRS. We also discuss the compatibility of IFRS with the legal and regulatory environment of the current U.S., as well as the possible macroeconomic effects of the adoption of IFRS.	The analysis shows that the decision to adopt IFRS mainly involves the cost-benefit ratio of foreign trade between (1) recurring, albeit modest, the benefits of comparability for investors, (2) recurring future costs saved will be largely arising from multinationals and (3) companies transition costs at once supported by all businesses and the U.S. economy as a whole, including those of the adjustment to American institutions.
12	Md Humayun Kabir, Fawzi Laswad and Md Ainul Islam	2010	Article	Economic business	English	Australian Accounting Review	Australia	To examine the impact of adopting IFRS on the quality of earnings and accounts of New Zealand companies.	The analysis of IFRS adjustments to prior period on the pre-IFRS NZ GAAP reveals that the total assets, total liabilities and net income were significantly higher on IFRS than pre-IFRS NZ GAAP. Income and capital were increased by about IFRS adjustments of goodwill and other intangible assets and property investments; and decreased by adjustments of employee benefits and share-based payments.
13	Peng, S. L. and K. Bewley	2010	Article	Economic business	English	Accounting Auditing & Accountability Journal		To assess the feasibility and convenience of a large emerging economy to adopt and to implement the fair value accounting (FVA), as codified in IFRS, by studying the recent experience of China.	The results reveal a high level of adoption of IFRS in FVA GAAP/2007 of China for financial instruments, but many differences for investments in non-financial long term. The defining of standards that justify this divergence occurs by fundamental characteristics of the Chinese environment. The differences resulting from the IFRS standards GAAP/2007 FVA and its implementation challenge the official statement of "substantial convergence" between FVA GAAP/2007 and IFRS. Thus, the desired benefits by Chinese regulators to adopt FVA and converge international accounting to IFRS may not be realized.
14	T. J. Atwood, Michael S. Drake, James N. Myers and Linda A. Myers	2011	Article	Economic business	English	Journal of Accounting and Public Policy	USA	To analyze ifthe persistence of earnings and the association between current accounting earnings and future cash flows differ in corporate information under IFRS, in the information of the companies under U.S. GAAP and in the information of the companies under rules of non-American accounting.	We found that the positive gains of the information under IFRS are no more or less persistent than the information of earnings under U.S. GAAP, but the information losses under IFRS are less persistent than the information losses under U.S. GAAP. Furthermore, we find that the information of earnings under IFRS are no more or less persistent or are more or less associated with future cash flows than information of earnings under rules of non-US accounts. However, we

									found that the information of earnings under U.S. GAAP is more associated with future cash flows than information of earnings under IFRS.
15	François Aubert and Gary Grudnitski	2011	Article	Economic business	English	Journal of International Financial Management & Accounting	USA	To analyze the impact and importance of mandatory IFRS adoption on EU companies.	Defining the impact in terms of market and quality of financial reporting, we found a statistically significant relationship between accounting information and market returns for firms in the sample combined in all countries through 3,530 observations and the countries of Belgium, Finland, France Greece, Italy, Netherlands, Norway, Sweden and the United Kingdom. In short, the quality of discretionary additions was shown to be significantly higher on IFRS than LG for firms in Finland, Greece and Sweden.
16	Philip Brown	2011	Article	Economic business	English	Accounting and Business Research	United Kingdom	To analyze the benefits of IFRS adoption by countries.	It seems relatively clear that the move to IFRS has had many consequences for both the evaluation of the actions and of the capital markets in general. Although there will always be winners and losers resulting from the change in accounting standards, if only because of its distributional effects, no doubt, some consequences are considered by firms and investors beneficial in general.
17	Keryn Chalmers, Greg Clinch and Jayne M Godfrey	2011	Article	Economic business	English	Australian Journal of Management	Australia	To investigate whether the adoption of IFRS increases the value relevance of accounting information for companies listed on the Australian Stock Exchange Value.	We found that the gains become values that are more significant while the book value of equity does not. This impact is concentrated in sub-samples of industrial, large and small that tell a reconciliation of accounting IFRS-GAAP on adoption of IFRS. Consequently, with increasing the value relevance of earnings, earnings also become more persistent around IFRS adoption.
18	Günther Gebhardt and Zoltan Novotny-Farkas	2011	Article	Economic business	English	Journal of Business Finance & Accounting	USA	To analyze the implications of mandatory IFRS adoption on accounting quality of banks in 12 EU countries. Specifically, we analyze how the change in the recognition and measurement of items of major banks operating allowance and the allowance for loan losses affect behavior, facilitating revenue and losses are recognized in a timely manner.	We found that the restriction to recognize only the losses incurred under IAS 39 significantly reduces the flexibility of the income. This effect is less pronounced in countries with stricter banking supervision, dispersed ownership of banks and EU listed banks in the USA. This provides further evidence of institutional issues in the formation of the results of financial reports. Moreover, the application of the approach of losses results in less timely recognition of losses on loans involving delayed recognition of expected future losses.
19	Inder K. Khurana and Paul N. Michas	2011	Article	Economic business	English	Accounting Horizons	USA	To examine whether mandatory IFRS adoption at the country level reduces domestic shares in excess of the available U.S. investors in their portfolio of common stocks (generally referred to as national trends).	We find that, on average, the local U.S. trend decreases for countries that adopt IFRS mandatory, after controlling for fixed effects in each country. We also found that the reduction of local trends for the U.S. after the mandatory adoption of IFRS is higher for countries with larger differences between IFRS and their national accounting standards for countries with a stricter rule of law, a legal source common law and in countries with greater incentives to report high quality financial information.
20	Peter F. Pope and Stuart J. McLeay	2011	Article	Economic business	English	Accounting and Business Research	United Kingdom	To provide an academic perspective on the development of EU harmonization project based on IFRS, on the costs and benefits of IFRS adoption in Europe and the research challenges that may emerge.	The results on the effects of IFRS adoption and quality of implementation are far from uniform across Europe and depend on factors that reflect incentives of preparers and the effectiveness of local application.
21	Jerry Sun, Steven F. Cahan and David Emanuel	2011	Article	Economic business	English	Accounting Horizons	USA	To examine the impact of IFRS adoption on the quality of earnings of foreign companies listed in the U.S. from countries that have already adopted IFRS on a mandatory basis.	We found that the difference in the quality of earnings from the pre to the post-IFRS is no different for listed companies and related companies when the quality of earnings is measured by the absolute discretionary accruals, by the timely recognition of losses, or by a coefficient of response of long-term gains. However, for the incidence of small positive earnings and earnings persistence, we found few significant differences, indicating that the adoption of IFRS has led to an improvement in the quality of earnings for companies listed on the corresponding companies.
22	Shyam Sunder	2011	Article	Economic business	English	Accounting and Business Research	United Kingdom	To analyze the consequences of the process through which IFRS are created and can be implemented as a set ofmonopolistic rules for the world.	The links between improved financial reporting, better markets and better economy in society are debatable, but remain poorly understood. The adoption of IFRS for the set of available alternatives can improve relations,

									but not granting them monopoly status.
23	Hongping Tan, Shiheng Wang and Michael Welker	2011	Article	Economic business	English	Journal of Accounting Research	USA	To investigate how the accounting harmonization affects a particular group of users of financial analysts of financial statements.	We find that mandatory IFRS adoption attracts foreign analysts, especially those from countries that are simultaneously adopting IFRS together with the countries converged companies and those with experience in IFRS earlier. We also find that mandatory IFRS adoption improves forecast accuracy of foreign analysts. The change in analyst following increases with the distance between the previous local GAAP and IFRS and the extent to which the adoption of IFRS eliminates the GAAP differences between country and the country of the company's analyst. IFRS adoption also attracts more local analysts, particularly those with experience in IFRS earlier and with an international portfolio before the adoption of IFRS required in their country of origin. The accuracy of the forecasts of local analysts is not affected by the adoption of IFRS.
24	Mary E. Barth, Wayne R. Landsman, Mark Lang and Christopher	2012	Article	Economic business	English	Journal of Accounting & Economics	USA	To examine whether the application of IFRS by non-US companies results in accounting amounts comparable with those U.S. companies that apply U.S. GAAP.	Comparability is greater for firms that mandatorily adopt IFRS in countries with high application and common law in recent years. Uniformity in earnings, quality of accruals and opportunity are the potential factors for greater comparability. Although the application of IFRS has increased the comparability of financial information with U.S. companies, significant differences remain.
25	Sanjay Bissessur and Allan Hodgson	2012	Article	Economic business	English	Accounting and Finance	Australia and New Zealand	To investigate how the mandatory adoption of IFRS in 2005 affected the flow of information to investors in Australia.	We developed and tested three theoretical models on the impact of IFRS and we found a general decrease in synchronicity in the first two post-IFRS years, followed by a reversion to a significantly higher level in subsequent years. Moreover, the tests reveal fewer errors in the provision of post-IFRS earnings by analysts.
26	Julie Cotter, Ann Tarca and Marvin Wee	2012	Article	Economic business	English	Accounting and Finance	Australia and New Zealand	To explore the impact of IFRS adoption on the properties of analysts' forecasts and the role of the company's disclosure on the impact of IFRS.	We find that the accuracy of analysts' forecasts improved and there is no significant change in dispersion in the year of adoption, suggesting that analysts have dealt effectively with the transition to IFRS. However, we did not observe the expected relationship between the impact of IFRS on companies disclosed in their financial statements issued at the end of the transition year, with forecast error and dispersion in the year of adoption.
27	Banu Durukan, Serdar Ozkan and Fatih Dalkilic	2012	Article	Economic business	English	Journal of Business Economics and Management	United Kingdom	To investigate the turnover of CEOs and the relationship of corporate performance as a measure of effectiveness of a system of corporate governance. The impact of different regimes of financial accounting in turnover ratio performance is also analyzed.	The results provide evidence that corporate governance systems with characteristics of poor governance can not be ineffective due to the existence of alternative governance mechanisms. The CEO turnover is disciplined found to be more strongly associated with firm performance compared with the voluntary turnover of CEO, while the sub-sample of IFRS the relationship is stronger with measures of contemporary performance.
28	Annita Florou and Peter F. Pope	2012	Article	Economic business	English	The Accounting Review	USA	To examine whether the mandatory introduction of IFRS leads to an increase in demand from institutional investors for capital.	The results show that institutional holdings increase with the mandatory IFRS adopters. Changes in interests are concentrated around the events of the annual reports, at first. In the second point, it is documented that the positive effects of IFRS institutional holdings are concentrated among investors whose orientation and style suggest that they are more likely to benefit from the higher quality of financial statements, including active, value and large investors. These results are consistent with the changes in holdings being associated with the change in the system of financial reporting.
29	Gebhardt, G.	2012	Article	Economic business	English	Accounting and Business Research	USA	To provide new evidence about the significance of financial instruments for non-financial companies in the STOXX Europe 600 Index.	The results, in particular, refute the myths that the fair value measurement of financial instruments is widespread and that many fair value measurements are quality "level 3" problem. Empirical evidence forms the basis for a survey of the small amount of existing data on the effects of accounting standards for financial instruments in non-financial companies' research. This survey covers research on the effects of risk management, volatility of cash flows and earnings,

									management of results and the effects on the user decisions. Both the empirical sections as the sections of the research identify a number of areas for further research to overcome the bad current state of knowledge.
30	Tao Jiao, Miriam Koning, Gerard Mertens and Peter Roosenboom	2012	Article	Economic business	English	International Review of Financial Analysis	USA	To analyze the effect of mandatory IFRS adoption on the ability of financial analysts to translate the financial information with information on future prospects. In particular, we investigate whether the change to IFRS has an impact on (1) the ability of analysts to forecast earnings accurately and (2) the agreement among analysts considering the expected gains.	We found the increased accuracy of prediction and the agreement among analysts about expected gains after the change to IFRS. Overall, our results are consistent with the notion that the adoption of IFRS improved the quality of financial reporting and, more specifically, the quality of earnings.
31	Jeong-Bom Kim, Xiaohong Liu and Liu Zheng	2012	Article	Economic business	English	The Accounting Review	USA	To analyze the impact of adopting IFRS on audit fees.	We find that mandatory adoption of IFRS has led to an increase in audit fees. We also find that the reward of audit fees related to IFRS increases with increasing complexity of the audit brought by the adoption of IFRS and decreases with improving the quality of financial statements arising from the adoption of IFRS.
32	Neslihan Ozkan, Zvi Singer and Haifeng You	2012	Article	Economic business	English	Journal of Accounting Research	USA	To examine how the mandatory adoption of IFRS in continental Europe affects the contractual usefulness of accounting information in executive compensation, both in the sensitivity of the performance reflected payment (PPS) as in the assessment of the relative performance (RPE).	Empirical evidence indicates a weak increase in PPS-based accounting in the post-adoption period, mainly driven by countries with large differences between IFRS and their local accounting standards previously adopted. We also documented a significant increase in RPE based on accounts using foreign peers after adoption. Further analysis shows that the increase of the EPR is higher for larger foreign sales companies and those with lower pairs of domestic evaluation of comparable size.
33	Donna L Street	2012	Article	Economic business	English	Australian Accounting Review	Australia	To provide an overview of the convergence efforts of the IASB and FASB.	The conclusion asks the SEC to make a decision and set a date for adoption of IFRS in the USA. Otherwise, the SEC will have effectively abandoned its goal of a single set of global accounting standards of high quality.
34	Kath Trewavas, Nives Botica Redmayne and Fawzi Laswad	2012	Article	Economic business	English	Australian Accounting Review	Australia	To analyze the impact of the adoption of IFRS in New Zealand in the financial statements of public sector entities. We analyze and compare the notes to reconciliation between IFRS and GAAP New Zealand IFRS pre-recorded in the first IFRS annual reports of all public sector entities in New Zealand.	The results indicate that there were some significant increases in assets and liabilities, and significant reductions in total equity in some sub-sectors of the public sector. The main causes of these changes were the recognition of employee entitlements (IAS 19) and the recognition of derivative financial instruments (IAS 39) for many public sector entities, as well as the revaluation of deferred taxation for commercial enterprises in the public sector (IAS 12). In addition, public sector entities make many reclassifications between elements of current and non-current financial statements, which do not impact on the aggregate balances of the balance sheet entities.
35	Rita W. Y. Yip and Danqing Young	2012	Article	Economic business	English	The Accounting Review	USA	To examine whether the mandatory adoption of IFRS in the European Union significantly improves the comparability of information in 17 European countries.	The results suggest that mandatory IFRS adoption improves the comparability of data across countries, making things look like more of the same, without making different things appear less different.
36	Nicholas Apergis, Sofia Eleftheriou and James E. Payne	2013	Article	Economic business	English	Ecological Economics	USA	To analyze the impact of spending on research and development (R & D) in the emission of carbon dioxide (CO_2), before and under the mandatory adoption of IFRS, in the company level within the manufacturing sectors of three European countries: Germany, France and UK.	The results show that in the period of mandatory post-IFRS adoption, spending on R & D show a reduction in CO_2 emissions by companies, ie, increase the reduction of CO_2.
37	Bertin, M. J. and J. T. A. Moya	2013	Article	Economic business	English	Academia-Revista Latino-americana De Administracio n		To examine whether the adoption of IFRS accounting standards in the Chilean capital market affects the conservatism of earnings of companies that adopt them.	The results show that the conservatism of the conditional earnings is more pronounced under the requirements of IFRS and suggest that the use of IFRS improves the relevance and reliability of reported accounting information.
38	Ulf Bruggemann, Jörg-Markus Hitz and Thorsten Sellhorm	2013	Article	Economic business	English	European Accounting Review	United Kingdom	To discuss the empirical evidence on the economic consequences of the adoption of IFRS in the European Union (EU) and to provide suggestions on how future research can add to our understanding of these	We conclude that both intentional and unintentional consequences deserve further analysis to assess the costs and benefits of adopting IFRS mandatory and provide specific directions for future research.

								effects.	
39	Chan, A. L. C., et al.	2013	Article	Economic business	English	Accounting Horizons	USA	To examine whether the mandatory adoption of IFRS affects the classification (evaluation) of credits from foreign firms cross-listed in the USA.	We found highly significant classifications of credits among listed firms after IFRS. Moreover, this effect is more pronounced among those companies in countries where there is a greater difference between the previous national standards and IFRS and the countries that had weaker legal enforcement and investor protection before the transition. Our results are in accordance with IFRS to improve the transparency and credibility of foreign companies listed in the U.S., reducing their information costs and risks for U.S. investors.
40	Chen Chen, Danqing Young and Zili Zhuang	2013	Article	Economic business	English	The Accounting Review	USA	To analyze the externalities of mandatory IFRS adoption on the efficiency of companies' investments in 17 European countries.	We found the largest surplus effect of differences in ROA companies against their foreign counterparts in increasing the efficiency of the investments of the firms after IFRS adoption. We also found that disclosure increased for both foreign and domestic peers after the adoption of IFRS has a larger surplus effect on the efficiency of companies' investments. Moreover, changes in investment by their differences induced by ROA against foreign companies pairs are most relevant values after the adoption of IFRS and those induced enhanced disclosure by foreign counterparts under IFRS are relevant value.
41	Young-Soo Choi, Ken Peasnell and Joao Toniato	2013	Article	Economic business	English	Journal of Business Finance & Accounting	USA	To investigate the effects of the introduction of IFRS in the relative information content of reported earnings and expected profits under the generally accepted accounting principles (GAAP) of the United Kingdom and IFRS.	The results indicate that the relevancy value of the expected profit is significantly lower under IFRS, while the value relevance of reported earnings is significantly higher. These results suggest that information of relevance price, replaced by IFRS, previously provided to the market as analysts' prediction with codification of information by companies in their reported earnings.
42	Jeffrey R. Cohen, Ganesh Krishnamoorthy, Marieta Peytcheva and Arnold M. Wright	2013	Article	Economic business	English	Accounting Horizons	USA	To know if the adoption of a principles-based approach, as IFRS, will ultimately result in higher quality financial reporting.	We found, as expected, that auditors are more likely to restrict aggressive accounting information under principles-based standards than under rules-based standards, in both stronger and weaker regulatory regimes. Importantly, from a public policy perspective, the results indicate that the judgments of auditors under standards-based principles, regardless of the strength of the system of financial regulation leads to more conservative information compared with those principles based on rules, together with a scheme for stronger financial regulation, which is the way the U.S. environment is often characterized.
43	Mattias Hamberg, Taylan Mavruk and Stefan Sjögren	2013	Article	Economic business	English	Journal of International Money and Finance	USA	To examine the hypothesis of familiarity of national trend by studying how foreign ownership of Swedish companies are affected by the mandatory adoption of IFRS.	We find that after the mandatory adoption of IFRS, the properties / owners of foreign countries that have adopted IFRS and in particular EU countries increased. These effects are particularly strong in small businesses. Foreign institutional investors increased their shareholding after the mandatory adoption of IFRS, while the non-institutional foreign investments were not significantly affected by the adoption of IFRS. In contrast to the owners of non-adopters countries, owners of both companies in the EU have increased more as fewer tangible assets. Likewise, the EU increased foreign ownership in firms with concentrated ownership both as scattered property after adoption.
44	Joanne Horton, George Serafim and Ioanna Serageim	2013	Article	Economic business	English	Contemporary Accounting Research	Canada	To evaluate the effects of mandatory IFRS adoption in the the enterprise information environment.	We find that after the mandatory adoption of IFRS the consensus of forecast errors decreased for companies that have to adopt IFRS relative to forecast errors of other companies. We also found that the forecast errors for voluntary adopters decreased, but this effect is smaller and is not robust. Furthermore, we show that the magnitude of the reduction of forecast errors are associated with the specific differences between the local company GAAP and IFRS. This result suggests that it is the adoption of IFRS, rather than a correlated unobservable factor that is causing the decrease of the forecast errors. Exploring the data at the level of individual analysts and isolating the places where most

									analysts would benefit from any increased comparability or higher quality information, we found that the improvement in the information environment is driven both by information as to the effect of comparability.
45	Philip P. M Joos and Edith Leung	2013	Article	Economic business	English	The Accounting Review	USA	To assess whether investors perceive the change to IFRS as advantageous or expensive.	Our results suggest that investors' reaction to the adoption of IFRS is more positive in cases where IFRS are expected to bring the benefits of convergence. Our results also indicate a less positive market reaction for firms with higher litigation risk, which is consistent with investors' concerns about the greatest discretion and less guidance in IFRS implementation for these companies.
46	P. C. Liao, Ann Ling Ching Chan and Jia-Lang Seng	2013	Article	Economic business	English	Industrial Management & Data Systems	United Kingdom	To investigate the association between the level of disclosure of intellectual capital and the mandatory adoption of IFRS.	This study reports that the overall accuracy of the application of information retrieval is up to 782 percent. The disclosures of items of intellectual capital are closely associated with the adoption of IFRS. The results suggest that in older or larger companies, the disclosures of intellectual capital increase in the post-adoption period. Overall, the results confirm that firms in the high technology sector are associated with a greater level of disclosure after the mandatory adoption of IFRS.
47	Warwick Stent, Michael Bradbury and Jill Hoooks	2013	Article	Economic business	English	Australian Accounting Review	Australia	To investigate what discretionary narrative disclosures reveal about the attitudes and responses of firms to the adoption of IFRS.	The results reveal that the extent of such disclosures is limited, despite material differences to the balance sheet information caused by the adoption of IFRS. As this reflects the importance that companies attach to the adoption of IFRS, these results are contrary to previous literature suggesting that the adoption of IFRS is a significant event in the history of accounting with important potential consequences for the capital market and the quality of accounting information. Applying the oriented analysis for the meanings, we find that the importance of the adoption of IFRS is a more dominant issue and the specific descriptions of the impact of IFRS on the financial statements are more prevalent than general and vague descriptions. Evaluative comments on the consequences of the adoption of IFRS are predominantly negative. The adopters (volunteers) provide approximately twice the narrative disclosure of mandatory adopters, providing much more information about the importance and impact of IFRS. There are, however, significant differences between voluntary and mandatory with respect to the evaluation comments adopters.
48	Arnt Verriest, Ann Gaeremynck and Daniel B. Thornton	2013	Article	Economic business	English	European Accounting Review	United Kingdom	To investigate the association between the strength of corporate governance and the choices of European listed companies regarding the adoption of IFRS in 2005.	The heterogeneity companies have both compliance and quality of disclosure; some companies do not even meet the minimum requirements of disclosures. The regression results show that firms with stronger governance disclose more information, more completely fulfilled and use provisions dealt with in IAS 39 less opportunistic. These results are relevant to accountants, managers and regulators in countries that adopt brief IFRS.
49	Yuyang Zhang, Konari Uchida and Hua Bu	2013	Article	Economic business	English	Emerging Markets Review	USA	To analyze how the accounting standards and incentives for informants affect the management of earnings.	We found that the introduction of NAS significantly increased the results management. Although we do not find evidence that the SSSR directly decreased the results management of medium-sized enterprises, the increase in results management around the introduction of NAS is negatively related to the reduction in non-tradable shares. These results suggest that accounting standards are the most important factors associated with the level of results management. Incentives for informants affect the management of results given a specific set of accounting standards.