LUND UNIVERSITY
School of Economics and Management

Choice of accounting framework from a stakeholder and disclosure perspective

A study of large unlisted Swedish groups choice between adopting the national regulation K3 or international regulation IFRS (K4)

by

Aleksander Saga

Gustav Svensson

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Abstract

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Authors:
Aleksander Saga and Gustav Svensson
Supervisors:
Amanda Sonnerfeldt and Peter W. Jönsson
Key words:
Accounting choice, Accounting framework, Stakeholder perspective, Disclosure perspective, Information demand. Unlisted groups.
Purpose:
The purpose of this study is to, from a stakeholder and disclosure perspective, describe and analyze factors which might influence the choice of accounting framework for large Swedish unlisted groups.
Methodology:
The methodology applied in this study is based on a quantitative and deductive approach. The empirical material is analyzed by using the statistical methods Pearson's chi-square test, Fisher's exact test and Logistic regression.
Theoretical framework:
This study is based on two theories, stakeholder theory and institutional theory, as well as previous research primarily in the research field of voluntary choice of accounting framework.
Empirical foundation:
The empirical findings were collected through a web survey sent out to 578 Swedish unlisted parent companies, out of which the CEOs and CFOs of 175 groups answered the survey. These 175 responses make up the empirical foundation in this thesis.
Conclusions:
Based on statistically significant findings this study concludes that owners' information demands in terms of disclosures influence the choice of accounting framework. Particularly owners in K4 groups have a statistically significant influence since a majority of the K4 groups have experienced some degree of influence by the owners. Further the study concludes that K4 groups are characterized by foreign owner and foreign financier represented in their majority owner and majority financier respectively in a higher degree than K3 groups.

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1 Introduction

1.1 Background

Today the existence of both national and international accounting frameworks may complicate the choice for companies when facing the possibility to choose between them. This immediately raises the question, why do companies choose to adopt national or international standards? In accordance to Bassemir (2011) answering this question is important given the debate of financial reporting practices in unlisted companies. Further, in the last decades the need for comparable and more harmonized accounting has increased around the world (Marton, Lumsden, Lundqvist & Pettersson, 2012), which arguably pours water on the mill to choose international standards. An international initiative towards comparable and more harmonized accounting are International Financial Reporting Standards (IFRS) (Marton et al., 2012), which have been adopted and allowed in 140 countries (IFRS, 2015a). Since 2005 all companies whose securities are traded in a regulated market, for instance publicly listed companies, in the European Union (EU) have been required to adopt IFRS in the preparation of consolidated statements (IFRS, 2015b), however, far from all companies are listed at a stock exchange. The unlisted companies who voluntarily adopt IFRS improve the relationship to the outside stakeholders who rely on high quality accounting information (Matonti & Iuliano, 2012). However, unlisted companies are still dependent on the national accounting regulation, and since these companies tend to be many and in accordance to Bassemir (2011) of economic importance, the choice of accounting framework is arguably an interesting topic.

A country with recent changes in the national accounting regulation for unlisted companies is Sweden. Since 2004 the Swedish governmental expert body, Bokföringsnämnden (BFN), has worked with the development of the national regulation project, the K-frameworks, which consist of four categories, K1, K2, K3 (based on IFRS for SMEs) and K4 (K4 is the same as IFRS) (BFN, 2015a). K1 and K2 are simplifications of K3 which is the main framework, and exists in order to decrease the burden of smaller companies (BFN, 2015a). Smaller companies are those that are not larger companies (SFS 1995:1554, ÅRL, 1 Kap 3§ p.5), and a large company is defined as in the last two years having met more than one of the following requirements:

- More than 50 employees,
- More than 40 million SEK in total assets, or
- More than 80 million SEK in annual net sales.

<div align="right">(SFS 1995:1554, ÅRL, 1 Kap, 3§ p.4)</div>

K1 and K2 are rule based frameworks which differ from K3 and K4 which are principle based frameworks with the opportunity to interpret the standards (Grönlund, Tagesson & Öhman, 2013). In accordance to the requirement by EU all the Swedish publicly listed companies have been required to adopt K4 in the preparation of consolidated statements, while all the larger unlisted companies after 31 December 2013 are required to adopt K3, but have the opportunity to voluntarily adopt K4 in the preparation of consolidated statements. Despite the recently required adoption of K3, future choices will still occur between adopting K3 or voluntarily adopt K4 since:

- Groups have the opportunity to change between K3 and K4 or vice versa even after the first initial adoption, and
- Newly established groups have to decide to adopt K3, or voluntarily adopt K4

1.2 Problem discussion

Given the background of the choice between adopting K3 or K4, which is a choice between adopting a national framework or voluntarily adopt an international framework, the following question arise: are there any framework specific differences in K3 and K4 which might influence the choice? According to Drefeldt and Törning (2013) the perhaps biggest material difference between the frameworks are the different requirements of disclosures, and due to this, disclosures gets the main focus in this research. A more detailed review of the difference in disclosure requirements is outside the scope of this thesis, however, disclosures are an important part of the accounting process and represent all information in addition to the information in the balance sheet and income statement (Marton, 2013). Disclosures makes the reports from companies richer on information (FAR Akademi, 2015) and could be both mandatory and voluntary (Marton, 2013), of which especially the voluntary disclosures gives the reader

additional tools to understand what a company is doing (Yuen, Zhang & Lyu, 2009). The use of disclosures is considered as an important strategy in managing different stakeholders which have different demands of disclosures (Deegan, 2013). Different expectations from various stakeholders influence the company's disclosure policies (Deegan, 2013). Since K4 requires so much information in terms of disclosures, namely around 3000 disclosures (Drefeldt & Törning, 2013), it makes the framework significantly more comprehensive compared to K3 (Strid, 2013). The difference might be one of the main issues groups face when having to decide whether to adopt a framework with less disclosures and less connection to the international accounting 'language', or adopt a framework with more disclosures and which speak the international accounting language.

Adoption of IFRS represents a commitment to make more disclosures than would be required under national accounting standards (Cuijpers & Buijink, 2005), which is consistent with the Swedish context and choice between K3 and K4. Due to the recent publication of K3 there is a lack in previous research of disclosures prepared in accordance with K3 which makes it difficult to make a comparison of disclosures prepared in accordance with K4. However, previous research of IFRS has shown the benefits of adopting an international framework. One advantage of adopting IFRS instead of the national accounting regulation is that it generally leads to more accurate, comprehensive and timely financial statement information than the national accounting regulation it replaces (Ball, 2006). Kim and Shi (2012) argues that proponents of IFRS claims that voluntary adoption of IFRS improves disclosure quality which among other things enhancing the comparability and transparency in the financial statements. Further, voluntary adoption of IFRS is also found as a way for large companies to demonstrate social fitness which increases its prestige as well as a way to respond to institutional pressures towards more transparency and higher quality in the financial statements (Guerreiro, Rodrigues & Craig, 2012). Institutional pressures from stakeholders may influence the groups to adopt certain accounting practices, and this could be one factor for voluntarily adopting a framework which includes more disclosures. Groups may according to Deegan (2013) be influenced by different stakeholders who they want to be legitimate towards and due to this the choice could be a matter of legitimacy. One way of proving that the social norms and values are upheld is through disclosures (Chan, Watson & Woodliff, 2014).

Thus, what is known about disclosures and more specifically stakeholders demand of information in terms of disclosures as an influencing factor in the choice of accounting framework? In table 1.1 below previous research in different contexts of the concept 'choice of accounting framework' have been summarized. In the table 1.1 different contexts, focus of research, analyzed sample, analyzed factors, and lastly factors concluded to influence the choice are presented.

Previous research	Senyigit (2014)	Matonti and Iuliano (2012)	Bassemir (2012)	Lilja, Malmgren & Sjöberg (2006)	Johansson & Karlsson (2013)
Research context	Turkish	Italian	German	Swedish	Swedish
Research focus	Voluntary adoption of IFRS	Voluntary adoption of IFRS	Voluntary adoption of IFRS	Choice between K3 and K4	Choice between RR 1-29 and K4
Analyzed sample	206 listed firms, between years 2003-2005	206 private firms, year 2009	3365 private groups, between years 1998-2009	190 private firms, year 2006	214 private groups, year 2011
Analyzed factors	Audit firm, International exposure, Leverage, Firm size & Industry	Firm size, Ownership structure, Leverage, Subsidiary status, Legal form of firm, Audit firm & Industry	Leverage, Growth, Age, External financing need, Ownership structure, Firm size, International exposure, Industry, Audit firm, Capital intensity & Profitability	Industry, Audit firm, Listed parent company, Group affiliation, International trade, Firm size, RR Recommendations, Leverage, Media exposure & Bonus	Ownership structure, Bonus payments, Leverage, Foreign revenues, Firm size, Industry & Audit firm
Influencing factors	Firm size, International exposure & Audit firm ("big four")	Dispersed ownership, Foreign shareholders, Leverage & Subsidiaries with a parent company adopting IFRS	Leverage, Growth opportunity, External financing source, Firm size, International exposure & Audit firm ("big five")	Compensation based on profits, Company size & Parent companies listed on stock exchange	Bonus for CEO linked to profit, Foreign ownership, Foreign revenues & Audit firm ("big four")

Table 1.1 Summary of previous research in choice of frameworks

The previous research in the Swedish context covering the choice between the accounting frameworks RR 1-29, K3 and K4, has focused on the period before K3s publication in 8th of June 2012 and before the requirement to adopt the framework after the 31st of December 2013. Therefore these findings might not be appropriate to describe the choice between K3 and K4.

However, the factors in the previous research presented in Table 1.1 may arguably be useable to at a general level describe influencing factors in the choice between K3 and K4. However, both in a Swedish and international context there has been a lack in research of stakeholders demands of information in terms of disclosures as an influencing factor in the choice of accounting framework. Based on this gap in the research field of choice of accounting framework the following research question has been developed:

Which factors, from a stakeholder and disclosure perspective, influence the choice between the accounting frameworks K3 and K4 (IFRS)?

1.3 Purpose and implications

The purpose of this study is to, from a stakeholder and disclosure perspective, describe and analyze factors which might influence the choice of accounting framework for large Swedish unlisted groups.

Further, the study aims to contribute with theoretical implications to the research landscape in two different ways. Firstly, it will contribute to the general theory of why unlisted groups voluntarily adopt IFRS (K4), though limited to the Swedish context. The findings will further contribute with a new perspective in the research landscape of voluntarily adoption of IFRS (K4) due to the lack of research of stakeholders as an influencing factor. Secondly, it will also contribute with new theory of why large Swedish unlisted groups chose to adopt K3 or K4 in the preparation of consolidated statements. Finally, the study also aims to contribute with practical implications since the characteristics of groups adopting K3 and K4 will be described. This may be usable for group facing the choice between K3 and K4 in the future, since the strategies and vision of the group can be compared to the findings of this research.

1.4 Limitations

As were presented in table 1.1 several factors has been analyzed in previous research, which all might influence the choice between K3 and K4. However, some of the factors have less connection to the purpose than other, and due to the limited resources and timeframe for this

study it is not feasible to investigate all factors. Arguably it is more important to use the resources and time to fill the research gap and contribute with a new perspective of influencing factors to the theory, than strengthen or discard previous research. Therefore, the research is limited to focus on some stakeholders such as customers, suppliers, creditors, owners, and their demands of information in terms of disclosures. Further limitations will be discussed in the methodology chapter 4.

2. Swedish accounting frameworks K3 and K4 (IFRS)

2.1 K3

BFNAR 2012:1 Annual reports and consolidated statements is the full name of K3, which is the main framework for companies required to make annual reports in accordance with ÅRL (Drefeldt & Törning, 2013). According to Drefeldt and Törning (2013, p.21) the K3 framework *"is written for the consolidated statements"*, and one of the starting points for BFN in the development of the K3 framework was IFRS for SMEs (BFN, 2015a). This was then adapted to the Swedish context by considering the national laws, existing standards and accounting practices (BFN, 2015a). BFN also made simplifications of the standards as compared to IFRS for SMEs (Drefeldt & Törning, 2013). Because of the connection between K3 and IFRS for SMEs a short description of IFRS for SMEs and the adaptation of K3 will be described below.

The initiative by the International Accounting Standards Board (IASB) to simplify full IFRS for unlisted companies boiled down to IFRS for SMEs, which was published in 2009 (Nobes & Parker, 2012; Drefeldt & Törning, 2013). The simplified framework contains only 10 percent of the total page number of full IFRS (Drefeldt & Törning, 2013). However, the first draft of the framework was criticized for making the adopters too dependent on knowledge of full IFRS as the framework contained too many references to it (Drefeldt & Törning, 2013). The effect of this could have forced the small and medium sized unlisted enterprises into adopting full IFRS (Drefeldt & Törning, 2013). Thus, in order for the framework to gain acceptance, IASB was forced to change it so that it could stand on its own (Drefeldt & Törning, 2013). The standards in IFRS for SMEs will not be changed every time a standard is changed in full IFRS, instead the

IASB will make changes every third year if necessary and in accordance with Drefeldt and Törning (2013) this will happen sometime during 2015.

The fact that IFRS for SMEs were one of the starting points in the development of K3 means that there are certain similarities between them. However, according to Drefeldt and Törning (2013) it would be wrong to say that the K3 framework is a Swedish version of IFRS for SMEs. The K3 framework is still its own framework independent from IFRS for SMEs even if the structure and layout of the chapters are similar (Grönlund et al., 2013; KPMG, 2012). The main adaptation of K3 was according to Drefeldt and Törning (2013) the one to the national laws, such as the taxation law and ÅRL since BFN in the development of the K3 framework were not allowed to write rules which broke the rules in ÅRL.

2.2 K4 (IFRS)

The K4 framework is the same as EU adopted IFRS, which in turn is full IFRS adapted to European law (IAS, 2015). For a long time accounting around the world has been regulated at the national level which has resulted in significant differences from country to country (Marton et al., 2012). IFRS is an initiative by IASB towards reducing these differences, increase the comparability and harmonize the accounting at an international level. Harmonization is in accordance to Marton et al. (2012) about reducing the accounting differences between countries, and according to Nobes and Parker (2012, p. 80) harmonization is defined as *"a process of increasing the compatibility of accounting practices by setting bounds to their degree of variation"*. Seay (2014) argues that having one common set of accounting standards would lead to an increased understanding of companies financial reports in the international context. IFRS is increasingly being adopted in countries around the world, and have today been adopted and allowed in 140 countries (IFRS, 2015a). According to Palea (2013) the trend toward IFRS as a single set of globally accepted standards is clear and strong. Sweden has, and will continue in the future to be influenced by the international changes (Grönlund et al., 2013).

Further, the K4 framework in Sweden is not allowed to be adopted in the company's own statements since it is restricted to the consolidated statements (BFN, 2014). Both publicly listed and unlisted groups who adopting K4 are according to BFN (2014) further required to adopt the

recommendation RFR 1 in the preparation of consolidated statements. This is because of BFNAR 2012:3 paragraph 1, which states that companies adopting IFRS in their consolidated statements shall also adopt the recommendations in RFR 1, which consists of complementary accounting principles for group accounting. The additional information required by RFR 1 includes additional disclosure requirements which are required by ÅRL in the consolidated statements (IFRS, 2013). The purpose of the RFR 1 recommendation is therefore to give guidance concerning the additional disclosure requirements in ÅRL which is not required in IFRS (RFR 1, 2015). The parent companies in K4 groups have to adopt the RFR 2 recommendation in the preparation of financial statements, which is heavily influenced by full IFRS (RFR 2, 2015), whereas the subsidiaries in K4 groups could choose between RFR 2, K3 or K2. However, that choice is outside the scope of this thesis.

3. Theoretical framework

Due to the material difference in the disclosure requirement in the frameworks, the choice between K3 and K4 may be seen as a strategic decision. In a strategic decision process the organization according to Harrison (1996) takes the external environment and the relations of the organization into consideration. In the continuing parts of this chapter accounting choice theories and previous research concerning why companies make different accounting choices depending on the external environment and relations are presented. The stakeholder and institutional theory together with previous research will provide a basis for the development of the hypotheses tested in this the research.

3.1 Accounting choice theories

3.1.1 Stakeholder theory

The term stakeholder has had different definitions in previous research. One of the first definitions defined a stakeholder as *"those groups without whose support the organization would cease to exist"* (Stanford Memo, 1963 as cited by Mitchell, Agle & Wood, 1997). A later definition of the term describes a stakeholder as *"any group or individual who can affect or is affected by the achievement of the organization's objectives"* (Freeman, 1984, p 46). Due to the definitions a company can have a large number of stakeholders from a wide range of groups.

Further, according to Deegan (2013) stakeholder theory generally focus on different stakeholder groups within society rather than the society in general as described in legitimacy theory. This means that instead of having one 'social contract' with society in general as described in legitimacy theory, a company can have several ones with different stakeholder groups since the different stakeholder groups may differ in their view of how the company should be run (Deegan, 2013).

Further, the stakeholder theory consists of two different branches, where one is called the ethical branch and the other is called the managerial branch (Deegan, 2013). In the ethical branch stakeholder power is irrelevant as all stakeholder groups should be treated fairly (Deegan, 2013), and due to this the ethical branch is irrelevant for this thesis and will thus be left out. The managerial branch on the other hand concerns differences in stakeholder power and how these more powerful groups can use this power to influence the company to live up to their expectations (Deegan, 2013). Within this branch it is assumed that stakeholders will affect companies institutional policies, such as disclosure policies in ranging degrees, as the powerful ones have more say in their decisions (Bailey et al., 2000; Burh, 2002). This creates power differences between different stakeholder groups, and as Mitchell et al. (1997) argues this confirms the position of Ullman (1985) who argued that the stakeholders influence comes from the degree of power that they hold over the essential resources which the company needs in order to succeed in their operations. This will according to Mitchell et al. (1997) affect how important the stakeholder is to the managers of the firm.

Power is however according to Mitchell et al.'s (1997) model only one attribute out of three that are taken into consideration when defining who and what that really counts, and whom or what that will get attention. The other two attributes are urgency and legitimacy. Mitchell et al. (1997) also differentiate between groups that have different kinds of claims on the firms, namely legal, moral or presumed claims, and groups that have an actual ability to influence the firm's behavior or direction. Groups with the ability of influence the firm have actual power over the company regardless if they have valid claims or not, and if they want to press their claims or not (Mitchell et al., 1997). Claimants on the other hand may have either legitimate or illegitimate claims on the firm, and may or may not have influencing power (Mitchell et al., 1997). The power and

legitimacy attributes differ from each other and thus one attribute can exist without the other, even if they sometimes can overlap (Mitchell et al, 1997). Groups with influencing power can in fact disrupt the firm's operations so much that legitimate claims cannot be met and even to threaten the survival of the firm, and thus it is important to recognize that some claims may be more legitimate than others (Mitchell et al., 1997). Both power and legitimacy should be evaluated by the urgency of the claims, where urgency is explained as whether the claims should receive immediate attention or not (Mitchell et al., 1997). This said, the stakeholder which hold the power to either reward or punish the firm are expected to receive manager attention and salience, defined as *"the degree to which managers give priority to competing stakeholder claims"* (Mitchell et al., 1997, p. 854). Salience is an important factor when identifying stakeholders (Mitchell et al., 1997). However, even if the identification of stakeholders is reliable, it is still the manager's experience that determines which stakeholder that is salient and gets attention (Mitchell et al., 1997).

Based on the discussion and previous research certain stakeholders are being identified as powerful and important, were some are of particular interest in this thesis and displayed in table 3.1 below.
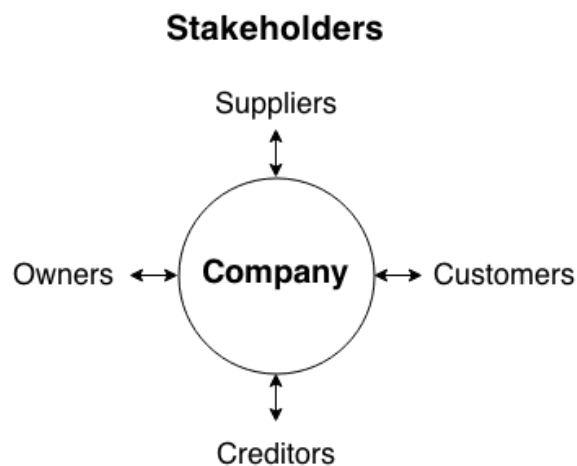
Figure 3.1 Stakeholders (own illustration). Creditors (Deegan, 2013; Mitchell et al., 1997); Suppliers (Deegan, 2013; Freeman, 1984; Mitchell et al., 1997); Customers (Deegan, 2013; Freeman, 1984; Mitchell et al., 1997); and Owners (Deegan, 2013; Mitchell et al., 1997).

Deegan (2013) argues that stakeholder groups may have significantly different demands of information, and that it is impossible to satisfy all their needs in a single financial report. Powerful stakeholders could have a real impact on the end result in financial reports (Deegan, 2013). If different stakeholder groups have different demands the success lays in how well the company satisfies these different demands (Ullman, 1985).

3.1.2 Institutional theory

Institutional theory can generally be said to explain why organizations within the same field tend to develop the same characteristics and form (Larrinaga, 2007). Institutional theory is similar to legitimacy theory, but it takes a broader perspective on how companies can bring legitimacy to the company (Deegan, 2013). According to Deegan (2013) institutional theory can provide a complementary perspective to stakeholder theory, and may therefore give additional insights into how companies respond to a changing environment in terms of social and institutional pressures. Among other things the theory provides a link between reporting practices and societal values and the company's need to maintain its legitimacy. According to Larrinaga (2007) powerful stakeholder groups can influence both the reporting structure and the practices which the firm adopts through the company's attempts to follow what is considered 'normal' by these groups or society at large. If they do not adapt, they may risk losing legitimacy. Institutional theory consists of two major branches, decoupling and isomorphism (Deegan, 2013). Decoupling implies that there is a difference between what the organization is perceived as doing and what they are actually doing (Deegan, 2013), though this theoretical branch is outside the scope of the purpose and therefore will be left out. Further, isomorphism is according to DiMaggio and Powell (1983, p. 149) defined as *"a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions"*, and if the 'unit' does not take after the other units they may lose legitimacy. Further, there are generally three forms of isomorphic processes, namely, coercive-, mimetic- and normative isomorphism (DiMaggio & Powell, 1983).

The first isomorphic process, coercive isomorphism, could be seen as pressures from other organizations which an organization is dependent on, and might therefore feel forced to change (DiMaggio & Powell, 1983). Pressures could be both formal and informal, for instance formal

pressures are laws and regulation, while informal pressures are rituals of conformity and norms (DiMaggio & Powell, 1983). In this thesis the informal pressures are of particular interest, since stakeholders who an organization is dependent on, might indirectly force the group to adopt a certain accounting framework through the group's desire to follow the norms and be seen as legitimate by the stakeholders. Coercive isomorphism thus stems from either political influence or issues of legitimacy (DiMaggio & Powell, 1983). According to Tuttle and Dillard (2007) coercive isomorphism arises from asymmetric power relationships and change is imposed on the companies by powerful stakeholders. Tuttle and Dillard (2007) further argue that the main motivation behind the conformance with the stakeholders' pressures stems from legitimacy concerns and given that the stakeholder group has enough power, the company will change its processes. The second isomorphic process, mimetic isomorphism, occurs according to DiMaggio & Powell (1983) when companies try to copy or improve other companies' institutional practices in order to gain a competitive advantage in terms of legitimacy. If companies stray too far away from the rest of the group they may be punished in terms of losing legitimacy. According to DiMaggio and Powell (1983), mimetic isomorphism is a result of responses to uncertainty, and therefore it may be especially common when companies are facing uncertainty. The third and last isomorphic process, normative isomorphism, is a process in which particular group norms pressure the organization to adopt certain institutional practices (DiMaggio & Powell, 1983). Managers can be pressured to adopt certain institutional practices by developed culture and working practices within their workplace (DiMaggio & Powell, 1983). However, since this thesis is focused on stakeholders and particularly their demand of disclosures normative isomorphism falls outside the scope of this thesis.

3.2 Hypotheses deduced from accounting choice theories and previous research

3.2.1 International trade

International trade arguably plays an important role in Sweden, based on the facts that the export and import were 45% and 40% of the total GDP respectively in 2014 (Ekonomifakta, 2015). Swedish companies are becoming increasingly more international (Tillväxtverket, 2015), and since the Swedish market is small in many areas, companies are dependent on internationalization (Dagens Industri, 2015). The general trend of increasing international trade

and economic exchange has become a problem when comparing financial information from companies in different countries (Marton et al., 2012). The problem has become evident for stakeholders such as trading partners, and according to Marton et al. (2012) the need for comparative accounting is increasing. Lack of comparability has negative implications for businesses when they want to assess their strategically important foreign stakeholders, for instance trading partners and competitors (Hill, 2014). According to Seay (2014) there has been a movement dating back almost 40 years towards establishing one set of global accounting standards with the goal to facilitate both international trade and investments, where the former being of particular interest here. In further previous research a two way relationship seems to exist between international trade and the adoption of international standards. Both since it has been concluded that companies with foreign revenues are more likely to voluntarily adopt international standards as IFRS (Tarca, 2004; Senyigit, 2014; Bassemir, 2012; Johansson & Karlsson, 2013), and since according to Márquez-Ramos (2011) adopting a high-quality set of standards like IFRS encourages international trade. Further, Jermakowicz and Gornik-Tomaszewski (2006) argues that adoption of IFRS reduce accounting differences which reduce impediments in cross-border trading. Thus it would be reasonable to argue that groups with sales and purchasing in terms of exports and imports would choose the international framework K4 instead of K3. Based on the discussion the following two hypotheses have been developed:

H1a: Groups that choose K4 have higher levels of exports in terms of sales than K3 groups

H1b: Groups that choose K4 have higher levels of imports in terms of purchasing than K3 groups

3.2.2 Ownership structure

The ownership structure has in previous research been concluded as an influencing factor of the choice of accounting framework (Matonti & Iuliano, 2012; Johansson & Karlsson, 2013). According to Dhaliwal, Salamon and Smith (1982) accounting choice is dependent on whether the owners and managers are separated or the same person. The ownership structure is generally divided into two groups, either concentrated, which is characterized by controlling blockholders and lower disclosure and transparency standards, or dispersed, which is characterized by rigorous disclosure and transparency standards (Coffee, 2005). The different groups of owners can be

seen as either insiders or outsiders (Nobes & Parker, 2012), where insiders are associated with concentrated ownership and outsiders with dispersed ownership. Some characteristics of an insider are often that they have access to the internal information (Cormier, Magnan & Van Velthoven, 2005), have some involvement in the day-to-day management, and are knowledgeable about the operations (Nagar, Petroni & Wolfenzon, 2011). In the opposite way some characteristics of an outsider are often that they are dependent on the external information since they lack access the internal information (Nobes & Parker, 2012). The ownership structure in Sweden is arguably similar to the continental European one which is dominated by concentrated ownership structures (Nobes & Parker, 2012), and therefore Swedish groups might be dominated by insiders. Due to the unequal access to information the demand of information in terms of disclosures might be distinguished depending on to what degree the owners are involved in the management or not. Information asymmetry occurs when the owners and managers are separated (Deegan, 2013) and one important source to reduce asymmetry is the reported information provided by the company (Watts & Zimmerman, 1978). A signal from the management that they act in the interest of the owners can be via disclosures in the reported information (Broberg, Tageson & Collin, 2010). Based on the discussion about insiders and outsider and their potential difference in demand of information in terms of disclosures the following hypothesis has been developed:

H2a: Groups with outside owners as the majority owner adopt K4 in a higher degree than K3

Further, the ownership structure may consist of both domestic and foreign owners. Foreign ownership very likely involves information asymmetry (Adrem, 1999) since it is more costly for foreign owners to be knowledgeable about the national accounting regulation compared to domestic owners (Francis, Khurana, Martin & Pereira, 2008). The foreign owners have to rely on that the accounting is credible (Matonti & Iuliano, 2012) and a way to signal accounting credibility and financial transparency is through voluntary adoption of IFRS (Francis et al., 2008). Disclosures increase the transparency (Ball, 2006; Seay, 2014) and reduce information asymmetry (Watts & Zimmerman, 1978), therefore due to the material difference in the level of disclosures in K3 and K4 may groups with foreign owners choose K4. Based on this discussion the following hypothesis has been developed:

H2b: Groups with foreign owners represented in the majority owners adopting K4 in a higher degree than K3

3.2.3 Financing source

Companies around the world have different capital providers such as owners and banks, where banks are often one of the most important (Kim, Tsui & Yi, 2011). Sweden arguably belongs to the continental European context where banks traditionally have played an important role as a capital provider (Nobes & Parker, 2012). The information from companies, both in the form of income statements, balance sheets and disclosures, is critical for capital providers decision making, and in accordance with Hill (2014) it is important to point out that accounting information is the language in which the company communicates to its capital providers. The demands of disclosures differ between different capital providers, and companies who heavily rely on debt from banks generally have less disclosures compared to companies who are more dependent of equity from owners (Perotti & Von Thadden, 2005). It differs mainly since banks can collect the information directly by monitoring the company (Perotti & Von Thadden, 2005) that is needed to gain information about the company's repayment capacity, which is their major interest (Deegan, 2013). Based on the discussion the following hypothesis has been developed:

H3a: Groups with owners as the majority financier adopt K4 in a higher degree than K3

Further, in addition to whether the majority financiers are banks or owners the choice between K3 and K4 may be influenced depending on whether these financiers are foreign or domestic. Previous researches have found that IFRS provide an advantage of easier access to foreign capital since the high level of disclosures and comparability increases the transparency (Ball, 2006; Seay, 2014). High levels of disclosures and increased transparency in turn, increase the efficiency in the contracting between managers and banks and reduce the cost of debt capital (Ball, 2006). According to the findings of Tyrrall, Woodward, and Rakhimbekova (2007) a major advantage of adopting IFRS is access to international funding, and IFRS might therefore be a reason for why there in the past two decades has been an upswing in transnational financing (Hill, 2014). Both Hill (2014) and Seay (2014) argues that IFRS will facilitate the development

of the international capital market. International investors seek consistency in financial reports as to be able to make more informed decisions, and when investors are willing to invest internationally the end result is lower cost of capital (Hill, 2014). Based on the discussion above groups with a foreign financier may arguably be more likely to adopt K4 if it facilitate the access to foreign capital markets and reduce the cost of capital. Thus the following hypothesis has been developed:

H3b: Groups with a foreign financier as the majority financing source choose K4 in a higher degree than K3

3.2.4 Experienced influence by stakeholders

According to the stakeholder and institutional theory it could be concluded that different stakeholder groups may have different amounts of power to influence the group's choice of accounting framework and different levels of legitimacy in their claims. As argued by Mitchell et al. (1997) 'influencers' can have power to influence the choice, though some 'influencers' are not interested in pressing their claims. 'Claimants' on the other hand may have claims but lack the power to influence the choice. It is also likely that there is a difference in how these different stakeholder groups use information in terms disclosures which may be reflected in how much influence the different stakeholder groups have over the choice. Therefore, it is of particular interest to measure if the group's different stakeholders hold different amount of power in terms of influence over the choice of accounting framework. Further, the influence by the different stakeholder groups in terms of expectations can also have a more coercive nature, where the stakeholders use their power to force the group towards a certain framework depending on their own information demands. This influence would then be described as a coercive isomorphic pressure from the stakeholders.

It could be concluded that different stakeholder groups seems to have different amounts of power and different levels of legitimacy in their claims to influence the choice of accounting framework. The influence by the different stakeholder groups in terms of expectations can also have the more coercive nature. With this theoretical discussion as a background the four stakeholder groups will be broken down into three separate developed hypotheses:

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H1c: A majority of the groups with some degree of international trade experienced influence by international trading partners in the choice of accounting framework

H2c: A majority of the groups experienced influence by owners in the choice of accounting framework

H3c: A majority of the groups experienced influence by financiers in the choice of accounting framework

3.3 List of hypotheses

H1a: Groups that choose K4 have higher levels of exports in terms of sales than K3 groups

H1b: Groups that choose K4 have higher levels of imports in terms of purchasing than K3 groups

H1c: A majority of the groups with some degree of international trade experienced influence by international trading partners in the choice of accounting framework

H2a: Groups with outside owners as the majority owner adopt K4 in a higher degree than K3

H2b: Groups with foreign owners represented in the majority owners adopting K4 in a higher degree than K3

H2c: A majority of the groups experienced influence by owners in the choice of accounting framework

H3a: Groups with owners as the majority financier adopt K4 in a higher degree than K3

H3b: Groups with a foreign financier as the majority financing source choose K4 in a higher degree than K3

H3c: A majority of the groups experienced influence by financiers in the choice of accounting framework

3.4 Additional characteristic variables

To add further depth in the characteristics of the groups in the sample two of the most common variables in previous research of voluntarily adoption of accounting framework, industry affiliation and size, will be used. The variables are to some extent lacking the focus of stakeholder and disclosure perspective, however, the additional characteristics these variables provide are both of importance when comparing previous research as well as for practical implications to gain further knowledge about the groups in the sample.

3.4.1 Industry affiliation

Companies in a certain industry emulate each other since this reduces the risk of losing legitimacy in relation to the industry competitors (Unerman & Bennett, 2004). According to mimetic isomorphism as described by DiMaggio and Powell (1983) industry affiliation might influence the choice since organizations seeks to emulate the institutional practice of other organizations. Reasons for emulation may include improvement of one's own practices or the competitive advantage that is gained by increased legitimacy (Deegan, 2013). Uncertainty which often is an influencing factor of why companies emulate each other (DiMaggio & Powell, 1983) may due to the recent changes in Swedish national regulation describe why groups have made certain choices in certain industries. The first additional characteristic variable in this research, which has also been used in previous research of the choice of accounting framework (Senyigit, 2014; Matonti & Iuliano, 2012) is therefore industry affiliation. Senyigit (2014) and Matonti and Iuliano (2012) used the industry variable to find out if the manufacturing industry adopt IFRS in a higher extent than other industries but found no statistically significant influence. Broberg et al. (2010) on the other hand found that Swedish publicly listed companies within the manufacturing industry disclose more voluntary information, while companies within the healthcare and telecommunication industry disclose less voluntary information. However, in this thesis no single industry will be compared to all other industries as this would be outside the scope of this thesis. Instead, since the focus is on the choice between K3 and K4 all industries will be

compared to each other in order to see if certain industries tend to adopt one particular framework. Industry affiliation in relation to the choice of accounting framework is usable to disclose additional characteristics of the sample.

3.4.2 Size

The next variable is the size variable, which in addition to industry affiliation often is used in previous research and according to Senyigit (2014) the most common independent variable in research which focuses on voluntary financial reporting. Size is concluded to be an influencing factor both in the choice of accounting framework (Senyigit, 2014; Bassemir, 2012; Lilja et al., 2006) and in the level of voluntary disclosure (Broberg et al., 2010). In previous research as referred to by Matonti and Iuliano (2012) it is found that larger companies provide its stakeholders with more voluntary disclosures as compared to smaller companies, because their higher visibility in terms of size can lead to more litigation. Based on previous research Broberg et al. (2010) also have a similar argument and points out that because of the size, larger companies have higher demands of information in terms of disclosures from their stakeholders in general compared to smaller companies. Since size is concluded as an influencing factor in choice of accounting framework it is arguably of interest to use as an additional characteristic variable in the choice between K3 and K4 as well. Just as industry affiliation the relation between size and the choice of accounting framework is usable to disclose additional characteristics of the sample.

3.5 Analytical framework

The developed analytical model in figure 3.2 below facilitates the understanding of how the accounting choice theories and previous research will be used in answering the research question through 9 hypotheses, and how the two additional characteristic variables will be used to characterize the groups and their different choices.
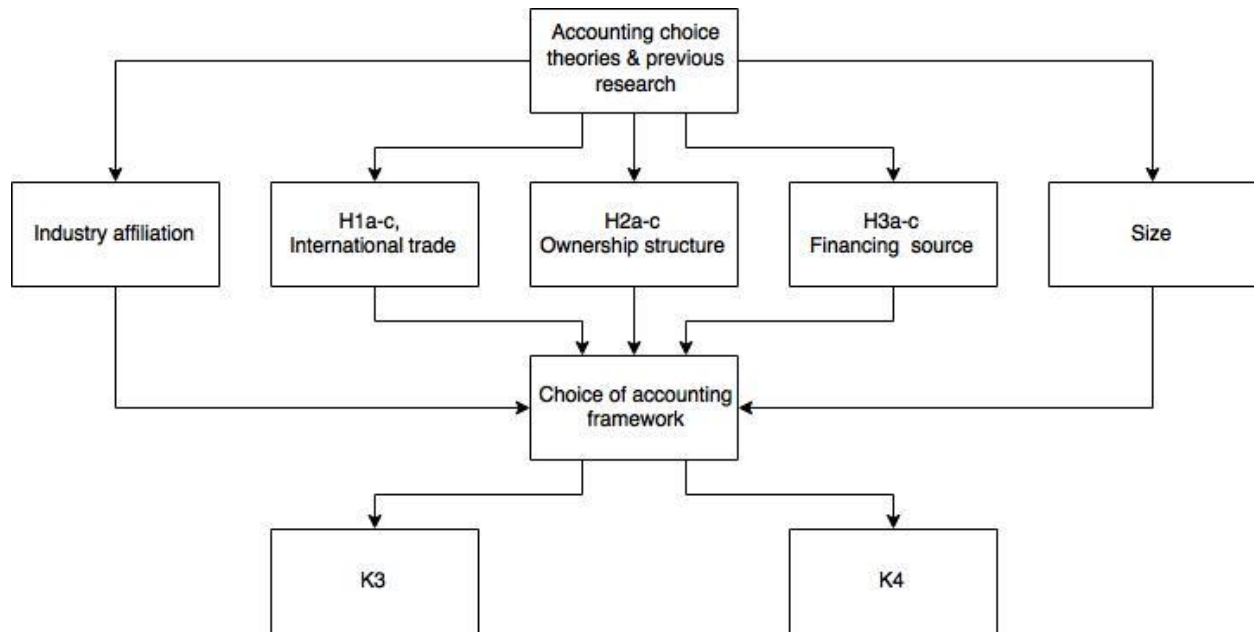
Figure 3.2 Analytical framework (own illustration)

4. Methodology

4.1 Research approach

Since the purpose of this study is to describe and analyze influencing factors we chose to use a quantitative approach, which is an appropriate method for a descriptive study (Olsson & Sörensen, 2007). Since the choice between K3 and K4 are made by all groups preparing consolidated statements, we argue that the risk of generalization of all groups' choices is reduced by using a quantitative method instead of a qualitative method. The major advantage of quantitative research is that a large sample of respondents can be used (Jacobsen, 2002) which allow us in a broader perspective to measure relations and draw general conclusions of the choices made by groups outside the sample (Eliasson, 2013). A disadvantage of using a quantitative method is that the empirical findings in some extent become shallow and do not go in-depth to explain the reasoning behind the choices as would have been done with a qualitative method (Eliasson, 2013).

In the data sampling we chose to use a deductive approach since we aimed to gain insights and knowledge about important fields such as, the K3 and K4 frameworks and the research field of

accounting choices in both theories and previous research, before developing the hypotheses and starting to collect the quantitative data. The deductive approach can strengthen the objectivity in existing theories and previous research, but a disadvantage by using it is the limitation in the collection of data which is limited to the existing theories and previous research (Patel & Davidsson, 2011).

4.2 Method to deduce the theoretical framework and the hypotheses

The first part in the process of developing the theoretical framework started by focusing on accounting choice theories to gain insights of why companies make certain accounting choices, and how the external environment such as stakeholders influence these choices. Based on the background knowledge in the field of accounting choice theories, the main focus ended up on the stakeholder- and institutional theory, since these theories according to Deegan (2013) are appropriate when examining how the external environment influences an organization to provide particular information to parties outside the organization. We argue that the chosen theories represent an appropriate base for the purpose of the research. To reduce the risk of missing any appropriate theories we have performed an extensive search in both literature and previous research, mainly by using keywords such as accounting, choice, theory, stakeholder, institutional and legitimacy in different combinations. Two common accounting choice theories, positive accounting theory and legitimacy theory, were excluded from this study since they were not deemed as appropriate for answering the purpose as stakeholder and institutional theory. Legitimacy theory were excluded since we focus on stakeholder groups within society rather than society in general and positive accounting theory were excluded because we focus more on external parties rather than the managers opportunistic and self-maximizing behavior.

Further, the accounting choice theories are the basis for the development of the hypotheses. The chosen hypotheses and theirs focus on specific stakeholders is based on the discussion of stakeholder theory and previous research, where some powerful stakeholders that are important for the survival of a company are pointed out. The four stakeholder groups were chosen for primarily two reasons. The first reason was that they represent an interesting combination of stakeholders which may or may not have different information demand in terms of disclosures. Second, since they arguably may have different relations and functions which is important for

the survival of the groups. Given a longer timeframe we could certainly have included other stakeholders for instance the society in general and employees, but this we argue could have lead to a lower response rate since the sheer size of the survey would have deterred many respondents, and since we only had a few short weeks to obtain the data we decided to limit us to the current four stakeholders.

The previous researches of factors influencing the choice of accounting frameworks were also taken into consideration in the development of hypotheses. Therefore, some of the hypotheses are similar to previous research, while some new ones have more specific focus on stakeholders and their demands of information in terms of disclosures. Some factors as mentioned in the limitation section 1.5 have been concluded to influence the choice of accounting frameworks, for instance audit firms. But due to the purpose which focus on stakeholder and stakeholders demand of disclosures and the limited timeframe they were excluded. There is no doubt that the auditors in their role as consultants may have influenced the groups to choose one framework or the other. However, we fail to see how their information demand as a stakeholder would affect the group's choice of accounting framework since the auditors in nature will gain access to all necessary information in order to perform the audit and thus does not have to rely on the information in the financial statements.

4.3 Sample

The sample in this survey was gathered through the Retriever database, where the ÅRL size criteria were used as a base for the sample. Although it would have been possible to screen companies meeting two out of three of these criteria, namely 50 employees, 40 million total assets and 80 million turnover over the last two years, as required by the law, we simply set the size criteria for all three variables instead of two. This means that there might be companies that were left out of the sample, as there might be companies who met two, but not all three of the criteria. This was not tested, however, since the total sample of companies who met all three size criteria were 2662, which we deemed enough to gain important insights on the topic, the other potential companies were excluded. Further, given the purpose of the thesis, we also set the requirement 'not listed on a stock exchange' as a criteria as to make sure that all the companies were unlisted. The last criteria were that the company were a group parent company and

prepared consolidated statements. Out of the 2662 companies 45 had gone into bankruptcy during the year which resulted in a sample of 2617 moving to the next step in the sampling process.

The sampling method used were the common 'simple random sampling', which means that every company in the population within the bounds of the search criteria had an equal chance of being picked. The collection process of contact information was performed in two steps. The first step included a search to check if the company had a website. The second step included a search at the website for contact information in the following order, CEO, CFO and general info address, which reduced the sample to 957 companies. More specifically contact information to 539 CEOs, 39 CFOs and 379 general information addresses. This order, we argue, represent appropriate persons to answer the survey, since the CEO might have the best insights into the influences from the different stakeholders. The general information addresses were collected for those who lacked contact information to the CEOs or CFOs. The information addresses were collected as backup since firstly, in case the response rate from the CEOs and CFOs would be too low, and secondly, since using them could reduce the reliability of the findings since a person without insights could potentially answer the survey. Since the general information addresses were not used, this made the final sample in the survey to consist of 578 parent companies.

4.4 Empirical measurement method

4.4.1 Survey

In order to collect the quantitative data an email survey were conducted. The survey was designed to be anonymous in order for the respondents to feel more at ease to reveal information that they otherwise may not have done. Anonymity might also reduce the risk of low response rate, which generally is associated with surveys (Bryman & Bell, 2013), and appropriate when the identity of the respondents are uninteresting (Eliasson, 2013). The respondents are via the email informed about their anonymity, which can be seen in the email that together with the survey can be found in appendix 1. A risk associated with this, is that we are unable to completely ensure that the same person did not answer the survey twice, which will be further discussed in the validity and reliability of the survey covered in chapter 4.5 below.

The survey consisted of 19 questions in total, 18 questions were required and 17 of these were closed multiple choice questions. The 18th question was a so called check-box question, and the 19th question was an open and voluntary question. Having a majority of closed question makes it easier for the respondents to answer the questions (Bryman & Bell, 2013). For six of the questions the likert scale 1-5 were used, where 1 = no influence and 5 = decisive influence. Closed questions and the use of the likert scale make it easier to quantify the answers (Bryman & Bell, 2013). Some of the questions however differ from the 1 to 5 likert scale, for instance the question of which industry the company belongs to, which was designed with a number of alternatives and an 'other' alternative where the respondent could fill in their industry on their own in case it was not represented in the predefined answer. Another example is the question of international trade, where the respondents were asked how much of their import is in terms of total purchasing and export is in terms of total sales. This was answered on a 12 point scale, for example 0%, 1-10%, 11-20% … 91-100%. Five questions contained a 'do not know' option, where the respondent had the chance to skip the question if he or she did not know the answer to the question. According to Bryman and Bell (2013) there are different opinions on whether such an option should be included, where some say that it is a bad thing because it enables the respondent to get away without having to think about the question, while others say it could be a good thing as the respondent it not forced to express their opinion. They also point out that this kind of option is mainly applicable for attitude questions, which none of the questions in our survey were. The reasoning behind the choice to include such an option on fact based questions, like estimated amount of export in terms of sales, was simply to not force the respondent to do extensive research in order to be able to answer the question, as we thought this may reduce the response rate.

To ensure the readability and understandability of the survey questions before sending it out to the intended respondents, a small pre-study for the question design were conducted. The pre-study consisted of five independent colleagues at the university who were asked to review and comment on the survey while answering it. The comments led to a change from 'main' to 'majority' which increased the understandability and reduced the risk of different interpretations by the respondents.

However, out of the 19 survey questions only 15 questions were used in the empirical analysis due to their appropriateness to the purpose. We realized that some questions measure things that were unusable or unnecessary in order to answer the research question and fulfill the purpose of this thesis. Because they were not used in the final analysis, these questions could have been changed to include other stakeholders instead, however, it was only after the survey had been sent out that we realized that these questions fell outside the scope of the thesis.

4.4.3 Operationalization

Dependent variables

The framework variable is measured using a multiple choice question with 2 categories, one represents the groups choosing K3 and the other represents groups choosing K4.

Independent variables

International trade is measured in two ways. The first variables, export and import are measured using two multiple choice questions, the percentage of exports in relation to the total sales, and the percentage of imports in relation to the total purchasing. The question have 12 categories, where 10 categories are interval 1-10%, 11-20% etcetera up to 90-100%, 1 category represents 0%, and 1 category represents do not know. The range of 10 percent per alternative were chosen as to make it easy for the respondent to easily estimate the total number while still being relatively precise in order to provide legitimate results. The second variable, influence by international trading partners is measured by using the likert scale 1-5 and the assertion; the choice of framework was influenced by trading partners demands of disclosures, where 1 = no influence and 5 = decisive influence.

Ownership structure is measured in three ways. The first variable, type of majority (over 50% of total votes) owner is measured through a multiple choice question with 6 categories. 4 represents common ownership structures, 1 represent 'do not know', and 1 'other' which has an open response field where the respondents are allowed to fill in their ownership structure if none of the other alternatives are appropriate. The second variable, whether the majority owner is represented by foreign owners or not is measured through a multiple choice question with the 3

categories yes, no, and 'do not know'. The third variable, influence by owners is measured by using the likert scale 1-5 and the assertion; the choice of framework was influenced by the owners demands of disclosures, where 1 = no influence and 5 = decisive influence.

Financing source is measured in three ways. The first variable, the majority financing source is measured through a multiple choice question with 3 categories, 2 represents the common financing sources banks and owners, and 1 represents 'other' which has an open response field where the respondents are allowed to fill in their major financing source if none of the other alternatives are appropriate. The second variable, whether the major financing source is represented by foreign financiers or not is measured through a multiple choice question with the 3 categories yes, no, and 'do not know'. The third variable, influence by financiers is measured by using the likert scale 1-5 and the assertion; the choice of framework was influenced by the financiers demands of disclosures, where 1 = no influence and 5 = decisive influence.

Additional characteristic variables
Industry affiliation is measured in three ways. The first variable, industry affiliation is measured through a multiple choice question with 11 categories, where 10 represents the most common industries, based on the Nordic Industry Index (Avanza, 2015), and 1 represents 'other industry' which has an open response field where the respondents are allowed to fill in their own industry if none of the other alternatives are appropriate. The second variable, influence of industry competitors choice is measured by using the likert scale 1-5 and the assertion; the choice of framework was influenced by the industry competitors choice, where 1 = no influence and 5 = decisive influence. The third variable, if industry specific requirements influenced the choice is measured by using the likert scale 1-5 and the assertion; the choice of framework was influenced by industry specific requirements, where 1 = no influence and 5 = decisive influence.

Size is measured in three ways, number of employees, total assets and total sales. These three variables were chosen because of the legal requirements for defining a large company according to ÅRL 1 Kap, 3§ p.4. The three variables are measured through multiple choice questions with 5 categories. The categories for the three questions are all based on the sample information gathered from the retriever database. The number of employees interval scale was predefined in

the sample document, while total assets and sales were defined by ourselves. The interval, 40-89 for total assets and 80-149 for revenue, were obtained by sorting the sample from lowest to highest and roughly choosing the 250 first companies on the list, 40 and 80 the represented the lowest number in that interval and 89 and 149 the highest number. The other intervals were chosen in the same fashion.

4.4.4 Statistical methods

To be able to analyze the empirical data the statistical program SPSS has been used. More specifically the three statistical methods Pearson's chi-square test, Fisher's exact test and logistic regression analysis were used. Both the chi-square and Fisher's exact test are non-parametric tests (Lisper & Lisper, 2005) and according to Tanizaki (1997) Fisher's test is based on all possible combinations, and the test is applicable when the underlying distribution is non-normal. The significance level is an important factor, and to be able to able to generalize the findings to an entire population a significance level of 5% has been used in this thesis. The 5% significance level can in accordance with previous research be considered a common significance level for statistical tests (Djurfeldt et al., 2010; Eliasson, 2013). The closer the significance level is to zero the stronger the significance (Eliasson, 2013).

4.4.4.1 Pearson's chi-square test

The chi-square test is a non-parametric test and is commonly used when measuring the relationship between two qualitative variables such as nominal and ordinal variables, where the most common is the Pearson's chi-square test (Lisper & Lisper, 2005; Djurfeldt, Larsson & Stjärnhagen, 2010). The non-parametric tests are applicable for situations with small samples as they completely disregard the distribution form (Lisper & Lisper, 2005). In the chi-square test the observed frequencies are compared with the expected frequencies in the cross table, where the expected count represent the expected distribution given that the variables are independent (Djurfeldt et al., 2010). Simply measuring that there is a difference between the frequencies of expected and observed is not enough as these differences may depend on chance. This means that the test may find results which are not represented in the entire population because of random variations in the respondents (Djurfeldt et al., 2010). The difference therefore has to exceed a critical level in order to rule out that the difference is not due to chance, and the bigger

the difference between observed and expected frequency the better (Djurfeldt et al., 2010). The important number obtained from such a test is the Pearson's chi-square value and the asymptotic significance value (Djurfeldt et al., 2010). The chi-Square value is compared with a prespecified critical value obtained from a chi-square table which depends on the number of 'degrees of freedom' and the significance level. From this the asymptotic significance value (p-value) is deduced which reveals the risk of chance influencing the differences in the results to a certain percentage (Djurfeldt et al., 2010). This means that the lower the value the lower the risk of chance affecting the results and thus the value must be below ,05 in order for the test to be significant on the 5 percent significance level. However, according to Djurfeldt et al. (2010) this test has certain limitations which may affect its usability, for instance if the expected count in more than 20 percent of the cells within the table is below 5 the test cannot be used as this is the cut-off point for the test. Djurfeldt et al. (2010) identify especially two ways of dealing with this, either to reduce the number of cells within the table through merging some of the answers or by using Fisher's exact test.

4.4.4.2 Fisher's exact test

This test can be used if either the sample it too small or if the expected number of observations within the cells is small (Djurfeldt et al., 2010). When the expected count is less than 5 in more than 20% of the cells Fisher's exact test should be used. According to Djurfeldt et al. (2010) the p-value of Fisher's exact test tends to divert slightly from the p-value based on the Pearson's Chi-square. This may be a result of the test making an exact calculation of the p-value rather than an estimation (Körner and Wahlgren, 2006). However, if the Fisher's exact significance value (p-value) is less than ,05 the test is significant on the 5% significance level and thus the results can be said to be significant.

4.4.4.3 Logistic regression

In terms of this research, both the chi-square and Fisher's exact test checked for the relation between choice of accounting framework and the independent variables. The two tests however said nothing about to what degree variables influence each other and therefore a logistic regression were used. Midi, Sarkar and Rana (2010) explain that binary logistic regression should be used when the dependent variable is a dummy variable. The test is similar to ordinary

linear regression, which is used when the independent variables are categorical, continuous or both and the dependent variable is dichotomous. However, the relationship between the independent and the dependent variables is not assumed to be linear, and logistic regression is useful when the data includes categorical response variables. They point out that logistic regression has many similarities with linear regression, where one example is multicollinearity, which will be explained below. Further, the logistic regression analysis provides particularly two numbers which is of interest in this thesis, namely Sig. and Exp(B) which thus deserves an explanation. The sig-value measures the significance of the variables where the same rule of 5% significance applies here too. In accordance with Djurfeldt and Barmark (2009) the Exp(B) measures the odds-ratio, which means that the higher the value the higher the impact on the dependent variable. In other words, if the test shows that the independent variable, for example foreign majority owners, is significant and has an Exp(B) value of 7.123 this means that if the group has a foreign majority owner they are 7.123 times more likely to adopt K4 as compared to K3.

Multicollinearity means that there is a strong correlation between the independent variables, or rather, explaining variables (Körner and Wahlgren, 2006). Midi et al. (2010) explains it as a statistical phenomenon in logistic regressions where there is a high correlation between the predictor variables. When multicollinearity exists there are more measurement errors in the estimations (Körner and Wahlgren, 2006). It can mathematically be detected by using tolerance and the variance inflation factor, or VIF (Midi et al., 2010). The VIF value shows how much multicollinearity inflates the variance of the coefficient estimate. According to Midi et al. (2010) there is no set value of when the VIF value indicates multicollinearity, however they identify 10 as a common cut-off point but this could be as low as 2.5 if the model is weak. The tolerance value range from 1 to 0, where 1 indicates low levels of multicollinearity and 0 indicates that the multicollinearity could be a threat. Again they argue that there is no clear cut-off point but point out that previous research has argued that values less than 0,1 to be a problem.

4.5 Reliability and Validity

One critique according to Bryman and Bell (2013) is that the measuring process has an inherent false sense of accuracy and precision. This could be caused by the respondents of the survey not interpreting the essence of the questions in the same way, thus creating a problem of accuracy in the answers (Bryman and Bell, 2013). This has been attempted to be solved in two ways. Firstly by using closed questions, although this is something that Cicourel (1964), as cited by Bryman and Bell (2013), argues simply solves the problem by ignoring its existence, and may therefore not be sufficient. Secondly, we used help texts that were carefully developed in order to not skew the answer one way or the other. This we argue should help the respondents understand the question and interpret them in the same way. Despite these efforts, it should be noted that this could potentially make the results somewhat less reliable.

Another issue related to the accuracy and precision of the survey is the knowledge of the respondent, and a good question to ask is 'does the respondent have sufficient knowledge to answer the survey accurately?' (Bryman and Bell, 2013). A related issue is whether or not the respondent answers the questions truthfully or not, which is something that is hard to control given that we are not present during the data collection. However, as has been argued above, considering the position of the CEO and CFO, they should have all the required insights to be able to answer these questions truthfully and accurately, thus the knowledge of the respondents and the truthfulness of their answers should not be an issue in this study. Again, this is difficult to control for and it should therefore be noted that a slight loss in reliability of the answers could be possible.

Further, since the survey is anonymous we are unable to control that each respondent answers only once. This is also something that could affect the reliability of the study to a certain degree as the results could be somewhat skewed towards that respondent answers, given that he or she answers the same way every time. This issue could have been avoided by requiring the respondent to use a Google account when answering the survey which would enable them to still answer anonymously or simply asking them to provide the name of the company. We decided against these options and we trusted the respondents to be serious people who would not take the time to answer the survey twice.

Lastly, a significant amount of work was put into the questions and the answer options of them in order to reduce the risk of problems related to the validity of the survey. As explained by Bryman and Bell (2013) issues of validity are those where the questions does not actually capture the essence of what is intended to be measured. This is certainly hard to measure and difficult to analyze as the respondents may have different vantage points and interpret the questions and answer options differently. However, room for interpretation has been taken into consideration as to ask more direct and closed questions that are hard to misinterpret (Bryman & Bell, 2013). The development of the questions is based on the hypotheses in a way that could confirm or deny them, and the questions are designed to measure more or less the same thing.

5. Empirical analysis

5.1 Respondents

As described 578 groups were contacted and asked to answer the survey and out of these a total of 175 (30%) groups responded. As can be seen in figure 5.1 below the total number of groups who voluntarily adopted K4 is 21 (12%) of the total respondents, which means that 154 (88%) groups adopted K3. Since the dependent variable is nominal is it impossible to rank the answers, though it is possible to see the type value (Eliasson, 2013) which arguably is K3, as illustrated in the table below.
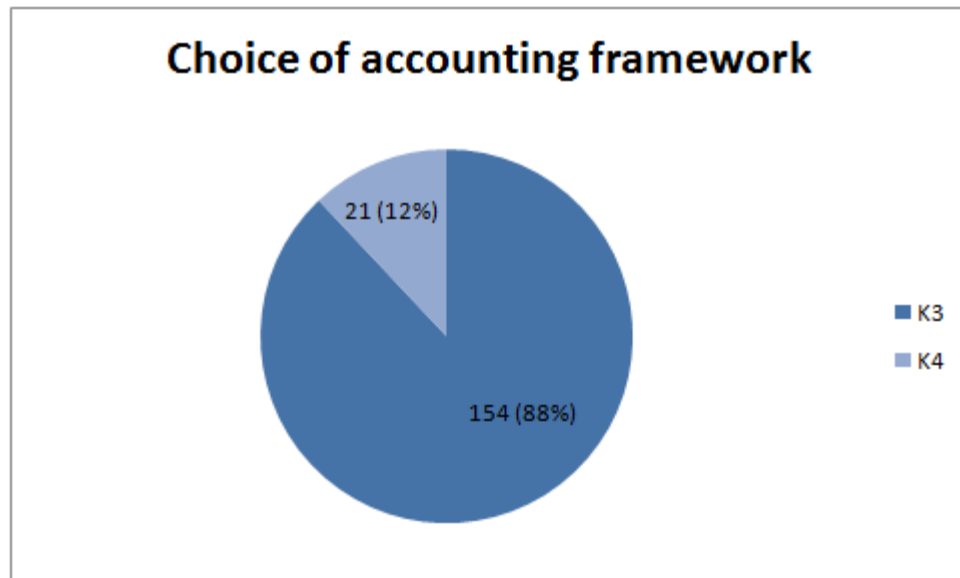
Figure 5.1 K3 or K4

5.2 International Trade

5.2.1 Percentage of exports and imports

As can be seen in table 5.1 and table 5.2 below, the relations between percentage of exports in terms of sales and choice of accounting framework, and percentage of imports in terms of purchase and choice of accounting framework are presented. In the survey the companies had alternatives ranging 10 percent, however these had been added together to show a range of 20 percent. This was done in order to reduce the number of cells in the test and to facilitate the overview of the answers. One respondent who adopted K3 answered 'do not know' on both the export and the import question and has thus been excluded from both tables which arguably have no major impact on the findings.

Crosstab

			Framework K3	Framework K4	Total
Percentage of exports	0	Count	52	7	59
		% within Framework	34,0%	33,3%	33,9%
	1-20	Count	58	4	62
		% within Framework	37,9%	19,0%	35,6%
	21-40	Count	11	6	17
		% within Framework	7,2%	28,6%	9,8%
	41-60	Count	16	2	18
		% within Framework	10,5%	9,5%	10,3%
	61-80	Count	7	1	8
		% within Framework	4,6%	4,8%	4,6%
	81-100	Count	9	1	10
		% within Framework	5,9%	4,8%	5,7%
Total		Count	153	21	174
		% within Framework	100,0%	100,0%	100,0%

Table 5.1 Exports (**Fisher's Exact Test = ,074**)

As can be seen in table 5.1 a majority of the K3 groups (66%) and K4 groups (66,7%) have some degree of exports. There is no significant difference in percentages of groups with higher levels of export ranging between 41-100%. However, a difference can be seen in the lower ranges of exports. K3 groups (37,9%) were overrepresented in the 1-20% range compared to K4 groups (19%), while K4 groups (28,6%) were overrepresented in the 21-40% range compared to K3 groups (7,2%). Put differently, the 21-100% range indicates that K4 groups (47,7%) have higher levels of exports compared to K3 groups (28,2%).

The significance level was tested by using Fisher's exact test since Pearson's chi-square test was unusable due to the fact that 33,3% of the cells have an expected count less than 5. Fisher's exact test showed a p-value of ,074 which means that no significance was found at a 5% significance level. Henceforth when the Pearson's chi-square test is unusable it is due to this problem of expected count in the cells, the details will not be typed out.

Crosstab

			Framework		Total
			K3	K4	
Percentage of imports	0	Count	40	6	46
		% within Framework	26,1%	28,6%	26,4%
	1-20	Count	67	7	74
		% within Framework	43,8%	33,3%	42,5%
	21-40	Count	18	2	20
		% within Framework	11,8%	9,5%	11,5%
	41-60	Count	12	2	14
		% within Framework	7,8%	9,5%	8,0%
	61-80	Count	7	2	9
		% within Framework	4,6%	9,5%	5,2%
	81-100	Count	9	2	11
		% within Framework	5,9%	9,5%	6,3%
Total		Count	153	21	174
		% within Framework	100,0%	100,0%	100,0%

Table 5.2 Imports (**Fisher's Exact Test = ,735)**

As can be seen in table 5.2 compared to the exports an even higher majority of the K3 groups (73,9%) and the K4 groups (71,4%) have some degree of imports. Put differently, the 21-100% range indicates that K4 groups (38%) have a higher degree of imports compared to K3 groups (30,1%).

The significance was tested by using Fisher's exact test since Pearson's chi-square test was unusable. The Fisher's exact test showed a p-value of ,735 which is not near a significance at the 5% significance level.

5.2.1.1 Testing of hypotheses H1a and H1b

Given the fact that hypotheses H1a and H1b are similar they will be tested simultaneously. Firstly, the international trade which arguably plays an important role in Sweden (Ekonomifakta, 2015) become evident as seen in both table 5.1 were a large majority of the K3 groups (66%) and K4 groups (66,7%) have some degree of exports, and in table 5.2 were a even larger majority of the K3 groups (73,9%) and K4 groups (71,4%) have some degree of imports. These findings seem to suggest that companies are dependent on internationalization (Dagens Industri, 2015).

Further, as has been found in previous research the two way relationship between international trade and adoption of international standards (Tarca, 2004; Senyigit, 2014; Bassemir, 2012; Johansson & Karlsson, 2013) seems to exist in our findings as well, especially in terms of exports in the 21-100% range where K4 groups (47,7%) were found to have higher levels of exports as compared to K3 groups (28,6%) of the K3 groups. This may indicate that K4 groups tend to be more encouraged to partake in international trade as suggested by Márquez-Ramos (2011).

H1a: Groups that choose K4 have higher levels of exports in terms of sales than K3 groups
The findings indicate that K4 groups have higher levels of export than K3 groups, however, there was no significance at the 5% significance level and therefore H1a is rejected.

H1b: Groups that choose K4 have higher levels of import in terms of purchasing than K3 groups
Similar to H1a the findings in terms of imports show that K4 groups have higher levels of imports, however no significance was found here either and therefore H1b is also rejected.

5.2.2 Influence by international trading partners
In table 5.3 below the relation between influence by international trading partners with some degree of international trade and choice of accounting framework is presented. It shows the different degrees of influence ranging from no influence to high influence. Decisive influence is excluded from the table since no respondents experienced that degree of influence.

Degree of influence by international trading partners * Framework Crosstabulation

			Framework		Total
			K3	K4	
Degree of influence by international trading partners	No influence	Count	110	12	122
		% within Framework	90,2%	80,0%	89,1%
	Low influence	Count	4	2	6
		% within Framework	3,3%	13,3%	4,4%
	Neither low nor high influence	Count	7	1	8
		% within Framework	5,7%	6,7%	5,8%
	High influence	Count	1	0	1
		% within Framework	0,8%	0,0%	0,7%
Total		Count	122	15	137
		% within Framework	100,0%	100,0%	100,0%

Table 5.3 Influence by trading partners (**Fisher's Exact Test = ,219)**

As can be seen in table 5.3 a clear majority in both K3 groups (90,2%) and K4 groups (80%) experienced no influence by international trading partners in the choice of accounting framework. Both the K3 and K4 groups that experienced some degree of influence were centered around the lower degrees of influence. The percentage of groups that experienced high influence were low or non existing in both K3 groups (0,8%) and K4 groups (0%) which may indicate that international trading partners information demands in terms of disclosures generally seems to have no or low influence on the choice of accounting framework.

In the significance test the Pearson's chi-square test were not usable, thus the Fisher's exact test were conducted which showed a p-value of ,219 which shows no significance at the 5% significance level.

5.2.2.1 Testing of hypothesis H1c

International trading partners may in accordance with the managerial branch of stakeholder theory as described by Deegan (2013) be seen as powerful stakeholders as they may be important for the survival of the group, and might therefore influence the choice of accounting framework. However, our results shows that the international trading partners information demand in term of disclosures had no or low influence on the choice of accounting framework.

In accordance to the theory the findings indicate that international trading partners either lack the power to influence the choice of accounting framework, or they are powerful but are simply not interested in using their power to influence the choice of accounting framework. If the former holds true managers may simply not see the international trading partners as having legitimate enough claims for the group to actually satisfy their demands, or they may have conflicting claims with a more powerful stakeholder who is considered more salient. If the latter holds true, then it might be because the disclosures is not an important source for them as stakeholders in the trade relations with the groups and they may not need information in terms of disclosures from the groups to a high enough level to actually wanting to utilize their power. The international trading partners as stakeholders might still be powerful and important for the group's survival, but due to the findings the demand of information in terms of disclosures might not be of such importance that they influence the groups to adopt an accounting framework with certain amounts or types of disclosures.

<u>H1c: A majority of the groups with some degree of international trade experienced influence by international trading partners in the choice of accounting framework</u>

The findings clearly indicate that no majority of either the K3 groups (9,8%) or K4 groups (20%) have experienced some degree of influence by their international trading partners in the choice of accounting framework. However, hypothesis H1c is rejected since no significance was found at the 5% significance level.

Due to the fact that none of the tests above show significance no further logistic regression analysis were conducted.

5.3 Ownership structure

5.3.1 Majority owner

In table 5.4 below the relation between type of majority owner and choice of accounting framework is presented. Four of the K3 groups used the 'other' alternative, which for instance represents those with foundation as majority owner. Therefore these were left outside the classification of insiders and outsiders. Insiders consist of the categories 'family business' and '

few-man company', while the outsiders consists of the categories 'one external shareholder' and 'multiple external shareholders'.

Crosstab

			Framework		Total
			K3	K4	
Type of majority owner	Outsiders	Count	59	11	70
		% within Framework	38,3%	52,4%	40,0%
	Insiders	Count	91	10	101
		% within Framework	59,1%	47,6%	57,7%
	Other	Count	4	0	4
		% within Framework	2,6%	0,0%	2,3%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.4 Type of majority owners (**Fisher's Exact Test = ,545)**

As can be seen in table 5.4 it seems apparent that K4 groups in a higher extent (52,4%) are represented by outsiders compared to K3 groups (38,3%). Overall, a majority (59,%) of groups adopting K3 are represented by insiders, whereas a majority (52,4%) of groups adopting K4 are represented by outsiders.

In the statistical test of the significance the Pearson's chi-square test were not usable, therefore Fisher's exact test were conducted which showed a p-value of ,545, which means that there is no significant relation at the 5% significance level between the variables.

5.3.1.1 Testing of hypothesis H2a

In previous research the ownership structure has been concluded as an influencing factor in the choice of accounting framework (Matonti & Iuliano, 2012; Johansson & Karlsson, 2013), and the separation of managers and owners has been found to influence accounting choice (Dhaliwal et al., 1982). Information asymmetry occurs when separating managers and owners (Deegan, 2013) and the asymmetry could be reduced via information provided by the group (Watts & Zimmerman, 1978). The K4 framework arguably produces more information in terms of disclosures.

H2a: Groups with outside owners as the majority owner adopt K4 in a higher degree than K3

The findings indicate that a majority of the groups with outside majority owners adopts K4 (52,4%) in a higher extent than K3 (38,3%), however since no significance was found at the 5% significance level the hypothesis H2a is rejected.

5.3.2 Foreign owner represented in the majority owner

In table 5.5 below foreign majority ownership is put in relation to choice of accounting framework.

Crosstab

			Framework		Total
			K3	K4	
Foreign majority ownership	No	Count	138	12	150
		% within Framework	89,6%	57,1%	85,7%
	Yes	Count	16	9	25
		% within Framework	10,4%	42,9%	14,3%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.5 Foreign majority ownership (**Fisher's Exact Test = ,001**)

As can be seen in table 5.5 a majority of both K3 groups (89,6%) and K4 groups (57,1%) do not have a foreign majority owner. Although a clear difference exist between K3 and K4 groups, as the findings suggest that majority owners in K4 groups in a much higher extent (42,9%) are foreign as compared to K3 groups (10,4%).

The Fisher's exact test was used to test the significance since the Pearson's chi-square test was unusable. The Fisher's p-value equaled ,001, which shows a strong significant relation at a 5% significance level.

5.3.2.1 Testing of hypothesis H2b

According to Adrem (1999) foreign ownership is very likely to involve information asymmetry. Adoption of K4 signals transparency (Francis et al., 2008) and since it is an international

standard with high levels of disclosures as compared to K3, groups with foreign majority owners might adopt K4 to reduce the information asymmetry. Further, in accordance to Matonti and Iuliano (2012) the costs that occur when foreign investors have to be knowledgeable about the national regulation might be another reason for why the foreign owners may want the group to adopt K4.

To add an additional perspective to the analysis an additional layer tests if the foreign majority owner consists of insiders or outsiders. In appendix 3 the test shows the relation between type of majority owner, foreign owner represented in the majority and choice of accounting framework can be found. The findings show that K4 groups (72,7%) have a foreign outsider as their majority owner in a higher extent than K3 groups (20,3%). This shows that a majority of the K4 groups who have foreign owners represented in the majority also have outsiders as majority owner. These findings are statistically significant at the 5% level according to Fisher's exact test (,001) which was used since Pearson's chi-square test was unusable. The results for insiders indicated that foreign insiders were much less common. The test indicated that K4 groups (10%) were represented by foreign insiders more commonly compared to K3 groups (3,3%), however, no significance was found according to Fisher's exact test.

H2b: Groups with foreign owners represented in the majority owners adopting K4 in a higher degree than K3

The findings clearly show that K4 groups (42,9%) in a higher extent than K3 groups (10,4%) are represented by foreign majority owners and given that the findings are statistically significant at the 5% significance level hypothesis H2b is confirmed.

5.3.3 Influence by owners

In table 5.6 below the relation between influence by owners and the choice of accounting framework is presented, where the groups has been grouped into two groups, no influence and influence. A more detailed table is shown in table 5.7 below where the degree of influence by the owners is put in relation to the choice of accounting framework and all five categories ranging from no influence to decisive influence is shown.

Crosstab

			Framework		
			K3	K4	Total
Degree of influence by owners	No influence	Count	122	9	131
		% within Framework	79,2%	42,9%	74,9%
	Influence	Count	32	12	44
		% within Framework	20,8%	57,1%	25,1%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.6 Influence by owners (**Pearson Chi-Square = ,000**)

As can be seen in table 5.6 a clear difference exist between the influence by owners in K3 groups (20,8%) and K4 groups (57,1%). Put differently, owners information demands had significantly less influence over the choice of accounting framework in K3 groups (79,2%) compared to K4 groups (42,9%).

The significance of the findings was tested by using the Pearson's chi-square which was usable since 0% of the cells had an expected count less than 5. The test showed a p-value of ,000 which shows a significant relation at the 5% significance level.

Crosstab

			Framework		
			K3	K4	Total
Degree of influence by owners	No influence	Count	122	9	131
		% within Framework	79,2%	42,9%	74,9%
	Low influence	Count	12	3	15
		% within Framework	7,8%	14,3%	8,6%
	Neither low nor high influence	Count	12	3	15
		% within Framework	7,8%	14,3%	8,6%
	High influence	Count	3	3	6
		% within Framework	1,9%	14,3%	3,4%
	Decisive influence	Count	5	3	8
		% within Framework	3,2%	14,3%	4,6%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.7 Degree of influence by owners (**Fisher's Exact Test = ,001**)

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In order to get a more detailed view of the respondents that experienced some degree of influence by the owners, table 5.7 divides the influence into 4 categories. This shows an even distribution of the influence in groups adopting K4, where each of the different degrees of influence equaled 14,3%. For groups adopting K3 the distribution was lower and not as even compared to K4. As can be seen, the respondents that experienced high or decisive influence by the owners information demands in terms of disclosures on the choice of accounting framework were much fewer in K3 groups (5,1%) as compared to K4 groups (28,6%). This shows that the experienced influence by owners in K4 groups are higher than in K3 groups.

The significance was tested by using Fisher's exact test, since Pearson's chi-square test was unusable. Fisher's exact test showed a p-value of ,001 which shows a significant relation at the 5% significance level.

5.3.3.1 Testing of hypothesis H2c

In accordance to the managerial branch of stakeholder theory as described by Deegan (2013) the owners can be seen as perhaps the most powerful stakeholder group, particularly because of their importance for the survival of the group. Thus the group may have incentives to satisfy the owners' information demands in terms of disclosures. In accordance to the informal coercive isomorphism as described by DiMaggio & Powell (1983) the owners may be able to coerce the group to choose an accounting framework which more suits their information demands. Thus, as the findings show groups adopting K4 (57,1%) in a much higher extent than groups adopting K3 (20,7%) were influenced by the owners information demands in the choice of accounting framework. It can be argued that this influence either stems from the management's desire to satisfy the owner's demands as explained by the managerial branch of stakeholder theory or through informal coercive isomorphic pressures from the owners. At a general level, the owners influence could then stem from them being a so called 'influencer' as described by Mitchell et al. (1997), meaning that they have the power to influence the group to choose a framework based on their information demands in terms of disclosures.

However, to add further perspectives to the analysis of which ownership structure that influence the choice two additional layers has been added. Firstly, as can be found in appendix 4 the

relation between influence by owners, type of majority owner and choice of accounting framework is presented. In K4 groups the influencing outsiders (54,5%) did not differ significantly from influencing insiders (60%). Similar results can be seen for K3 groups (22% and 19,8% respectively). The findings of outsiders influence was according to Fisher's exact test not significant at the 5% significance level. Although for the insider influence the findings were significant at the 5% significance level. Secondly, as can be found in appendix 5, the table shows if the groups experienced influence from foreign majority owners or not. The findings indicate that foreign majority owners information demands in terms of disclosures have more influence in the choice of accounting framework in groups adopting K4 (66,7%) as compared to groups adopting K3 (37,5%), however, according to Fisher's exact test no significance was found at the 5% significance level.

H2c: A majority of the groups experience influence by owners in the choice of accounting framework

Due to the findings and significant relation the confirmation or rejection of hypothesis H2c has to be divided. A majority (57,1%) of the K4 groups experienced influence by owner's information demands in terms of disclosures, which confirm the hypothesis, whereas a only minority (20,7%) of the K3 groups experienced influence by owner's information demands in terms of disclosures, which reject the hypothesis. To conclude, hypothesis H2c is confirmed for K4 groups but rejected for K3 groups.

5.3.4 Logistic regression - Ownership structure

To further strengthen and confirm the findings above an additional logistic regression has been conducted. The model used in the logistic regression has categorized the frameworks correct in 88,3% of the cases, which generally is seen as a reliable model. The model consist of the choice of accounting framework as a dependent variable, whereas influence by owners, majority owner and foreign majority owner are predictor variables. To be able to conduct a logistic regression the variables needs to be converted to dummy-variables. Majority owner is categorized as insiders $= 0$ and outsiders $= 1$, foreign majority owner is categorized as no foreign majority owner $= 0$ and foreign majority owner $= 1$, and lastly, influence by owners is categorized as no

influence = 0 and influence = 1. The findings are presented in table 5.8 below, where the significance (Sig.) and odds-ratio (Exp B) columns are of particular interest.

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	MajorityOwnership	,136	,581	,055	1	,814	1,146
	ForeignOwnership	1,741	,623	7,817	1	,005	5,704
	InfluencebyOwners	1,414	,509	7,729	1	,005	4,114
	Constant	-2,984	,553	29,151	1	,000	,051

a. Variable(s) entered on step 1: MajorityOwnership, ForeignOwnership, InfluencebyOwners.

Table 5.8 Logistic regression - Owners

As can be seen in table 5.8 the predictor majority owner as an outsider is not usable since there is no significance (,814). Further, the predictor foreign owner as a majority owner is significant at a 5% level (,005) and the odds-ratio is 5,704. This means that the chance of adopting K4 is 5,704 times higher than adopting K3 for groups that has an foreign majority owner, which strengthen the confirmation of hypothesis H2b. Lastly, the predictor influence by owner is significant at the 5% significance level (,005) and the odds-ratio is 4,114, which means that when a group experience some degree of influence the chance of them adopting K4 are 4,114 times higher as compared to adopting K3, which strengthen the confirmation of hypothesis H2c.

A test was performed to measure for multicollinearity between the independent variables, this test showed that the tolerance level and VIF for all three variables, MajorityOwnership (,878 & 1,139), ForeignOwnership (,846 & 1,181) and InfluencebyOwners (,962 & 1,040) all were close to 1 which means that there is very little multicollinearity, or correlation between the variables, which means that the multicollinearity is no threat in the test.

5.4 Financing source

5.4.1 Majority financier

In the table 5.9 below the relation between the majority financier and choice of accounting framework is presented. The major categories represent owners and banks, whereas the 'other' category represents for instance groups with a corporate bond as majority financing source.

Type of majority financier * Framework Crosstabulation

			Framework K3	Framework K4	Total
Type of majority financier	Owners	Count	65	12	77
		% within Framework	42,2%	57,1%	44,0%
	Banks	Count	86	8	94
		% within Framework	55,8%	38,1%	53,7%
	Other	Count	3	1	4
		% within Framework	1,9%	4,8%	2,3%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.9 Majority financier **(Fisher's Exact Test = ,160)**

As can be seen in table 5.9 there is some differences in the majority financier depending on if K3 or K4 is adopted. The owners as the majority financier were higher in K4 groups (57,1%) compared to K3 groups (42,2%) which means that banks as the majority financier were higher in K3 groups (55,8%) compared to K4 groups (38,1%). This indicates that K4 groups in a higher extent have owners as the majority financier compared to K3 groups, where banks generally are the majority financier. Due to the low number of respondents in the 'other' category they are not taken into further consideration in the analysis.

The significance is tested by using the Fisher's exact test since Pearson's chi-square test unusable. The Fisher's exact test showed that no significance was found at a 5% significance level.

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5.4.1.1 Test of hypothesis H3a

Accounting information is the way groups communicate to the capital providers (Hill, 2014) and in terms of disclosures may banks collect the information they need by directly monitoring the group (Perotti & Von Thadden, 2005). Depending on whether the majority financier of the groups is banks or owners the demand of disclosures in accordance to Perotti and Von Thadden (2005) may be different. The difference may lead to that groups with owners as a the majority financier choose K4 due to the material difference in scope of disclosures, which might accommodates the owners demand of information in terms of disclosures better than K3.

H3a: Groups with owners as the majority financier adopt K4 in a higher degree than K3

The findings show that a majority of the K4 groups (57,1%) have owners as the majority financier choose compared to K3 groups (42,2%), however, since no significance was found at the 5% significance level H3a is rejected.

5.4.2 Foreign financier as the majority financier

In the table 5.10 below the relation between foreign financier as the majority financier and choice of accounting framework is presented. 2 K3 and 1 K4 were excluded from the table since the respondents answered 'do not know'. The exclusion has arguably no significant impact on the findings.

Crosstab

			Framework		Total
			K3	K4	
Foreign majority financier	No	Count	142	14	156
		% within Framework	93,4%	70,0%	90,7%
	Yes	Count	10	6	16
		% within Framework	6,6%	30,0%	9,3%
Total		Count	152	20	172
		% within Framework	100,0%	100,0%	100,0%

Table 5.10 Foreign majority financier **(Fisher's Exact Test = ,004)**

As can be seen in table 5.10 a clear majority of both the K3 groups (93,4%) and the K4 groups (70%) have no foreign financier as majority financier. However, a comparison of the degree of

foreign financier as majority financier show an evident difference in K4 groups (30%) compared to K3 groups (6,6%). This finding indicates that K4 groups have a higher degree of foreign financier as majority financier than K3 groups.

The significance was tested by using Fisher's exact test since Pearson's chi-square test was unusable. The Fisher's exact test found significance at the 5% significance level.

5.4.2.1 Test of hypothesis H3b

International investors seek consistency in financial reports as to be able to make more informed decisions (Hill, 2014). Previous research has pointed out that adoption of IFRS (K4) may provide the advantage of easier access to foreign capital due to the high levels of disclosures and comparability which increase the transparency (Ball, 2006; Seay, 2014). Groups adopting IFRS may in accordance to Tyrrall et al. (2007) utilize the major advantage of access to international funding. An additional perspective to the analysis is whether the foreign financiers in the K4 (30%) and K3 (6,6%) groups consist of banks or owners. Therefore the variable majority financier has been added as a layer in the analysis. The table which can be found in appendix 5 show the relation between majority financier, foreign financier and choice of accounting framework. The findings show that the degree of groups with foreign owner as the majority financiers were clearly higher in K4 groups (41,7%) compared to K3 groups (9,5%). The table also show that groups with foreign bank as the majority financier were higher in K4 groups (12,5%) compared to K3 groups (3,5%). Significance was found in the relation between foreign owners as the majority financier at the 5% significance level, whereas no significance was found in the relation between foreign banks as the majority financier. However, the additional analysis indicates that especially groups with foreign owners as the majority financiers choose K4.

H3b: Groups with a foreign financier as the majority financing source choose K4 in a higher degree than K3

The findings show that K4 groups (30%) has foreign majority financiers in a higher degree than K3 groups (6,6%), and since the Fisher's exact test found significance at the 5% significance level hypothesis H3b is confirmed.

5.4.3 Influence by financiers

In table 5.11 below the relation between influence by financiers and the choice of accounting framework is presented. The table divide the respondents into two groups, those who experienced no influence and those who experienced some degree of influence. A more detailed view is found in table 5.12 below where the degree of influence ranging from no influence to decisive influence is put in relation to the choice of accounting framework.

Crosstab

			Framework		Total
			K3	K4	
Degree of influence by financiers	No influence	Count	118	12	130
		% within Framework	76,6%	57,1%	74,3%
	Influence	Count	36	9	45
		% within Framework	23,4%	42,9%	25,7%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.11 Influence by financiers **(Pearson Chi-Square = ,055)**

As can be seen in table 5.11 the majority of both the K3 groups (76,6%) and the K4 groups (57,1%) have experienced no influence by financiers in the choice of accounting framework. However, the difference is evident that K4 groups (42,9%) experienced some influence in a higher degree than K3 groups (23,4%).

The significance was tested by using the Pearson's chi-square test which was usable. Even if the p-value at ,055 was close to ,050 no significance was found at the 5% significance level.

Crosstab

			Framework		Total
			K3	K4	
Degree of influence by financiers	No influence	Count	118	12	130
		% within Framework	76,6%	57,1%	74,3%
	Low influence	Count	17	5	22
		% within Framework	11,0%	23,8%	12,6%
	Neither low nor high influence	Count	16	2	18
		% within Framework	10,4%	9,5%	10,3%
	High influence	Count	2	1	3
		% within Framework	1,3%	4,8%	1,7%
	Decisive influence	Count	1	1	2
		% within Framework	0,6%	4,8%	1,1%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.12 Degree of influence by financiers (**Fisher's Exact Test = ,063)**

A more detailed view of the respondents that experience influence by the financiers is seen in table 5.12 which divides the influence into 4 categories. The table shows that the influence generally is in the two lower ranges for both K3 groups (21,4%) and K4 groups (33,3%). The groups that experienced high or decisive influence were few in both K3 groups (1,9%) and K4 groups (9,6%).

The significance was tested by using the Fisher's exact test since the Pearson's chi-square test was unusable. The Fisher's exact test found no significance at the 5% significance level.

5.4.3.1 Test of hypothesis H3c

The financiers provides an important resource, namely capital, which is important for the survival of the groups. Therefore, in accordance to both the managerial branch of stakeholder as described by Deegan (2013) and Mitchell et al. (1997) financiers may be classified as to have power to influence the choice of accounting framework if it is in line with their interest, and depending on whether their claims is seen as legitimate or not.

To add additional perspectives to the analysis of the influence by financiers and choice of accounting framework two layers have been added. The first layer break down the financiers

who experienced influence into the two majority financiers, banks and owners. As can be found in appendix 7 the groups that experienced influence by financiers in terms of owners was higher in K4 groups (25%) compared to the K3 groups (13,8%). The groups experienced higher influence by financiers in terms of banks, and again were the K4 groups (62,5%) more influenced compared to K3 groups (30,2%). This indicates that K4 groups experienced higher influence by both banks and owners as financiers compare to K3 groups, however, in none of the tests was significance found at the 5% significance level. Further, the second layer break down the groups that experienced influence from financiers into whether the financiers are foreign or not. The groups that experienced influence from a non-foreign financier were higher in K4 groups (42,9%) compared to K3 groups (24,6%). The groups that experienced influence from foreign financiers were also higher in K4 groups (33,3%) compared to K3 groups (10%). This indicates that K4 groups in a higher extent experienced influence both by non-foreign and foreign financiers compared to K3 groups, however, in the second test no significance was found at the 5% significance level either.

H3c: A majority of the groups experience influence by financiers in the choice of accounting framework

The findings show that neither a majority of the K3 groups (23,4%) or the K4 groups (42,9%) experienced some degree of influence by financiers, and nor was significance found at the 5% significance level which means that hypothesis H3c is rejected.

5.4.4 Logistic regression - Financing source

To further strengthen and confirm the findings above an additional logistic regression has been conducted. The model used in the logistic regression has categorized the frameworks correct in 89,3% of the cases, which generally is seen as a reliable model. The model consist of the choice of accounting framework as a dependent variable, whereas majority financier, foreign financier and influence by financiers are predictor variables. To be able to conduct a logistic regression the variables needs to be converted to dummy-variables. Majority financier is categorized as banks = 0 and owners = 1, foreign majority financier is categorized as no foreign majority financier = 0 and foreign majority financier = 1, and lastly, influence by financiers is categorized as no influence = 0 and influence = 1. The findings are presented in table 5.13 below, where the

significance (Sig.) and odds-ratio (Exp B) columns are of particular interest. Since 3 respondents from K3 and 1 from K4 answered 'do not know' on the question foreign financier they are excluded.

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	MajorityFinOwner	,719	,539	1,778	1	,182	2,053
	ForeignFinanciers	1,965	,642	9,380	1	,002	7,134
	InfluencebyFinanciers	1,229	,558	4,845	1	,028	3,418
	Constant	-3,077	,506	36,969	1	,000	,046

a. Variable(s) entered on step 1: MajorityFinOwner, ForeignFinanciers, InfluencebyFinanciers.

Table 5.13 Logistic regression - Financiers

As can be seen in table 5.13 the predictor owner as majority financier is not usable since there is no significance (,182). Further, the second predictor foreign financier as a majority financier is significant at the 5% significance level (,002) and the odds-ratio is 7,134. This means that the chance of adopting K4 is 7,134 times higher than adopting K3 for groups that has a foreign majority financier which support the confirmation of H3b. Lastly, the predictor influence by financiers is significant at the 5% significance level (,028) and the odds-ratio 3,418, which means that when a group experience some degree of influence from the financier the chance of them adopting K4 is 3,418 times higher as compared to adopting K3. This finding is similar and supports that the experienced influence by financiers in K4 groups are higher than K3 groups, however, the findings do not support the rejection of hypothesis H3c, but due to the fact that no significant relation was found in table 5.11 there is a risk that the findings are because of chance and therefore hypothesis H3c is still rejected.

A test was performed to measure for multicollinearity between the independent variables which showed that the tolerance level and VIF for all three variables, MajorityFinOwner (,935 & 1,069), ForeignFinancier (,964 & 1,037) and InfluencebyFinancier (,960 & 1,042) were close to 1 which means that there is very little multicollinearity that present a problem in the analysis.

5.5 Summary of hypotheses testing

Hypothesis	Confirmed / Rejected
H1a: Groups that choose K4 have higher levels of exports in terms of sales than K3 groups	**Rejected**
H1b: Groups that choose K4 have higher levels of imports in terms of purchasing than K3 groups	**Rejected**
H1c: A majority of the groups with some degree of international trade experienced influence by international trading partners in the choice of accounting framework	**Rejected**
H2a: Groups with outside owners as the majority owner adopt K4 in a higher degree than K3	**Rejected**
H2b: Groups with foreign owners represented in the majority owners adopting K4 in a higher degree than K3	**Confirmed**
H2c: A majority of the groups experienced influence by owners in the choice of accounting framework	**Confirmed for K4 groups** **Rejected for K3 groups**
H3a: Groups with owners as the majority financier adopt K4 in a higher degree than K3	**Rejected**
H3b: Groups with a foreign financier as the majority financing source choose K4 in a higher degree than K3	**Confirmed**
H3c: A majority of the groups experienced influence by financiers in the choice of accounting framework	**Rejected**

Table 5.14 Summary of hypotheses testing

5.6 Additional characteristic variables

5.6.1 Industry

In the table 5.15 below the relation between industry affiliation and choice of accounting framework is presented. Of the total of 175 respondents did 53 answered 'other' industry. 39 of these 53 respondents could according to the industry definition at Avanza (2015) be categorized properly, for instance car dealerships and media were placed in consumer goods, whereas education and consultancy groups still were categorized as others.

Crosstab

			Framework		Total
			K3	K4	
Industry affiliation	Materials	Count	11	1	12
		% within Framework	7,1%	4,8%	6,9%
	Finance and Insurance	Count	13	4	17
		% within Framework	8,4%	19,0%	9,7%
	Industry goods	Count	36	4	40
		% within Framework	23,4%	19,0%	22,9%
	Carriage and Aviation	Count	14	1	15
		% within Framework	9,1%	4,8%	8,6%
	Telecom and IT	Count	4	4	8
		% within Framework	2,6%	19,0%	4,6%
	Healthcare	Count	2	2	4
		% within Framework	1,3%	9,5%	2,3%
	Consumer goods	Count	33	4	37
		% within Framework	21,4%	19,0%	21,1%
	Energy	Count	1	0	1
		% within Framework	0,6%	0,0%	0,6%
	Construction and property	Count	23	0	23
		% within Framework	14,9%	0,0%	13,1%
	Investment companies	Count	4	0	4
		% within Framework	2,6%	0,0%	2,3%
	Other	Count	13	1	14
		% within Framework	8,4%	4,8%	8,0%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.15 Industry affiliation **(Fisher's Exact Test = ,017)**

As can be seen in table 5.15 the four most common industry affiliations in K3 groups are industry goods (23,4%), consumer goods (21,4%), construction and property (14,9%) and carriage and aviation (9,1%). These industries constitutes a majority (68,8%) of the total K3 groups. Notably is that all groups in the construction and property industry adopted K3. In comparison the four most common industries for K4 groups are industry goods (19%), telecom and IT (19%), consumer goods (19%) and finance and insurance (19%), which together also constitutes a majority (76%) of the K4 groups.

The significance was tested by using Fisher's exact test since Pearson's chi-square was unusable. The Fisher's exact test found significance at the 5% significance level.

5.6.2 Size

Total employees

In the table 5.16 below the relation between total number of employees and choice of accounting framework is presented.

Crosstab

			Framework		Total
			K3	K4	
Total employees	50-99	Count	59	4	63
		% within Framework	38,3%	19,0%	36,0%
	100-199	Count	42	5	47
		% within Framework	27,3%	23,8%	26,9%
	200-499	Count	36	4	40
		% within Framework	23,4%	19,0%	22,9%
	500-999	Count	9	1	10
		% within Framework	5,8%	4,8%	5,7%
	1000+	Count	8	7	15
		% within Framework	5,2%	33,3%	8,6%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.16 Total employees **(Fisher's Exact Test = ,005)**

As can be seen in table 5.16 the percentage of groups with more than 1000 employees were higher in K4 groups (33,3%) compared to K3 groups (5,2%). Put differently, a majority of the K3 groups (65,6%) have less than 200 employees which differs from the percentage of the K4 groups (42,8%). The different percentages indicate that the groups that voluntarily adopt K4 tend to be larger in size in terms of employees than K3 groups.

Since the Pearson's chi-square test were unusable the Fisher's exact test were used instead. The Fisher's exact test found significance at the 5% significance level.

Total assets

Further, in the table 5.17 below the relation between total assets in million SEK and choice of accounting framework is presented.

Crosstab

			Framework		Total
			K3	K4	
Total assets	40-89	Count	24	3	27
		% within Framework	15,6%	14,3%	15,4%
	90-149	Count	31	2	33
		% within Framework	20,1%	9,5%	18,9%
	150-299	Count	35	1	36
		% within Framework	22,7%	4,8%	20,6%
	300-999	Count	39	4	43
		% within Framework	25,3%	19,0%	24,6%
	1000+	Count	25	11	36
		% within Framework	16,2%	52,4%	20,6%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.17 Total assets **(Fisher's Exact Test = ,006)**

As can be seen in table 5.17 a majority of the K4 groups (52,4%) have total assets over 1000 million SEK which is a significantly higher percentage compared to the K3 groups (16,2%). Put differently, a majority of K3 groups (58,4%) have total assets below 300 million which can be compared to a lower percentage of the K4 groups (28,6%). The different percentages indicate that groups that voluntarily adopt K4 tend to be larger in size in terms of total assets than K3 groups.

The significant relation is tested by using Fisher's exact test since Pearson's chi-square test was unusable. The Fisher's exact test found significance at the 5% significance level.

Total Sales

In table 5.18 the relation between total sales in million SEK and choice of accounting framework is presented.

Crosstab

			Framework		Total
			K3	K4	
Total sales	80-149	Count	24	2	26
		% within Framework	15,6%	9,5%	14,9%
	150-239	Count	28	5	33
		% within Framework	18,2%	23,8%	18,9%
	240-399	Count	31	2	33
		% within Framework	20,1%	9,5%	18,9%
	400-799	Count	36	3	39
		% within Framework	23,4%	14,3%	22,3%
	800+	Count	35	9	44
		% within Framework	22,7%	42,9%	25,1%
Total		Count	154	21	175
		% within Framework	100,0%	100,0%	100,0%

Table 5.18 Total sales **(Fisher's Exact Test = ,285)**

As can be seen in table 5.18 the percentage of groups with 800+ million SEK in total sales are higher in K4 groups (42,9%) compared to K3 groups (22,7%). However, in comparison of the percentages of groups with more than 239 million SEK in total sales the percentages are similar between K3 groups (66,2%) and K4 groups (66,7%). The percentages indicate that no difference can be found in the three ranges between 240-800+ million SEK, however, due to the difference in the range 800+ the higher percentage in K4 groups indicates that they are larger in size in terms of sales compared to K3 groups.

The significance was tested by using Fisher's exact test since Pearson's chi-square was unusable. The Fisher's exact test found no significance at the 5% significance level.

5.6.3 Analysis of the additional characteristic variables

Size and industry are used as additional characteristic variables to gain insights into the characteristics of the groups in the sample. The findings show that groups that voluntarily adopt K4 tend to mainly belong to four industries, finance and insurance, industry goods, consumer goods and telecom and IT. These industries were also represented in the K3 groups which not indicate any mimetic behavior in accordance to the mimetic isomorphism as described by DiMaggio and Powell (1983). The construction and property industry did however show indications of mimetic isomorphism since all 23 groups adopted K3. However, due to the low number of respondents adopting K4 and high number of industry affiliations it is difficult to generalize the findings even if significance was found. Further, the findings also show that K4 groups tend to have more employees, higher levels of total assets and total sales. Significance was found in total employees and total assets. However, even if only two of the three size variables were significant it indicates a confirmation of previous research (Senyigit, 2014; Bassemir, 2012; Lilja et al., 2006) which found that size influence the choice of accounting framework.

5.7 Qualitative empirical analysis of the open question

In the survey an open and voluntary question was included as to give the respondents a chance to further develop on their answers in the survey. Many of the respondents did chose to answer and the ones that has a relation to the purpose are presented below.

One respondent wrote that *"Given our size and ownership structure there is no reason for us to take the step up to K4"*, another respondent had a similar though and wrote *"Since the group is family owned and not listed the costs of IFRS is not assumed to outweigh the utility of it"*. Others were more focused on the material differences in disclosure requirements between the two framework as one respondent wrote *"We were deterred by the large framework and the large amount of disclosures that has to be produced"* and another wrote *"We chose to K3 in order to avoid the heavy workload with K4 and to keep the transparency to a minimum."*. Further, one respondent wrote that *"The biggest reason for choosing K3 was the huge amounts of disclosures in K4"* and another one had the users in mind and wrote that *"The disclosure requirements are too comprehensive and add little value to the users"*.

6. Discussion and Conclusions

This study focused on the research gap of stakeholders and their demand of information in terms of disclosures as an influencing factor in the choice of accounting framework. The purpose of this study is to, from a stakeholder and disclosure perspective, describe and analyze factors which might influence the choice of accounting framework for large Swedish unlisted groups.

The first thing to be discussed is the number of groups that voluntarily adopted K4 which are 12% of the total groups. The recent changes in the Swedish national regulation coerced groups to adopt K3, while adoption of K4 is the groups own initiative. Thus the K3 groups can either have made an active or passive choice whereas the K4 groups without a doubt have made an active choice. Based on the open survey question where some K3 groups argued why they did not choose to adopt K4, may give a perspective of why K3 groups who made an active choice did not voluntarily adopt K4. One respondent argued that "*the disclosure requirements are too comprehensive and add little value to the users*", and another argued that they "*[...] were deterred by the large framework and the large amount of disclosures that has to be produced*" yet another respondent even wrote that "*the biggest reason for choosing K3 was the huge amounts of disclosures in K4*". These quotes indicate that these respondents did not find any additional value to voluntarily adopt K4 due to the extra information in terms of disclosures. However, the K4 groups may arguably have seen some incentives, or experienced influence by stakeholders to voluntarily adopt K4. Therefore the next part will focus on answering and discussing the research question; which factors, from a stakeholder and disclosure perspective, influence the choice between the accounting frameworks K3 and K4 (IFRS)?

Based on the statistically tested findings three factors can be concluded to influence to choice of accounting framework. The first two group specific factors to be concluded as influencing factors are foreign owners and foreign financiers. Particularly the K4 groups tend to have foreign owners and financiers in their majority owner and financier. Further, the last factor with statistically significant influence was the owners. The influence by owners was significantly higher in K4 groups compared to K3 groups. The influence by owners clearly show that owners may in accordance to the managerial branch of stakeholder theory have both power and expectations that is experienced as influencing in the choice of accounting framework,

particularly in K4 groups. Possibly the experienced influence by the owners may be due to their direct or indirect power to influence the management. A possible explanation as to why owners in K4 groups were experienced as more influencing in the choice of accounting framework could be a result of their expectations of disclosures. Owners in both K3 and K4 groups may have the same amount of power, but the owners in K3 groups may have lower expectations of disclosures than owners in K4 groups and therefore do not assert their power over the group to influence the choice. It may also be a matter of different use of disclosures by the owners which then result in different demands of information in terms of disclosures. The owners in K4 groups arguably have higher expectations and demands of disclosures compared to K3 groups. However, the statistically significant influence may not only be in the nature of expectations from the owners, since the influence may be more of informal coercive pressures in accordance to the coercive isomorphism theory. However, due to empirical limitations we are not able to conclude whether or not the experienced influence by the stakeholders is in the nature of expectations or coercive pressures since this was not defined in the survey. Further, it is also important to understand that our findings is based on the respondents experience of influence, and in accordance to Mitchell et al (1997) argumentation it is the managers experience that determine which stakeholder group that influence the choice.

Further, there are some practical implications from the findings in this research, were particularly the characteristics of large Swedish unlisted groups voluntarily adopting K4 are of interest since these groups have made an active choice. Groups facing the choice in the future may use the findings and compare it to their own strategies and vision. Based on the conclusions, for instance, groups with a strategy to raise foreign capital may want to choose K4 since this, in accordance to previous research may help them in the pursuit of that strategy. Another example is groups that experience influencing demands of information from their owners, which then may choose K4 since it produces materially more information in terms of disclosures to the owners.

Based on the conclusion the research further contributes with implications to the general theory of why groups voluntarily adopt IFRS. The findings confirm that voluntarily adoption of IFRS is characterized by groups with international exposure such as foreign owners and financiers. It further contributes with new theory to the research gap due to the conclusion that owners

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demands of information in terms of disclosures was an influencing factor in the choice of accounting framework, although limited to the Swedish context. However, further research is needed to fill the gap, for instance other stakeholders such as the society in general may be taken into consideration.

Empirical limitations

An empirical limitation which was identified after the survey had been sent out, was the definition of insiders in the question regarding ownership structure as measured by insiders and outsiders. The alternatives which were seen as insiders in the question were 'family business' and 'few-man company'. These alternatives however do not necessarily mean that the owners are represented in the management of the group. For instance, the group may be owned by a family, but no family member has to be part of the management. Thus instead of asking whether the groups were 'family businesses' or 'few-man companies' the option should have been 'manager-owned'. This would have allowed us to be completely certain that the owners are in fact insiders, instead of having to rely on the assumption that the owners in 'family businesses' and 'few-man companies' are represented in the management of the firm. Now we cannot to 100% certainty define these owners as actual insiders which limit the reliability of those findings.

Future research

Due to the fact that none of the other findings were statistically significant no further conclusions or comparison can be made. However, notably and limited to the sample in this research the difference in the groups experienced influence by the different stakeholder groups supports the managerial branch of stakeholder theory, due to the fact that different stakeholders seems to have different expectations and power to influence the choice of accounting framework. A similar study could be useful to either strengthen or discard the confirmation or rejection of the hypotheses. Further, a similar study to this one could be conducted from the stakeholder point of view instead of the group's point of view. This could broaden the research landscape of how different stakeholders use disclosures and how they use their power to influence the choice of accounting framework according to their interest.

Further, regarding the experienced influence, it is interesting that so many respondents of the K3 groups responded that they experienced influence since K3 is required to be adopted by all groups one could question how and in what way the K3 groups experienced influence from the stakeholder groups. If the stakeholders demands information in terms of disclosures why did the groups not voluntarily adopt K4? Do the stakeholders demand voluntary disclosures in addition to the required in K3? Or did the stakeholders influence the group to choose a framework with fewer disclosures? Answering this type of questions might be interesting in future research, perhaps via a qualitative approach and in-depth interviews about the influence. Such interviews could also find answers to whether the influence may be seen as power through expectations or more of informal coercive pressures in nature.

Lastly, the high number of K3 respondents means that the information produced in terms of disclosures differ significantly for the stakeholder compared to if the group choose K4, and thus one can question what the differences are? To get more in-depth knowledge of the material difference in disclosures a comparative research can be conducted of the frameworks. This could arguably add further description of the choice of accounting framework and increase the understanding of the findings in this thesis.

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8. Appendix

8.1.1 Appendix 1.1 - Contact Email

Hej!

Till följd av de förändringar som nyligen skett gällande redovisningsregelverk för svenska onoterade koncerner genomför vi en studie över valet mellan K3 och K4 (IFRS) i upprättandet av koncernredovisning. Då Ert företag ingår i en koncern har Ni blivit utvalda att **anonymt** delta i vår studie och vi skulle vara väldigt tacksamma om Ni skulle kunna ta er tid att besvara bifogad enkät. Enkäten tar endast några minuter att besvara och består av 18 slutna frågor. Er medverkan skulle betyda oerhört mycket för oss.

Länk till enkäten: http://goo.gl/forms/HXQcJINJ1y

Tack på förhand!

Med vänlig hälsning,
Aleksander Saga och Gustav Svensson
Lunds Universitet

Kontaktuppgifter:

Aleksander Saga

Email: aleksander.saga@gmail.com

Gustav Svensson

Email: gam14gsv@student.lu.se

Handledare:

Amanda Sonnerfeldt

Email: amanda.sonnerfeldt@fek.lu.se

Peter Jönsson

Email: peter_w.jonsson@fek.lu.se

8.1.2 Appendix 1.2 - Contact Email

Hi!

As a result of the recent changes regarding the accounting framework for unlisted Swedish groups, a study regarding the choice between K3 and K4 (IFRS) in the group accounting is being conducted. Since Your company belongs to an unlisted group, You have been chosen to **anonymously** partake in our study and we would therefore be grateful if You could take the time to answer the attached survey. The survey only take a few minutes to answer and consists of 18 closed questions. Your participation will mean a lot to us..

Link to the survey: http://goo.gl/forms/HXQcJINJ1y

Kind regards,
Aleksander Saga och Gustav Svensson
Lunds University

Contact information:
Aleksander Saga

Email: aleksander.saga@gmail.com

Gustav Svensson

Email: gam14gsv@student.lu.se

Supervisors:

Amanda Sonnerfeldt

Email: amanda.sonnerfeldt@fek.lu.se

Peter Jönsson

Email: peter_w.jonsson@fek.lu.se

8.2 Appendix 2 - Survey

The following accounting framework is used in the group accounting *

    ○ K3

    ○ K4

Size

Includes the whole group

Number of employees *

    ○ 50-99

    ○ 100-199

    ○ 200-499

    ○ 500-999

    ○ 1000+

Total assets *

All numbers in million SEK

    ○ 40-89

    ○ 90-149

    ○ 150-299

○ 300-999

○ 1000+

Turnover *

All numbers in million SEK

○ 80-149

○ 150-239

○ 240-399

○ 400-799

○ 800+

Industry

A majority of the groups is active within the following industry *

Only one possible option

○ Material

○ Finance and Insurance

○ Industry goods

○ Transport and aviation

○ Telecom and IT

○ Healthcare

○ Consumer goods

○ Energy

○ Construction and Property

○ Investment company

○ Other: [＿＿＿＿＿]

The choice of framework was impacted by the industry competitors' choice of framework *

○ No impact

○ Low impact

○ Neither low nor high impact

○ High impact

○ Decisive impact

The choice of framework was impacted by industry specific information demands *

○ No impact

○ Low impact

○ Neither low nor high impact

○ High impact

○ Decisive impact

International trade

Estimate the percentage of the group's sales that are exported *

The intervals are in %

[▼]

Estimate the percentage of the groups purchase that are imported *

The intervals are in %

[▼]

The choice of framework was impacted by the international trading partners' information demands *

○ No impact

○ Low impact

○ Neither low nor high impact

○ High impact

○ Decisive impact

Ownership structure

A majority of the voting rights in the company which prepares the group accounting is held by *

    ○   One external shareholder

    ○   Several external shareholders

    ○   Family owned

    ○   'Few man company'

    ○   Do not know

    ○   Other:

A majority of the voting rights in the company is represented by foreign ownership *

    ○   Yes

    ○   No

    ○   Do now know

The choice of framework was impacted by the owners' information demands *

    ○   No impact

    ○   Low impact

    ○   Neither low nor high impact

    ○   High impact

    ○   Decisive impact

Financing source

Estimate which of the following that is the group's majority financing source *

    ○   Shareholders

    ○   Bank

    ○   Other:

In the majority financing source an international financier is represented *

    ○ Yes

    ○ No

    ○ Do now know

The choice of framework was impacted by the financiers' information demands *

    ○ No impact

    ○ Low impact

    ○ Neither low nor high impact

    ○ High impact

    ○ Decisive impact

Information demands

The extent of the information demands in K4 (IFRS) affected the choice of framework *

The extent concerns the higher information demands in K4 as compared to K3

    ○ No impact

    ○ Low impact

    ○ Neither low nor high impact

    ○ High impact

    ○ Decisive impact

The following stakeholders' information demands affected the choice of framework *

Multiple choices is possible

    ☐ Shareholder

    ☐ Creditors

    ☐ Customers

☐ Suppliers

☐ Society

☐ No stakeholder affected the choice

☐ Other: [   ]

Voluntary question

Other factors which affected the group's choice of accounting framework /

Additional comments to the answers above

Open question

8.3 Appendix 3 - Cross-tables - Majority ownership and Foreign owners

Foreign Owners * Framework * Type of majority owner Crosstabulation

Type of majority owner				Framework K3	Framework K4	Total
Outsiders	Foreign Owners	No	Count	47	3	50
			% within Framework	79,7%	27,3%	71,4%
		Yes	Count	12	8	20
			% within Framework	20,3%	72,7%	28,6%
	Total		Count	59	11	70
			% within Framework	100,0%	100,0%	100,0%
Insiders	Foreign Owners	No	Count	88	9	97
			% within Framework	96,7%	90,0%	96,0%
		Yes	Count	3	1	4
			% within Framework	3,3%	10,0%	4,0%
	Total		Count	91	10	101
			% within Framework	100,0%	100,0%	100,0%
Others	Foreign Owners	No	Count	3		3
			% within Framework	75,0%		75,0%
		Yes	Count	1		1
			% within Framework	25,0%		25,0%
	Total		Count	4		4
			% within Framework	100,0%		100,0%
Total	Foreign Owners	No	Count	138	12	150
			% within Framework	89,6%	57,1%	85,7%
		Yes	Count	16	9	25
			% within Framework	10,4%	42,9%	14,3%
	Total		Count	154	21	175
			% within Framework	100,0%	100,0%	100,0%

Chi-Square Tests

Type of majority owner		Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Outsiders	Pearson Chi-Square	12,468[d]	1	,000	,001	,001	
	Continuity Correction[b]	10,034	1	,002			
	Likelihood Ratio	11,269	1	,001	,001	,001	
	Fisher's Exact Test				,001	,001	
	Linear-by-Linear Association	12,290[e]	1	,000	,001	,001	,001
	N of Valid Cases	70					
Insiders	Pearson Chi-Square	1,064[f]	1	,302	,345	,345	
	Continuity Correction[b]	,032	1	,859			
	Likelihood Ratio	,795	1	,373	1,000	,345	
	Fisher's Exact Test				,345	,345	
	Linear-by-Linear Association	1,054[g]	1	,305	,345	,345	,298
	N of Valid Cases	101					
Others	Pearson Chi-Square	.[h]					
	N of Valid Cases	4					
Total	Pearson Chi-Square	15,909[a]	1	,000	,001	,001	
	Continuity Correction[b]	13,368	1	,000			
	Likelihood Ratio	12,122	1	,000	,001	,001	
	Fisher's Exact Test				,001	,001	
	Linear-by-Linear Association	15,818[c]	1	,000	,001	,001	,000
	N of Valid Cases	175					

a. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 3,00.

b. Computed only for a 2x2 table

c. The standardized statistic is 3,977.

d. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 3,14.

e. The standardized statistic is 3,506.

f. 2 cells (50,0%) have expected count less than 5. The minimum expected count is ,40.

g. The standardized statistic is 1,027.

h. No statistics are computed because Framework is a constant.

8.4 Appendix 4 - Cross-tables - Majority owners and Influence

Degree of influence by owners * Framework * Majority Ownership Crosstabulation

Majority Ownership				Framework K3	Framework K4	Total
Outsiders	Degree of influence by owners	No influence	Count	46	5	51
			% within Framework	78,0%	45,5%	72,9%
		Influence	Count	13	6	19
			% within Framework	22,0%	54,5%	27,1%
	Total		Count	59	11	70
			% within Framework	100,0%	100,0%	100,0%
Insiders	Degree of influence by owners	No influence	Count	73	4	77
			% within Framework	80,2%	40,0%	76,2%
		Influence	Count	18	6	24
			% within Framework	19,8%	60,0%	23,8%
	Total		Count	91	10	101
			% within Framework	100,0%	100,0%	100,0%
Total	Degree of influence by owners	No influence	Count	119	9	128
			% within Framework	79,3%	42,9%	74,9%
		Influence	Count	31	12	43
			% within Framework	20,7%	57,1%	25,1%
	Total		Count	150	21	171
			% within Framework	100,0%	100,0%	100,0%

Chi-Square Tests

Majority Ownership		Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Outsiders	Pearson Chi-Square	4,956[d]	1	,026	,036	,036	
	Continuity Correction[b]	3,448	1	,063			
	Likelihood Ratio	4,471	1	,034	,058	,036	
	Fisher's Exact Test				,058	,036	
	Linear-by-Linear Association	4,885[e]	1	,027	,036	,036	,029
	N of Valid Cases	70					
Insiders	Pearson Chi-Square	8,045[f]	1	,005	,011	,011	
	Continuity Correction[b]	5,978	1	,014			
	Likelihood Ratio	6,786	1	,009	,011	,011	
	Fisher's Exact Test				,011	,011	
	Linear-by-Linear Association	7,966[g]	1	,005	,011	,011	,009
	N of Valid Cases	101					
Total	Pearson Chi-Square	13,021[a]	1	,000	,001	,001	
	Continuity Correction[b]	11,155	1	,001			
	Likelihood Ratio	11,332	1	,001	,002	,001	
	Fisher's Exact Test				,001	,001	
	Linear-by-Linear Association	12,945[c]	1	,000	,001	,001	,001
	N of Valid Cases	171					

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 5,28.

b. Computed only for a 2x2 table

c. The standardized statistic is 3,598.

d. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 2,99.

e. The standardized statistic is 2,210.

f. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 2,38.

g. The standardized statistic is 2,822.

8.5 Appendix 5 - Cross-tables - Majority foreign owner and Influence

Degree of influence by owners * Framework * Foreign Owners Crosstabulation

Foreign Owners				Framework K3	Framework K4	Total
No	Degree of influence by owners	No influence	Count	112	6	118
			% within Framework	81,2%	50,0%	78,7%
		Influence	Count	26	6	32
			% within Framework	18,8%	50,0%	21,3%
	Total		Count	138	12	150
			% within Framework	100,0%	100,0%	100,0%
Yes	Degree of influence by owners	No influence	Count	10	3	13
			% within Framework	62,5%	33,3%	52,0%
		Influence	Count	6	6	12
			% within Framework	37,5%	66,7%	48,0%
	Total		Count	16	9	25
			% within Framework	100,0%	100,0%	100,0%
Total	Degree of influence by owners	No influence	Count	122	9	131
			% within Framework	79,2%	42,9%	74,9%
		Influence	Count	32	12	44
			% within Framework	20,8%	57,1%	25,1%
	Total		Count	154	21	175
			% within Framework	100,0%	100,0%	100,0%

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Chi-Square Tests

Foreign Owners		Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
No	Pearson Chi-Square	6,387[d]	1	,011	,021	,021	
	Continuity Correction[b]	4,665	1	,031			
	Likelihood Ratio	5,309	1	,021	,071	,021	
	Fisher's Exact Test				,021	,021	
	Linear-by-Linear Association	6,344[e]	1	,012	,021	,021	,017
	N of Valid Cases	150					
Yes	Pearson Chi-Square	1,963[f]	1	,161	,226	,163	
	Continuity Correction[b]	,968	1	,325			
	Likelihood Ratio	1,990	1	,158	,226	,163	
	Fisher's Exact Test				,226	,163	
	Linear-by-Linear Association	1,885[g]	1	,170	,226	,163	,129
	N of Valid Cases	25					
Total	Pearson Chi-Square	12,983[a]	1	,000	,001	,001	
	Continuity Correction[b]	11,123	1	,001			
	Likelihood Ratio	11,289	1	,001	,002	,001	
	Fisher's Exact Test				,001	,001	
	Linear-by-Linear Association	12,909[c]	1	,000	,001	,001	,001
	N of Valid Cases	175					

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 5,28.

b. Computed only for a 2x2 table

c. The standardized statistic is 3,593.

d. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 2,56.

e. The standardized statistic is 2,519.

f. 2 cells (50,0%) have expected count less than 5. The minimum expected count is 4,32.

g. The standardized statistic is 1,373.

8.6 Appendix 6 - Cross-tables - Financing source and Foreign financier

Foreign Financiers * Framework * Type of majority financier Crosstabulation

Type of majority financier					Framework		Total
					K3	K4	
Owners	Foreign Financiers	No	Count		57	7	64
			% within Framework		90,5%	58,3%	85,3%
		Yes	Count		6	5	11
			% within Framework		9,5%	41,7%	14,7%
	Total		Count		63	12	75
			% within Framework		100,0%	100,0%	100,0%
Banks	Foreign Financiers	No	Count		83	7	90
			% within Framework		96,5%	87,5%	95,7%
		Yes	Count		3	1	4
			% within Framework		3,5%	12,5%	4,3%
	Total		Count		86	8	94
			% within Framework		100,0%	100,0%	100,0%
Other	Foreign Financiers	No	Count		2		2
			% within Framework		66,7%		66,7%
		Yes	Count		1		1
			% within Framework		33,3%		33,3%
	Total		Count		3		3
			% within Framework		100,0%		100,0%
Total	Foreign Financiers	No	Count		142	14	156
			% within Framework		93,4%	70,0%	90,7%
		Yes	Count		10	6	16
			% within Framework		6,6%	30,0%	9,3%
	Total		Count		152	20	172
			% within Framework		100,0%	100,0%	100,0%

Chi-Square Tests

Type of majority financier		Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Owners	Pearson Chi-Square	8,321[d]	1	,004	,012	,012	
	Continuity Correction[b]	5,951	1	,015			
	Likelihood Ratio	6,606	1	,010	,012	,012	
	Fisher's Exact Test				,012	,012	
	Linear-by-Linear Association	8,210[e]	1	,004	,012	,012	,011
	N of Valid Cases	75					
Banks	Pearson Chi-Square	1,459[f]	1	,227	,304	,304	
	Continuity Correction[b]	,085	1	,770			
	Likelihood Ratio	1,026	1	,311	,304	,304	
	Fisher's Exact Test				,304	,304	
	Linear-by-Linear Association	1,443[g]	1	,230	,304	,304	,268
	N of Valid Cases	94					
Other	Pearson Chi-Square	.[h]					
	N of Valid Cases	3					
Total	Pearson Chi-Square	11,491[a]	1	,001	,004	,004	
	Continuity Correction[b]	8,883	1	,003			
	Likelihood Ratio	8,273	1	,004	,004	,004	
	Fisher's Exact Test				,004	,004	
	Linear-by-Linear Association	11,425[c]	1	,001	,004	,004	,004
	N of Valid Cases	172					

a. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 1,86.

b. Computed only for a 2x2 table

c. The standardized statistic is 3,380.

d. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 1,76.

e. The standardized statistic is 2,865.

f. 2 cells (50,0%) have expected count less than 5. The minimum expected count is ,34.

g. The standardized statistic is 1,201.

h. No statistics are computed because Framework is a constant.

8.7 Appendix 7 - Cross-tables - Majority financier and Influence

Degree of influence by financiers * Framework * Financing Source Crosstabulation

Financing Source				Framework K3	Framework K4	Total
Owners	Degree of influence by financiers	No influence	Count	56	9	65
			% within Framework	86,2%	75,0%	84,4%
		Influence	Count	9	3	12
			% within Framework	13,8%	25,0%	15,6%
	Total		Count	65	12	77
			% within Framework	100,0%	100,0%	100,0%
Banks	Degree of influence by financiers	No influence	Count	60	3	63
			% within Framework	69,8%	37,5%	67,0%
		Influence	Count	26	5	31
			% within Framework	30,2%	62,5%	33,0%
	Total		Count	86	8	94
			% within Framework	100,0%	100,0%	100,0%
Total	Degree of influence by financiers	No influence	Count	116	12	128
			% within Framework	76,8%	60,0%	74,9%
		Influence	Count	35	8	43
			% within Framework	23,2%	40,0%	25,1%
	Total		Count	151	20	171
			% within Framework	100,0%	100,0%	100,0%

Chi-Square Tests

Financing Source		Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Owners	Pearson Chi-Square	,958[d]	1	,328	,386	,277	
	Continuity Correction[b]	,298	1	,585			
	Likelihood Ratio	,861	1	,353	,386	,277	
	Fisher's Exact Test				,386	,277	
	Linear-by-Linear Association	,946[e]	1	,331	,386	,277	,191
	N of Valid Cases	77					
Banks	Pearson Chi-Square	3,448[f]	1	,063	,110	,075	
	Continuity Correction[b]	2,142	1	,143			
	Likelihood Ratio	3,207	1	,073	,110	,075	
	Fisher's Exact Test				,110	,075	
	Linear-by-Linear Association	3,411[g]	1	,065	,110	,075	,061
	N of Valid Cases	94					
Total	Pearson Chi-Square	2,655[a]	1	,103	,167	,091	
	Continuity Correction[b]	1,836	1	,175			
	Likelihood Ratio	2,434	1	,119	,167	,091	
	Fisher's Exact Test				,167	,091	
	Linear-by-Linear Association	2,639[c]	1	,104	,167	,091	,058
	N of Valid Cases	171					

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 5,03.

b. Computed only for a 2x2 table

c. The standardized statistic is 1,625.

d. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 1,87.

e. The standardized statistic is ,972.

f. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 2,64.

g. The standardized statistic is 1,847.

8.8 Appendix 8 - Cross-tables - Majority foreign financier and Influence

Degree of influence by financiers * Framework * Foreign Financiers Crosstabulation

Foreign Financiers					Framework		Total
					K3	K4	
No	Degree of influence by financiers	No influence	Count		107	8	115
			% within Framework		75,4%	57,1%	73,7%
		Influence	Count		35	6	41
			% within Framework		24,6%	42,9%	26,3%
	Total		Count		142	14	156
			% within Framework		100,0%	100,0%	100,0%
Yes	Degree of influence by financiers	No influence	Count		9	4	13
			% within Framework		90,0%	66,7%	81,3%
		Influence	Count		1	2	3
			% within Framework		10,0%	33,3%	18,8%
	Total		Count		10	6	16
			% within Framework		100,0%	100,0%	100,0%
Total	Degree of influence by financiers	No influence	Count		116	12	128
			% within Framework		76,3%	60,0%	74,4%
		Influence	Count		36	8	44
			% within Framework		23,7%	40,0%	25,6%
	Total		Count		152	20	172
			% within Framework		100,0%	100,0%	100,0%

Chi-Square Tests

Foreign Financiers		Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
No	Pearson Chi-Square	2,181[d]	1	,140	,199	,125	
	Continuity Correction[b]	1,342	1	,247			
	Likelihood Ratio	1,991	1	,158	,199	,125	
	Fisher's Exact Test				,199	,125	
	Linear-by-Linear Association	2,167[e]	1	,141	,199	,125	,084
	N of Valid Cases	156					
Yes	Pearson Chi-Square	1,340[f]	1	,247	,518	,304	
	Continuity Correction[b]	,246	1	,620			
	Likelihood Ratio	1,303	1	,254	,518	,304	
	Fisher's Exact Test				,518	,304	
	Linear-by-Linear Association	1,256[g]	1	,262	,518	,304	,268
	N of Valid Cases	16					
Total	Pearson Chi-Square	2,471[a]	1	,116	,170	,100	
	Continuity Correction[b]	1,689	1	,194			
	Likelihood Ratio	2,276	1	,131	,170	,100	
	Fisher's Exact Test				,170	,100	
	Linear-by-Linear Association	2,457[c]	1	,117	,170	,100	,063
	N of Valid Cases	172					

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 5,12.

b. Computed only for a 2x2 table

c. The standardized statistic is 1,568.

d. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 3,68.

e. The standardized statistic is 1,472.

f. 3 cells (75,0%) have expected count less than 5. The minimum expected count is 1,13.

g. The standardized statistic is 1,121.

8.9 Appendix 9 - Cross-tables - Foreign owners and foreign financiers

Foreign Financiers * Framework * Foreign Owners Crosstabulation

Foreign Owners				Framework K3	Framework K4	Total
No	Foreign Financiers	No	Count	134	12	146
			% within Framework	97,8%	100,0%	98,0%
		Yes	Count	3	0	3
			% within Framework	2,2%	0,0%	2,0%
	Total		Count	137	12	149
			% within Framework	100,0%	100,0%	100,0%
Yes	Foreign Financiers	No	Count	8	2	10
			% within Framework	53,3%	25,0%	43,5%
		Yes	Count	7	6	13
			% within Framework	46,7%	75,0%	56,5%
	Total		Count	15	8	23
			% within Framework	100,0%	100,0%	100,0%
Total	Foreign Financiers	No	Count	142	14	156
			% within Framework	93,4%	70,0%	90,7%
		Yes	Count	10	6	16
			% within Framework	6,6%	30,0%	9,3%
	Total		Count	152	20	172
			% within Framework	100,0%	100,0%	100,0%

Chi-Square Tests

Foreign Owners		Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
No	Pearson Chi-Square	,268[d]	1	,605	1,000	,776	
	Continuity Correction[b]	,000	1	1,000			
	Likelihood Ratio	,509	1	,476	1,000	,776	
	Fisher's Exact Test				1,000	,776	
	Linear-by-Linear Association	,266[e]	1	,606	1,000	,776	,776
	N of Valid Cases	149					
Yes	Pearson Chi-Square	1,704[f]	1	,192	,379	,195	
	Continuity Correction[b]	,746	1	,388			
	Likelihood Ratio	1,767	1	,184	,379	,195	
	Fisher's Exact Test				,379	,195	
	Linear-by-Linear Association	1,630[g]	1	,202	,379	,195	,157
	N of Valid Cases	23					
Total	Pearson Chi-Square	11,491[a]	1	,001	,004	,004	
	Continuity Correction[b]	8,883	1	,003			
	Likelihood Ratio	8,273	1	,004	,004	,004	
	Fisher's Exact Test				,004	,004	
	Linear-by-Linear Association	11,425[c]	1	,001	,004	,004	,004
	N of Valid Cases	172					

a. 1 cells (25,0%) have expected count less than 5. The minimum expected count is 1,86.

b. Computed only for a 2x2 table

c. The standardized statistic is 3,380.

d. 2 cells (50,0%) have expected count less than 5. The minimum expected count is ,24.

e. The standardized statistic is -,516.

f. 2 cells (50,0%) have expected count less than 5. The minimum expected count is 3,48.

g. The standardized statistic is 1,277.