



**Münsteraner Schriften
zur Internationalen Unternehmensrechnung**

Herausgegeben von Peter Kajüter

Maximilian Saucke

Full IFRS and IFRS for SMEs Adoption by Private Firms

Empirical Evidence on Country Level

Band 12

Contents

Index of figures.....	XVII
Index of tables	XIX
Index of formulas	XXIII
Index of abbreviations	XXV
Index of symbols	XXIX
1 Foundation	1
1.1 Introduction	1
1.1.1 Motivation.....	1
1.1.2 Research questions	4
1.1.3 Outline.....	6
1.2 Scientific research strategy	9
1.2.1 Science and philosophy of science.....	9
1.2.2 Scientific positioning of the study.....	10
1.3 Financial reporting of private firms.....	13
1.3.1 Defining private firms.....	13
1.3.1.1 Quantitative definitions.....	14
1.3.1.2 Qualitative definitions	16
1.3.1.3 Definition used in this study	19
1.3.2 Differential reporting.....	20
1.3.2.1 Big GAAP vs. little GAAP debate	20
1.3.2.2 Different users and users' needs	22
1.3.2.3 Stewardship vs. decision-usefulness.....	25
1.3.2.4 Examples of differential reporting.....	27
1.4 International accounting harmonization	34
1.4.1 Definitions and fundamentals.....	34
1.4.2 Early attempts of harmonization	36
1.4.3 Development of Full IFRS.....	37
1.4.4 Development of IFRS for SMEs	40

1.5	Field of research.....	44
1.5.1	International comparative financial accounting research	45
1.5.2	International accounting harmonization research.....	50
1.6	Prior research.....	53
1.6.1	Overview	53
1.6.2	Descriptive country level studies on GAAP adoption.....	54
1.6.2.1	Full IFRS.....	55
1.6.2.1.1	National GAAP's compliance with Full IFRS ...	55
1.6.2.1.2	Full IFRS implementation as a whole	60
1.6.2.2	IFRS for SMEs	64
1.6.3	Explanatory country level studies on GAAP adoption.....	66
1.6.3.1	Full IFRS.....	66
1.6.3.1.1	Economic factors	66
1.6.3.1.2	Political factors.....	73
1.6.3.1.3	Network effects.....	78
1.6.3.1.4	National culture.....	81
1.6.3.2	IFRS for SMEs	83
1.6.4	Limitations and implications for this study.....	86
2	Theory and hypotheses development.....	90
2.1	Theoretical foundation	90
2.1.1	Economic theory of networks	90
2.1.2	Institutional theory of isomorphism.....	92
2.1.3	Integration of theoretical perspectives	94
2.2	Hypotheses development	96
2.2.1	Describing Full IFRS and IFRS for SMEs adoption	97
2.2.2	Explaining Full IFRS and IFRS for SMEs adoption.....	98
2.2.2.1	Net economic benefits.....	98
2.2.2.1.1	Perceived quality of accounting standards	98
2.2.2.1.2	Local GAAP	99
2.2.2.1.3	Local Full IFRS.....	100
2.2.2.1.4	Full IFRS adoption for listed firms.....	101
2.2.2.1.5	Full IFRS adoption for private firms	102

2.2.2.2	Network effects	103
2.2.2.3	Political pressures	104
2.2.2.3.1	Economic power	105
2.2.2.3.2	Political power	106
2.2.2.3.3	Import dependency	106
2.2.2.3.4	Pressures from supranational institutions	107
2.2.3	Refined conceptual framework	109
3	Characteristics of Full IFRS and IFRS for SMEs adoption	111
3.1	Research design	111
3.1.1	Data collection and sample	111
3.1.1.1	Sample selection procedure	111
3.1.1.2	Characteristics of the sample	113
3.1.2	Conceptual foundation	114
3.1.2.1	Classifying accounting systems	114
3.1.2.2	Type of adoption	121
3.1.2.3	Scope of adoption	121
3.2	Empirical results	123
3.2.1	North America	123
3.2.1.1	Time series analysis	124
3.2.1.2	Cross-sectional analysis	127
3.2.2	Central America & Caribbean	129
3.2.2.1	Time series analysis	129
3.2.2.2	Cross-sectional analysis	132
3.2.3	South America	134
3.2.3.1	Time series analysis	134
3.2.3.2	Cross-sectional analysis	138
3.2.4	European Union	140
3.2.4.1	Time series analysis	140
3.2.4.2	Cross-sectional analysis	148
3.2.5	Southeast Europe	150
3.2.5.1	Time series analysis	150
3.2.5.2	Cross-sectional analysis	154

3.2.6	Africa.....	156
3.2.6.1	Time series analysis.....	156
3.2.6.2	Cross-sectional analysis.....	161
3.2.7	Middle East	164
3.2.7.1	Time series analysis.....	164
3.2.7.2	Cross-sectional analysis.....	167
3.2.8	Asia.....	169
3.2.8.1	Time series analysis.....	169
3.2.8.2	Cross-sectional analysis.....	174
3.2.9	Australia & Oceania	176
3.2.9.1	Time series analysis.....	176
3.2.9.2	Cross-sectional analysis.....	180
3.3	Discussion	182
3.3.1	Time series analysis.....	182
3.3.2	Cross-sectional analysis	189
4	Determinants of Full IFRS and IFRS for SMEs adoption.....	197
4.1	Research design.....	197
4.1.1	Descriptive analysis.....	197
4.1.2	Explanatory analysis.....	199
4.1.2.1	Logistic regression model.....	199
4.1.2.2	Variables.....	201
4.1.2.2.1	Dependent variables.....	201
4.1.2.2.2	Independent variables	203
4.2	Empirical results	206
4.2.1	Full IFRS adoption by 2008	207
4.2.1.1	Descriptive statistics	207
4.2.1.2	Correlation analysis	209
4.2.1.3	Multivariate logistic regression	212
4.2.2	Full IFRS adoption by 2014	215
4.2.2.1	Descriptive statistics	215
4.2.2.2	Correlation analysis	218
4.2.2.3	Multivariate logistic regression	220

4.2.3	IFRS for SMEs adoption by 2014.....	223
4.2.3.1	Descriptive statistics	223
4.2.3.2	Correlation analysis	227
4.2.3.3	Multivariate logistic regression	229
4.2.4	Robustness tests	233
4.3	Discussion	238
5	Conclusions	243
5.1	Main findings and implications	243
5.2	Limitations	248
5.3	Perspectives.....	249
	Appendix	253
	References.....	298