

Research on Accounting Comparability, Earnings Management, and IFRS: Evidence from ASEAN Countries

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論 文 内 容 の 要 旨

Thesis Summary

Accounting information quality (AIQ) has been an essential property for an investor, regulators, and all users of accounting information. It is widely known that AIQ is determined by several factors, including institutional systems, accounting standards, and a firm's incentives (Soderstorm and Sun, 2007). Extend studies provide evidence on how these factors influence the quality of accounting information (Ball et al., 2003; Doukkakis, 2004; Barth, Landsman, Lang, and Williams, 2012, Meshram and Arora, 2021; Neel, 2017; Sohn, 2016; Wang 2014, Yip and Young, 2001; Haw et al., 2001; Francis et al., 2016; Kamarudin, 2020).

This dissertation aims to examine some properties that link with AIQ in ASEAN countries. One of the important properties which can determine the AIQ is the comparability of accounting information. Although studies in accounting comparability are extensive (Florou and Pope, 2012; Christensen et al., 2013; Wang, Clare. 2014; Cascino and Gassen, 2014), limited studies directly examine determinant of accounting comparability. In addition, another popular property which has strong connection with AIQ is earnings management. I also find that there are conflicting findings regarding the effect of accounting comparability on earnings management choices in emerging markets. Whether accounting comparability affects earnings management choices around ASEAN, emerging market countries remain an unexplored question. From the literature review investigation, I also find that IFRS adoption is one of the essential factors that can create better AIQ. However, limited prior empirical studies directly examined the consequences of IFRS adoption on acquisition activity. To address these empirical problems, this dissertation examines the following question: (1) What determines the accounting comparability around ASEAN countries? (2) Does greater accounting information comparability curb AEM and/or REM (3) Does the convergence of global accounting standards help the users of accounting information make better investment decisions?

Chapter 1 will present the literature review on accounting quality, point out the objectives of this dissertation and then present the main results and contributions. Chapter 2 will examine the determinant of accounting comparability, that is whether legal and extra-legal factors may determine Southeast Asian nations' accounting comparability (ASEAN). Dick and Zingales (2014) compiled evidence that legal and extra-legal factors can have implications for business managers and investors, such as mitigating managers' benefit of controls. It is plausible that different degrees of legal infrastructure, law enforcement, and compliance in emerging countries such as ASEAN may have different consequences on accounting comparability. Chapter 3 will investigate consequences from having comparable accounting

information by investigating whether the greater accounting comparability curb AEM and/or REM in five ASEAN countries. I predict that there will be a switch-off between AEM/REM as the accounting comparability become higher. Chapter 4 investigate whether the accounting information has a role in facilitating a more accurate assessment of investment decisions by examining whether the adoption of International financial reporting standards (IFRS) impacts the takeover's premium in selected ASEAN countries. I predict that following IFRS adoption in ASEAN countries, the takeovers premium will increase due to information asymmetry. Acquirers need more information to reduce the gap and assess the target firms. Since the IFRS regulation requires more disclosure to the capital market (Houque, 2018), it can help buyers obtain more information during the post-IFRS period. In addition, in line with the positive accounting theory (PAT) and agency theory, which suggest that comparability of a financial statement may play a role as a monitoring mechanism in reducing information asymmetry, IFRS adoption can create more comparable financial information (Barth, Landsman, Lang, and Williams, 2012, Meshram and Arora, 2021; Neel, 2017; Sohn, 2016; Wang 2014, Yip and Young, 2012). Chapter 5 presents the conclusions of this dissertation.

Current study finds that accounting comparability, earnings management strategy, and convergence with global accounting standards have connection with the quality of accounting information among ASEAN countries and help users of accounting information to make better business decision, thus supporting Soderstorm and Jun (2013). This dissertation contributes to the accounting comparability, earnings management, and IFRS adoption literature in several ways. First, we documented a shift from AEM to REM as firms' accounting information increased in comparability, complementing prior study on how accounting comparability help to improve the quality of accounting information. Second, our study should be of interest to the standard-setter and accounting regulator because witnessing the trade-off between EM strategy due to higher reporting quality (more comparable financial statement) may cause an unexpected consequence. The current study signals to the accounting regulator and standards setter that they should prepare effective monitoring to mitigate this opportunistic behavior. Third, we showed that firms in emerging markets could record similar EM behaviors as developed markets, such as the US when situated in a compatible regulatory environment concerning financial reporting requirements. Fourth, this study provides cues for the government to strengthen legal and institutional infrastructure, such as investor protection, and extra-legal environments, such as law compliance and enforcement, to have better accounting information quality. Fifth, accounting information has a role in facilitating a more accurate assessment of investment decisions for M&As transactions.