

# DOES IFRS ADOPTION ENHANCE THE ACCOUNTING COMPARABILITY OF EMERGING MARKET?

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**Abstract** - The purpose of this study is to examine the comparability level of accounting information for Indonesian firms before and after accounting standards change during IFRS convergence in this country. This study compares the periods before and after significant revisions of the accounting standards, by examining the reported financial information from 2005 to 2012. To analyze the change of accounting comparability level, this study measures the similarity of accounting functions using De Franco et al. (2011) model and the similarity of information content using Yip and Young (2012) model. From the test of using those models, this study finds that the period after recent revisions of accounting standards does not have a significant different of the accounting comparability level, relatively compared with the previous period. The accounting comparability measured as similarity of accounting functions does not improve significantly after recent revisions of the accounting standards. Similarly, the measurement based on the similarity of accounting information content provides evidence that the latter period does not have a better level of accounting comparability.

**Index Terms** - IFRS convergence; accounting information comparability; Indonesia.

## I. INTRODUCTION

The International Financial Reporting Standards (IFRS) adoption process in Indonesia makes a significant change and represents one of the most influential accounting rules in the recent years. The amendment of accounting standards during the adoption process is expected to bring a better quality of accounting information to the users. Some studies have done to investigate the impact of IFRS adoption in this country on accounting quality. They use some metrics of accounting quality metrics including income smoothing, accrual quality, and timely loss recognition and value relevance. To enrich the investigation on that case, this study intends to examine the other qualitative characteristic of accounting information. Specifically, this study examines the accounting comparability level before and after accounting standards change.

Some previous researches examine the direct effect of IFRS adoption on financial reporting comparability, while some others use accounting comparability argument to justify expected effects of mandatory IFRS adoption and test the comparability effect indirectly (Wu and Zhang, 2010; Kim and Li, 2010; Li, 2010; DeFond et al., 2011; Ozkan et al., 2012; Barth et al., 2012; Yip and Young, 2012; Cascino and Gassen, 2013; Brochet et al., 2012). For their analysis, these studies develop and use some different metrics to measure the level of accounting comparability. Generally, they draw similar conclusions that financial reporting comparability increase after IFRS adoption.

Most of those studies examine the IFRS adoption effect on cross-country accounting comparability (around the world, European countries, U.S. and non-U.S.). However, to date, only a few studies investigate accounting comparability on firm level within a country, specifically case of IFRS adoption effect in emerging markets. Therefore, this study addresses a research question whether accounting comparability improves after accounting standards change during the period of IFRS adoption process in Indonesia. Since there is still lack of study examine this such of issue in emerging markets, this study is expected to give a contribution by analyzing the effect of IFRS adoption on the accounting comparability improvement for Indonesian listed firms.

This study uses two measurement constructs developed by De Franco et al. (2011) and Yip and Young (2012) to compare the comparability level of accounting information for Indonesian firms before and after accounting standards change. The first measurement is used to examine the similarity of accounting functions that capture the similarity with which two firms from the same industry sector translate a given set of firm's economic events. While, the second measurement capture the similarity of earnings and equity book value's information content between two sets of firms from different industry sectors. However, this study finds evidence that the accounting comparability level does not improve after recent revisions of the accounting standards. This study draws similar inferences from the results of the first and the second model.

The remainder of this paper is organized as follows: section 2 provides a brief overview of related research on IFRS adoption and accounting comparability, and develops the hypothesis; section 3 discusses the measurement model, sample selection procedures, and presents descriptive statistics; section 4 presents results analyses and discusses our empirical findings; section 5 concludes.

## II. RELATED RESEARCH AND HYPOTHESIS DEVELOPMENT

### A. Related research

Comparability of financial reporting is considered as an important characteristic to enhance the usefulness of accounting information (IASB, 2010). Therefore, many stud-

ies are interested to examine some issues related to accounting information comparability, such as some determinants that affect the comparability level, the benefits of financial statement comparability, and the role of comparability for the investors. Although comparability has proven somewhat elusive and difficult to grasp empirically, recently, some empirical studies have emerged in response to the development of new methodologies to measure comparability.

One of the seminal works on the comparability measurement is the paper of De Franco et al. (2011). They develop an output-based measure of comparability based on the earnings and stock returns relation, capturing the similarity with which the two firms translate a given firm's economic shock. They investigate the effect of accounting comparability on analyst coverage and forecast properties. Using samples of U.S. firms grouped by industry, they examine the benefits of comparability. They find that comparability is positively associated with analyst following and forecast accuracy, and negatively associated with forecast optimism and dispersion. Specifically, they find when accounting comparability of firms is higher, analyst coverage increases, forecast accuracy improves, and forecast dispersion diminishes. They argue that, for a given firm, the availability of information about comparable firms lowers the cost of acquiring information, and increases the overall quantity and quality of information available about the firm. Furthermore, comparability also allows analysts to better explain firms' historical performance or to use information from comparable firms as additional inputs in their analyses.

Some studies use the comparability argument to justify the expected effects of mandatory IFRS adoption and test the comparability effect indirectly (e.g., Wu and Zhang, 2010; Kim and Li, 2010; Li, 2010; DeFond et al., 2011; Ozkan et al., 2012). While, some other studies examine the direct effect of IFRS adoption on accounting comparability (e.g., Lang et al., 2010; Barth et al., 2012; Yip and Young, 2012; Liao et al., 2012; Jayaraman and Verdi, 2013; Brochet et al., 2013; Cascino and Gassen, 2014; Wang, 2014). In general, these studies find that capital market gets the benefits when accounting information is more comparable. Table 2.5 summarizes some related research on IFRS and accounting comparability.

Lang et al. (2010) examine changes in cross-country financial statement comparability around mandatory IFRS adoption and the effects of these changes on firms' information environments, as captured by analyst properties and bid-ask spreads. They use De Franco et al. (2011) measure and examine samples of 6,320 firms from 47 countries in the period of 1998-2008. They find that accounting comparability does not increase for IFRS adopters relative to a benchmark group of non-adopters. They also find negative effects on the firms' information environments, which suggest that accounting standards harmonization does not improve an analysts' ability to learn from inter-firm comparisons. In addition, for two countries comparison, Liao et al. (2012) investigate IFRS adoption effect on comparability for French and German firms. Using earnings capitalization model and

book value model, they find that French and German IFRS earnings and book values are comparable only in the year subsequent to IFRS adoption, but become less comparable in the years that follow.

On the other hand, some studies find a positive effect of IFRS adoption on the increasing of accounting comparability. Barth et al. (2012) examine whether the application of IFRS by non-US firms results in accounting amounts comparable to those resulting from application of US GAAP by US firms. Their results indicate that IFRS firms have a greater accounting system and value relevance comparability with US firms when IFRS firms apply IFRS than when they applied domestic standards. Furthermore, they find that comparability is greater for firms that adopt IFRS mandatorily, firms in common law and high enforcement countries, and in more recent years. They also find that earnings smoothing, accruals quality, and timeliness are potential sources of greater comparability. Cascino and Gassen (2014), using De Franco et al. (2011) model and the modified one, investigate the effects of mandatory IFRS adoption on the comparability of financial accounting information of 9,848 firms from 29 countries for the period 2001-2008. They find that only firms with high compliance incentives experience substantial increases in comparability. Moreover, they document firms from countries with tighter reporting enforcement experience larger IFRS comparability effects, and public firms adopting IFRS become less comparable to local GAAP private firms from the same country. Finally, Yip and Young (2012), using a sample of 17 European countries, also provide evidence of increased accounting comparability following IFRS adoption. They use three proxies to measure comparability, i.e. similarity of accounting functions, degree of information transfer, and information content of earnings and book value.

For specific country study, Brochet et al. (2013) examine whether mandatory adoption of IFRS leads to capital market benefits through enhanced financial statement comparability. They investigate the insider purchases of shares to directly examine a users' ability to exploit private information of 663 firms in UK from 2003 to 2006. Their findings indicate that mandatory IFRS adoption improves comparability and thus leads to capital market benefits by reducing insiders' ability to exploit private information.

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## B. Hypothesis development

Some arguments suggesting that the adoption of mandatory IFRS reporting yields significant capital-market benefits often start from the premise that IFRS reporting increases transparency and improves the quality of financial reporting, citing that IFRS are more capital-market oriented and more comprehensive, especially with respect to disclosures, than most local GAAP (Daske et al., 2008). Recent studies support this premise by providing evidence that IFRS adoption improves accounting quality (e.g., Barth et al., 2008; Liu et al., 2011; Samarasekera et al., 2012). These studies provide evidence of the accounting quality improvement brought by IFRS adoption in term of value relevance and lower earnings management behavior. In addition, Daske et al. (2008) state that IFRS reduce the amount of reporting discretion relative to many local GAAP and, in particular, compel firms towards the bottom of the quality spectrum to improve their financial reporting.

Furthermore, prior studies also examine IFRS adoption effect on the improvement of financial reporting comparability. IASB (2010) defines accounting comparability as the qualitative characteristic that enables users to identify and understand the similarities in, and differences among, items. If a firm's accounting amounts are more comparable with those of its industry peers, the marginal costs for outsiders (e.g., shareholders, creditors, and regulators) and for specialized monitors (e.g., independent auditors and financial analysts) to collect and process accounting information of these peer firms become smaller. De Franco et al. (2011) emphasize that a higher

degree of accounting comparability lowers the cost of information acquisition, and increases the overall quantity and quality of information available to information users. Taken together, comparability is an attribute that enables to enhance the usefulness of accounting information.

The importance of accounting comparability in enhancing the utility of financial statements has led to growing research interest in the IFRS adoption effect on accounting comparability. As discussed in section 2, some researchers develop and adopt some measurement models to examine this issue. Most of them find that financial report more comparable after IFRS adoption and give positive benefits to the markets. Even though there are some studies only find a subtle effect or even a decreasing in comparability level.

Kim and Li (2010) and Ozkan et al. (2012) highlight the higher earnings quality and greater earnings comparability brought by IFRS adoption. In addition Kim and Li (2010) acknowledge the benefits of IFRS convergence that it may makes financial information becomes more comparable and therefore more useful to investors, reducing information asymmetries and lowering estimation risk. Hence, this study predicts that the later period of IFRS convergence process in Indonesia has a greater accounting comparability relatively compared to the previous period. Formally, this study states the hypothesis as follows:

Ha: accounting information comparability under substantially IFRS-convergent accounting standards increases after recent revisions of the standards.

## III. RESEARCH DESIGN

### C. Similarity of Accounting Functions

Comparability of financial reporting is considered as an important characteristic to enhance the usefulness of accounting information (IASB, 2010). Therefore, many studies are interested to examine some issues related to accounting information comparability, such as some determinants that affect the comparability level, the benefits of financial statement comparability, and the role of comparability for the investors. Although comparability has proven somewhat elusive and difficult to grasp empirically, recently, some empirical studies have emerged in response to the development of new methodologies to measure comparability. One of the seminal works on the comparability measurement is the paper of De Franco et al. (2011). They develop an output-based measure of comparability based on the earnings and stock returns relation, capturing the similarity with which the two firms translate a given firm's economic shock. They investigate the effect of accounting comparability on analyst coverage and forecast properties. Using samples of U.S. firms grouped by industry, they examine the benefits of comparability.

This study uses accounting comparability measure developed by De Franco et al. (2011) to gauge the similarity of accounting functions for firms listed in the IDX during IFRS convergence process. De Franco et al. (2011) conceptually define financial statement comparability as “two firms have comparable accounting system if, for a given set of economic events, they produce similar financial statements.” Then, to put the conceptual definition into practice, they develop a simple empirical model of firm’s accounting system. In the model, they use stock return as a proxy for the net effect of economic events on the firm’s financial statements, and earnings as the proxy for financial statements. For each firm-year, they first estimate equation (1) using the 16 previous quarters of data.

$$E_{it} = \alpha_0 + \alpha_1 R_{it} + \varepsilon_{it} \quad (1)$$

Where:

$E_{it}$  = Ratio of quarterly net income before extraordinary items to the beginning of period market value of equity;  
 $R_{it}$  = Stock price return during the quarter.

Subsequently, they measure comparability between two firms as the “closeness” of the functions between the firms. To estimate the distance between functions, i.e., a measure of closeness or comparability, they invoke the implication of accounting comparability: if two firms have experienced the same set of economic events, the more comparable the accounting between the firms, the more similar their financial statements. It uses firm i’s and firm j’s estimated accounting functions to predict their earnings, assuming that they had the same return (i.e., if they had experienced the same economic events,  $R_{it}$ ). Specifically, it uses the two estimated accounting functions for each firm with the economic events of a single firm, and calculates as follows:

$$E(\text{Earnings})_{iit} = \hat{\alpha}_i + \hat{\alpha}_i R_{it} \quad (2)$$

$$E(\text{Earnings})_{ijt} = \hat{\alpha}_j + \hat{\alpha}_j R_{it} \quad (3)$$

$E(\text{Earnings})_{iit}$  is the predicted earnings of firm i given firm i’s function and firm i’s return in period t; and  $E(\text{Earnings})_{ijt}$  is the predicted earnings of firm i given firm j’s function and firm i’s return in period t. By using firm i’s return in both predictions, it explicitly holds the economic event constant. Accounting comparability between firm i and j is defined as the negative value of the average absolute difference between the predicted earnings using firm i’s and firm j’s functions (equation 4). Greater values indicate greater comparability.

$$\text{CompAcct}_{ijt} = -\frac{1}{16} \times \sum_{t-15}^t |E(\text{Earnings}_{iit}) - E(\text{Earnings}_{ijt})| \quad (4)$$

This study estimates accounting comparability for each firm i – firm j combination of firms in the same industry classification. To test the hypothesis, this study

compares the mean of accounting comparability score in the period before and after accounting standards change, and test for significant differences, and then estimates equation (5) to analyze whether there is a significant change in accounting comparability level during the convergence period. Following Lang et al. (2010), this study includes firm size and book to market ratio as control variables, because these variables are widely used to capture many unobserved firm-specific characteristics. In addition, this study also controls the number of firm observations in an industry sector. A significant positive (negative)  $\alpha_1$  indicates that accounting comparability level increases (decreases) significantly.

$$\text{AcctComp}_{it} = \alpha_0 + \alpha_1 DPer + \alpha_2 \text{Size}_{it} + \alpha_3 BTM_{it} + \alpha_4 NFirm_{it} + \varepsilon_{it} \quad (5)$$

Where:

$\text{AcctComp}_{it}$  = Accounting comparability;  
 $DPer$  = An indicator variable equal to one for firms in the period after accounting standards change, and zero otherwise;  
 $\text{Size}_{it}$  = Natural log of total assets;  
 $BTM_{it}$  = Book value of equity divided by market value of equity;  
 $NFirm_{it}$  = Number of firm observations in an industry sector

#### D. Similarity of Earnings and Equity Book Value’s Information Content

Yip and Young (2012) developed another model to measure the accounting comparability among firms by measuring the similarity of information content of earnings and equity book value. They argue that the information content of earnings and equity book value capture the extent to which accounting earnings and equity book value reflect a firm’s economic performance. Firms that engage in similar economic activities should have similar information content if their accounting systems are comparable. They measure the information content as the long-window association between stock price and earnings and the equity book value.

Different from the first measurement, this study uses Yip and Young (2012) model to examine the different facet of comparability. If IFRS has positive impact on accounting comparability, the similarity facet of comparability will improve, and the different facet of comparability will decline or at least remain.

$$\begin{aligned} MVE_{it} = & \alpha_0 + \alpha_1 EPS_{it} + \beta_2 BVE_{it} + \alpha_3 DInd + \alpha_4 DInd \\ & * EPS_{it} \\ & + \alpha_5 DInd * BVE_{it} + \varepsilon_{it} \end{aligned} \quad (6)$$

Where:

$MVE_{it}$  = Market value of equity at the end of fiscal year, scaled by the number of outstanding common shares;  
 $EPS_{it}$  = Earnings per share at the end of fiscal year;  
 $BVE_{it}$  = Book value equity per share at the end of fiscal year;  
 $DInd_{it}$  = Industry sector indicator.

This study estimates equation (6) using two sets of firms from different industry sectors for every possible combination before and after accounting standards change separately. In addition, testing the difference in information content of earnings and equity book value between the periods before and after accounting standards change. A significant  $\alpha_4$  and  $\alpha_5$  indicate that firms from different sets of industry sector have different information content of earnings and equity book value, respectively. For each firms' set pair, this study assigns one for the comparability score of earnings (equity book value) information content if  $\alpha_4$  ( $\alpha_5$ ) is insignificant (defined as p-value of more than five percent), and zero otherwise.

#### E. Data and Sample selection

For the first metric of accounting comparability, this study uses semiannual data because of data availability. Since the Bloomberg data only provides semiannual data of Indonesian listed firms from the second half of 2005, the sample period of this study only covers from 2006 to 2011. This study excludes firms from the financial industry sector because of its specific regulations. In addition, firms without necessary semiannual data from 2006-2011 are deleted from the sample. This process results in only 65 firms for each period.

For the second accounting comparability metric, this study excludes firms from the financial industry and firms with negative equity book value. This study uses annual data for this analysis. In addition, to ensure that there are at least 24 observations in each regression, the model requires at least three firms in an industry. This procedure yields 792 firm-year observations (99 firms) from six industry sectors. From all possible combination of two sets of firms from six industry sectors, I have 15 regressions and hence 15 comparability scores for information content of earnings and equity book value before and after accounting standards change, respectively.

#### F. Descriptive Statistics

Table 2 reports the descriptive statistics for variables used in accounting comparability analysis. It shows that the accounting comparability score from De Franco et al. (2011) measurement for both periods are at the same level; the score mean (median) is -0.03 (-0.02). In addition, the control variables, book to market ratio and size, show a different figure. Book to market ratio decreases in the mean (median) for 2011, while the mean (median) size increases. Finally, all variables used in the Yip and Young (2012) measurement model increase in mean and median in the period of 2009-2012.

TABLE 1  
DESCRIPTIVE STATISTICS OF VARIABLES IN ACCOUNTING COMPARABILITY ANALYSIS

Variable	N	Period	Mean	Std. Dev	Min
Acct-Comp <sub>it</sub>	65	2008	-0.03	0.02	-0.13

Size <sub>it</sub>	65	2011	-0.03	0.02	-0.10
	65	2008	28.99	1.41	26.20
	65	2011	29.33*	1.41	26.47
BTM <sub>it</sub>	65	2008	0.98	1.07	0.03
	65	2011	0.58**	0.55	0.03
MVE <sub>it</sub>	396	2005-2008	2,451.00	5,17	20.17
	396	2009-2012	5,939.00***	16,787.0	64.08
	396	2005-2008	127.19	0	-297.04
EPS <sub>it</sub>	396	2009-2012	235.46**	92	-153.80
	396	2005-2008	940.98	1,81	22.83
BVE <sub>it</sub>	396	2009-2012	1,395.00***	2,41	20.56

Variable definitions: AcctComp<sub>it</sub> = Accounting comparability score from DeFranco model; Size<sub>it</sub> = Natural log of total assets; BTM<sub>it</sub> = Book value of equity divided by market value of equity; MVE<sub>it</sub> = Market value of equity per share at the end of fiscal year; EPS<sub>it</sub> = Earnings per share at the end of fiscal year; BVE<sub>it</sub> = Book value of equity per share at the end of fiscal year.

#### 1) Similarity of Accounting Functions

The mean of accounting comparability scores resulting from the first measurement for firms in the period 2006-2008 and 2009-2011 is insignificant different (table 2). In addition, Table 3 provides the regression result of the equation (5) to test the main hypothesis, where the accounting comparability score is regressed on period dummy variable and the control variables. If accounting comparability improves in the latter period, the coefficient of DPer will positive and significant. However, contrary to the prediction, the coefficient of DPer is insignificant. This result means that accounting comparability in the latter period of convergence process does not change significantly.

#### 2) Similarity of Earnings and Equity Book Value's Information Content

The second measurement examines the different facet of comparability by testing the similarity of earnings and equity book value's information content of two different sets of industry. This model measures the comparability by capturing the similarity of accounting information content between two groups of firms from different industry sectors. Table 4 reports the mean of comparability scores for earnings and equity book value's information content. It also provides

the statistic test for differences in mean between comparability score for 2005-2008 and 2009-2012 using McNemar test.

TABLE 2  
RESULTS OF ACCOUNTING COMPARABILITY BEFORE AND AFTER  
ACCOUNTING STANDARDS CHANGE (MULTIVARIATE ANALYSIS)

	Coefficient	t-statistics
Intercept	-0.108	-2.946***
Dper	0.000	0.048
Size	0.003	2.166**
BTM	-0.003	-1.654*
NFirm	0.000	1.363
Adjusted R <sup>2</sup>		0.066
Number of Observations		130

Dependent variable is the accounting comparability score from DeFranco model; DPer = An indicator variable equal to one for firms in the period after accounting standards change, and zero otherwise; Size = Natural log of total assets; BTM = Book value of equity divided by market value of equity; NFirm = number of firm observations in an industry sector.

\*, \*\*, \*\*\* Significant at  $p < 0.1$ ,  $p < 0.05$ , and  $p < 0.01$ , respectively.

The result shows that firms in the period of 2009-2012 have lower (higher) similarity of earnings (equity book value) information content, however, the statistic test shows that the difference is not significant. Similar with the finding of the first model, the measurement of similarity of earnings and equity book value's information content also proves that the recent revisions of accounting standards do not give a significant change in comparability accounting of financial statements. However, at least there is a positive nuance of different facet of comparability, that the level of different facet of comparability is still remain, instead of increase, after the recent revisions of accounting standards.

TABLE 3  
COMPARABILITY SCORE FOR EARNINGS AND EQUITY BOOK  
VALUE'S INFORMATION CONTENT

	Mean of comparability score of earnings' information content	Mean of comparability score of equity book value's information content
Number of observations	15	15
2005-2008	0.667	0.600
2009-2012	0.533	0.800

Difference	-0.133	0.200
p-value	0.500	0.508

### 3) RESULTS ON ACCOUNTING COMPARABILITY ANALYSIS

#### A. Similarity of Accounting Functions

The mean of accounting comparability scores resulting from the first measurement for firms in the period 2006-2008 and 2009-2011 is insignificant different (table 2). In addition, Table 4.3 provides the regression result of the equation (5) to test the main hypothesis, where the accounting comparability score is regressed on period dummy variable and the control variables. If accounting comparability improves in the latter period, the coefficient of DPer will be positive and significant. However, contrary to the prediction, the coefficient of DPer is insignificant. This result means that accounting comparability in the latter period of convergence process does not change significantly.

#### B. Similarity of Earnings and Equity Book Value's Information Content

The second measurement examines the different facet of comparability by testing the similarity of earnings and equity book value's information content of two different sets of industry. This model measures the comparability by capturing the similarity of accounting information content between two groups of firms from different industry sectors. Table 6 reports the mean of comparability scores for earnings and equity book value's information content. It also provides the statistic test for differences in mean between comparability score for 2005-2008 and 2009-2012 using McNemar test.

TABLE 4  
RESULTS OF ACCOUNTING COMPARABILITY BEFORE AND AFTER  
ACCOUNTING STANDARDS CHANGE (MULTIVARIATE ANALYSIS)

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Number of Observations

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TABLE 5  
COMPARABILITY SCORE FOR EARNINGS AND EQUITY BOOK  
VALUE'S INFORMATION CONTENT

	Mean of comparability score of earnings' information content	Mean of comparability score of equity book value's information content
Number of observations	15	15
2005-2008	0.667	0.600
2009-2012	0.533	0.800
Difference	-0.133	0.200
p-value	0.500	0.508

This study does not find a significant change in the period after recent revisions of accounting standards. This inconsistent result compared to other testing attributes may because of the different attribute analyzed in the accounting comparability model. In addition, this finding seems to contradict with the standards setter and users' expectation, as one of the important reasons to adopt IFRS is to increase the comparability of reported financial information. However, IASB (2010) explains in its basis for conclusions of the conceptual framework for financial reporting, that even if the financial information is not readily comparable, relevant and faithfully represented information is still useful. On the other hand, comparable information is not useful if it is not relevant and may mislead if it is not faithfully represented. Of this argument, IASB highlight that comparability is considered as an enhancing qualitative characteristic instead of a fundamental qualitative characteristic.

#### 4) CONCLUSION

The objective of this study is to examine whether accounting comparability improves after accounting standards change in Indonesian market in the period of IFRS adoption process. This study compares the periods before and after significant revisions of the accounting standards, by examining the reported financial information from 2005 to 2012. To analyze the change of accounting comparability level, this study measures the similarity of accounting functions using De Franco et al. (2011) model and the similarity of information content using Yip and Young (2012) model. The first model captures the similarity facet of different firms from the same industry, while the second model captures the similarity facet of different industry.

From the test of my primary hypothesis results, this study provides evidence of the IFRS convergence effect on the accounting comparability. This study finds that the period after recent revisions of accounting standards does not have a significant different of the accounting comparability level, relatively compared with the previous period. Specifically, the results of this study show that the accounting comparability measured as similarity of accounting functions does not significantly improve after recent revisions of the accounting standards. Similarly, the measurement based on the similarity of accounting information content provides evidence that the later period does not have a better level of accounting comparability.

Subject to the design challenges inherent in measuring the accounting comparability and the limited number of sample, this study concludes that the recent revisions of accounting standards do not improve the level of financial reporting comparability. Comparing the period of little adoption of international standards (1995-2004) and the recent period of significant adoption (2005-2012) may give a different figure of the accounting comparability improvement.

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