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Investigating the Impact of Adoption of International Financial Reporting Standards on Governance Indicators (Control of Corruption and Responsiveness) – Cross Country Study[1]

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Research Paper

INTRODUCTION

The purpose of this research is to investigate the effect of the adoption of international financial reporting standards on governance indicators. The accounting literature on corruption is poor, and little research has been done on this vital variable, Meanwhile, accounting with information and transparency and auditing with confidence can play an important role in preventing corruption. Financial reporting standards provide a framework for the compulsory disclosure of information; these frameworks can improve the quality of information and reduce the uncertainty associated with information.

MATERIALS AND METHODS

For this purpose, 74 countries have been selected from 2004 to 2021, and research assumptions have been studied using regression coefficients analysis. Based on the theoretical foundations available for countries with international financial reporting standards, the value of one and for other countries is zero and also to measure the governance indicators of global banks including accountability and control of corruption. The prototype included 219 countries from around the world from 2004

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to 2021. Considering the variables of corruption control and accountability of 33 countries from the prototype, they lacked relevant information, which was excluded from the research sample. 38 countries in the world lacked information related to corruption control in the period under review. Finally, 74countries from all over the world were selected as a research sample

RESUALTS AND DISCUTION

The results of the research indicate that by accepting international standards for financial reporting, controlling corruption and accountability. The acceptance of international financial reporting standards is directly related to the perceived corruption score and will decrease with the increase in the acceptance of these standards by countries with corruption. The significance of regression coefficient and T-statistic in three of the four main models shows the influential role of accounting in controlling corruption. The adoption of international financial reporting standards increases accountability in different countries (regression coefficients and t-statistics are not significant in three models and not important in one model)

CONCLUSION

The results of testing the third hypothesis show that the adoption of international financial reporting standards will improve accountability, which is very important in reducing corruption (strengthening role). Accounting and auditing standards seek to provide transparent and accurate information so that those with economic influence and power are less prone to moral collapse and corrupt practices.

The results of this research are helpful for the richness of literature in this field of research and will be specific to the role of accepting the international financial reporting standards and accountability to existing literature.

Keywords: International Financial Reporting Standards, Corruption Control, Accountability.
JEL Classification: M41, M42.