MULTINATIONAL'S INFLUENCE IN DECISION TO ADOPT IAS/IFRS

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ABSTRACT: *Discussions on the determinants of current developments in financial reporting matters drew a tendency to heterogenize the structure of financial accounting information demand, especially from external users. The success of the current accounting convergence process depends on the degree of participation, transparency and model of decision adopted in the international accounting standardization process. The legitimacy of these efforts is deeply affected by the position of accounting normalisers towards the main actors affected by changes in legislation regarding financial reporting which are the multinational companies. Financial strength and position of the main suppliers of financial information justifies the need to directly involve them in the process of accounting normalization.*

KEY WORDS: *IAS/IFRS, accounting convergence, foreign direct investment, multinational corporations, globalization*.

JEL CLASSIFICATION: *M21, M41, O04.*

1. PERSPECTIVES OF ACCOUNTING CONVERGENCE PROCESS

For reasons of cost and information relevance, financial statements of synthesis are the main source of information regarding the state of health of a company, because there is a legal regulatory framework which requires a set of financial-accounting information. However, both the quality of accounting normalization process, the contents of issued accounting standards and the ways of interpreting them differ from one jurisdiction to another.

In the context of an international approach to financial reporting, the comparability of accounting information is deeply affected, causing deterioration of efficient capital allocation decision (Sun, 2006), and also emphasizes the uncertainty degree of accounting information users. Consequently, normalisers, practitioners,

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academics and representatives of state have decided to start and support a process of accounting convergence, aiming at formal uniformity of accounting treatments and correct transposition in accounting practice. This gets to take the form of a long process of international accounting harmonization, for us to be able to speak of an international accounting convergence process.

The existing international accounting differences between various accounting systems were at the beginning of the process of globalization a real impediment in achieving the basic objective of financial liberalization of capital movements worldwide. Efforts made have resulted at first in a series of comparative studies of national accounting systems (AISG, 1968) and a set of proposals on financial reporting from the perspective of international experience (UNCTAD, 1988).

With the establishment of the International Accounting Standards Committee (IASC) in 1973, interest in reducing international accounting disparities increased significantly. Barbu & Baker (2007) highlight the evolution of *accounting harmonization* process, a process clearly delimited from that of *accounting standards* based on the opinion of Van Hulle (1992) who argued that *harmonization does not aim to develop uniform accounting rules*. “At the same time FASB formulated the Accounting Conceptual Framework (1978), shortly followed by the IASB (1989) which is largely based on the American accounting concept.

Zeff (2012) attest to the central role of IASC, now the IASB (2001), which fights to acquire global legitimacy in terms of accounting normalization by attracting commissions of mobilization values, of national professional and state organizations in the international accounting harmonization project.

The most important influence on the work of the IASC was that of International Organization of Securities Commissions (IOSCO), which gave a helping hand to IASC in order to gain IAS credibility on the international capital markets, provided a fundamental revision of currently issued accounting standards. Thus, through *A resolution on IASC Standards* " report (2000), IOSCO recommended that its members use IAS for drawing financial statements of multinational and listed companies, provided that capital markets regulators have the possibility to request a *reconciliation statement* of financial statements prepared under local GAAP and according to IAS.

Under pressure from representatives of the U.S. Securities and Exchange Commission (SEC) within IOSCO, IASC going through a process of deep reshaping, following the pattern of Financial Accounting Standards Board (FASB). With “*Recommendations on Shaping IASC for the Future* “report (1999) the foundations of IASCF Foundation are settled and IASB body arises which is part of the IASCF responsible for normalization accounting.

By signing “*Norwalk Agreement* "(2002), the starting point of international accounting convergence process is marked, through which a full compatibility of financial reporting standards is aimed at.

Support for the proposed international accounting convergence is reiterated by publishing Memorandum of Understanding (MoU) (2006, 2008), which reports the current status of normalising projects of different accounting treatments that are divergent between U.S. GAAP and IAS / IFRS.

Through these collaborative arrangements FASB and IASB aimed at compatibilizing several divergent accounting treatments by prioritizing and categorizing them into short-term projects or long-term projects. The list of projects changes from time to time, either by adding new accounting treatments aimed at, or by reprioritisation of the existing ones. Among the concerns of the two bodies we remind borrowing cost, revenue recognition, accounts consolidation standards review, fair value, derecognition, employee benefits, segment reporting, financial instruments etc.

To all these revisions of accounting conceptual framework is added, structured in 8 sequentially distinct stages. IASB position in this project reflects the opinion of the International Integrated Reporting Council (IIRC) which developed an outline of an integrated conceptual framework for financial reporting, with the main objective of sustainable financial reporting, focusing on the concept of added value (IASB, 2013).

Of all these, revenue recognition and financial instruments are not yet finalized, while the review project of conceptual accounting framework accounting has marked only its first step regarding the objectives and qualitative characteristics.

In 2007, the SEC expresses its position regarding the use of IAS / IFRS, which, beginning with January 2008, eliminates the obligation to elaborate form 20-F representing reconciliation situation of the financial statements of foreign companies listed on U.S. GAAP.

Under the G20 pressure, the two accounting bodies intensify their efforts (MoU 2009, 2010, 2012) for a real accounting convergence between the two accounting regulations, ending with a SEC report (2012)through which there are treated the following aspects: the essential differences between U.S. GAAP and IAS / IFRS, auditing financial statements prepared in accordance with IAS / IFRS, the quality of accounting normalization process undertaken by the IASB (due process) and the degree of independence, methods of implementation and enforcement of IAS / IFRS in the U.S. listed companies, impact analysis related to a transition from U.S. GAAP to IAS / IFRS, etc..

On European Union level, the European Commission forwarded to the Council and the European Parliament, a communication, "*EU Financial Reporting Strategy: The Way Forward* "(2000), which according to IAS expresses the intentions of introducing mandatory reporting consolidated annual accounts and the option regarding individual financial statements reporting, according to IAS, due to respecting the true image set by European directives. European Union approves the 1606/2002 Regulation, by which the original intentions of the European Commission for the adoption of IAS / IFRS in the European community, take a legal form. Thus, beginning with 2005, all listed companies were required to report annual consolidated accounts according to IAS / IFRS, in the format accepted by the European Commission. Regulation 1752/2003 specifies concrete list of IAS / IFRS standards allowed to be used in the EU. This Decision applies all IAS / IFRS standards available until September 2003 except IAS 39 and IAS32 and their related interpretation.

The modernization process of European accounting directives sequentially runs through a series of steps to harmonize European directives with IAS / IFRS. So in 2001 Directive 2001/65/EC is issued, which is limited to the treatment of financial instruments evaluation. Later it is proceed to amend both the 4th Directive, and the 7th

Directive by issuing Directive 2003/51/EC, which performs a series of multiple changes, including among the most prominent the introducing the prevalence of economic aspect over legal aspect principle, the optional classification of assets in current assets / noncurrent, expansion of the use of fair value and assets other than financial instruments or framing policies for the recognition of provisions etc.

Larson & Street (2006) shows the accounting convergence process supported by the European Commission as a pioneer in perspective of establishing a practical approach of accounting standards convergence with U.S. GAAP and IAS / IFRS.
Among financial statements reporters, there can be observed a more visible option to use IASB standards. A study reveals that in 2008, companies representing 33% of global equity market capitalization was already using IAS / IFRS accounting standards, while 22% of them expressed the option to make the transition to IAS / IFRS, and only 10% were still using local accounting standards (Forbre et. al, 2009).

Gradually IASB manages to convince more and more countries worldwide to adopt IAS / IFRS. The proof is the number of over 100 countries using International Financial Reporting Standards, considered in the last decade by more and more countries as a reference in developing national accounting standards. There are many countries that have opted to incorporate referential IASB accounting in national accounting law, on the whole (Argentina, Bosnia Herzegovina, Kazakhstan, Malaysia, Thailand, Turkey, UAE, Vietnam, Mozambique etc.); or have chosen the harmonization of national accounting legislation (Germany, China, India, Egypt, the Philippines, Hong Kong Serbia, Spain etc.) (PWC, 2013).

Key to success regarding accounting convergence process, is believed to be the decision of countries like Brazil, China, India, Japan, and not least the U.S., in terms of adoption of IAS / IFRS, at least in the consolidated statements. China did not adopt IAS / IFRS standards, but it has turned into its own set of 38 accounting standards (ASBE-Accounting Standards for Business Enterprises) in 2006, the date of effective implementation being 2007. In 2007, the IASB draws a cooperation protocol with the Accounting Standards Board of Japan (ASBJ), in the perspective of accounting convergence of local accounting standards with IAS / IFRS. In 2010, the IASB draws a similar cooperation protocol with professional bodies (CFC and CPC) from Brazil.

Although US expected 2016 to be the year of adoption of IS / IFRS for U.S. listed companies currently can not accurately determine which will be the date of implementation. Both special literature (Luiz, et. al, 2010) and recent studies (AICPA, 2011) expressed reluctance in adopting IAS / IFRS in some American listed companies. American companies prefer to have the option to report according to IAS / IFRS, but reject a compulsory transition scenario required by IAS / IFRS imposed by the SEC.

IASB also brought on its side local professional accountancy bodies by IFAC voice counting no less than 165 members in 114 countries. Through*, Challenges and Successes in Implementing International Standards: Achieving Convergence to IFRSs and ISAs* "(2004) report, IASB supports international accounting efforts of convergence and respective convergence in audit. Furthermore, the World Bank comes to help states that want to implement IAS/IFRS accounting standards and ISA auditing standards, developing individual diagnostic reports and proposals, entitled "*Report on the Observance of Standards and Codes" (ROSC).*

2. MULTINATIONAL COMPANIES AND ACCOUNTING CONVERGENCE

Saudaragan (2004) listed multinational companies among the sources of pressure that advocate for accounting accelerated harmonization / convergence. In addition, the IASB conceptual framework provides investors as the main beneficiaries of synthesis financial reports, because they are exposed to the highest risk in anticipation of bankruptcy (CCC, art. 10). While we can not subscribe to this view, since heterogeneity of accounting information demand is significant, yet we are aware of the power that multinational corporations have in the accounting normalization process.

Determinants of the decision to adopt IAS / IFRS are numerous (Roberts et. Al., 2005; Nobes & Parker, 2008; Choi & Meek, 2011). Thus the decision to adopt IAS / IFRS is directly influenced by:

- *the economic system*, the share of private property, the structure of GDP, inflation and so on;
- *the legal system*, which causes a reluctance of written law countries compared to common law countries, regarding the decision to adopt a principle-based accounting system;
- *the* fiscal *framework*, which causes a number of opportunities for creative accounting in order to obtain tax savings due to differences between the tax and accounting regulations (Lamb et. Al., 1998);
- *the cultural factor* through the four cultural dimensions outlined by Gray (1988), namely: professionalism opposing legal control, uniformity opposing flexibility, conservatism opposing optimism, opacity opposing transparency ;
- *the funding system*, which determines through capital markets configuration and leverage degree of firms, the form and content of financial statements (Ball et. Al., 2008);
- *the accounting profession*, with auditors, as long as it has a notable influence in the accounting normalization process and is represented by a class of competent professionals, experienced and objective;
- *the company-specific factors* (size enterprises, the concentration of ownership, the mechanisms of corporate governance, capital source, listing on the stock exchange, and the list can continue).

Moreover, Kim & Yang (2012) validate a notable influence, considerably superior to other factors taken into consideration (legal system, market capitalization, fiscal burden, colonialism, inflation, education, culture), *the economic factor*.

Multinational companies represent a variable of the economic environment of each country through foreign direct investment balance component. The link between the economic development level and the evolution of multinational companies is obvious, given including Forbes 2000 top (April, 2012), which emphasizes the economic impact on national economies of some states. Bargaining power of these companies grows from day to day. The dependence relationship of states of contributions made by multinational corporations, especially in emerging economies becomes more worrisome.

Multinational companies prefer it to get involvement in projects for improving processes, controlling methods and tools, putting visible pressure on the accounting regulators through the voice of these accounting practices. Let's not forget that big accounting cabins (Deloitte, Ernst & Young, PriceWaterCoopers, KPMG) have a clientele that largely represents these multinational corporations. These are true exponents of international accounting convergence, owing both to significantly cut of training personnel costs, and drafting financial statements costs.

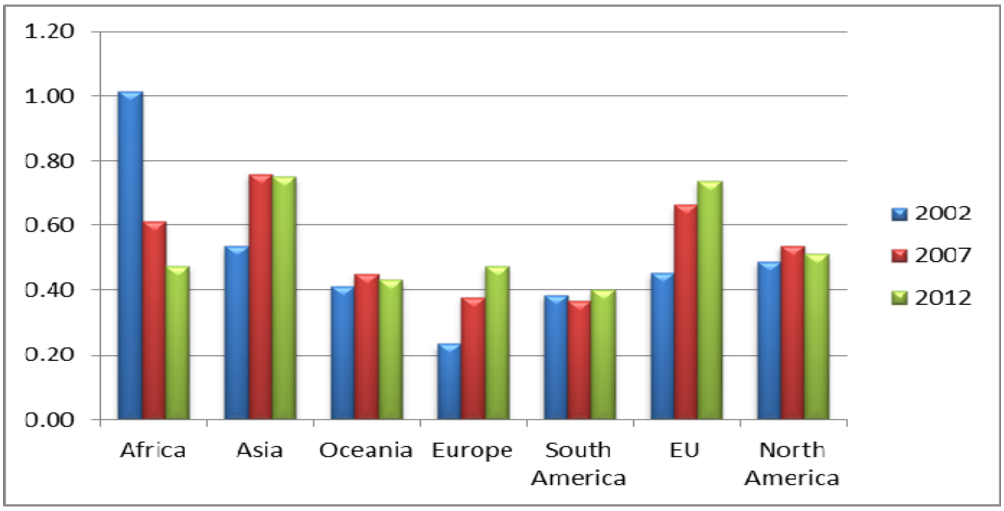
Table 1. List of 10 multinational corporations in the world1 (billions of dollars)

Rank	Company	Country	GDP	Sales	% $_{GDP}$	Assets	% $_{GDP}$
1	Exxon Mobil	USA	$14,991.30	$433.50	2.89%	$331.10	2.21%
2	JPMorgan Chase	USA	$14,991.30	$110.80	0.74%	$2,265.80	15.11%
3	General Electric	USA	$14,991.30	$147.30	0.98%	$717.20	4.78%
4	Royal Dutch Shell	The Netherlands	$836.07	$470.20	56.24%	$340.50	40.73%
5	ICBC	China	$7,318.50	$82.60	1.13%	$2,039.10	27.86%
6	HSBC Holdings	UK	$2,445.41	$102.00	4.17%	$2,550.00	104.28%
7	PetroChina	China	$7,318.50	$310.10	4.24%	$304.70	4.16%
8	Berkshire Hathaway	USA	$14,991.30	$143.70	0.96%	$392.60	2.62%
9	Wells Fargo	USA	$14,991.30	$87.60	0.58%	$1,313.90	8.76%
10	Petrobras-Petróleo Brasil	Brazil	$2,467.65	$145.90	5.91%	$319.40	12.94%

Source: Forbes 2000, April 2012 corresponding to 2011 fiscal year and statistics of World Bank 2011

International accounting standards quality is confirmed in the literature many times, based on a normalization process open to the public interest (Soderstrom & Sun, 2007; Guggiola, 2010 Hail et. Al, 2010). Accounting convergence process itself is oriented toward compatibility of local GAAP standards with IASB standards, which again attests the quality of IAS / IFRS.

[1] The rather small share of U.S. transnational companies in U.S. GDP can be explained by a high degree of atomization, played by a large number of such multionationals carrying out economic activities in the U.S.



Source: UNCTAD, World Bank, own projection

Figure 1. Average share of FDI in GDP

Despite the disadvantages regarding IFRS adoption by investors (Ball, 2006), studies show that the option of adopting IAS / IFRS rather than U.S. GAAP, currently considered quality accounting standards, no significant differences are registered (Barth et. Al. 2008). However, the effects of adopting IAS / IFRS are more pronounced when the local IFRS standards differ significantly (Daske, et. al., 2008).

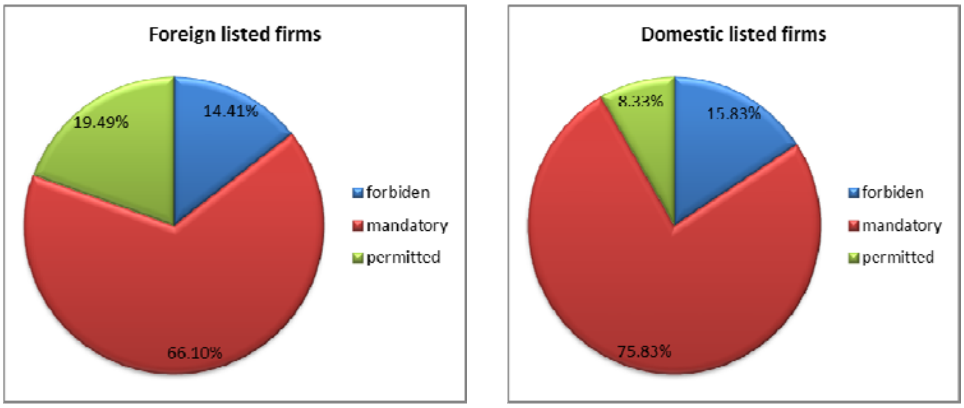
Table 2. Correlation matrix between GDP and FDI

	GDP			*FDI stock*		
	2002	2007	2012	2002	2007	2012
gdp	1	1	1			
FDI stock	0.909	0.871	0.832	1	1	1
FDI flow	0.715	0.746	0.800	0.783	0.875	0.842
Export	0.847	0.824	0.873	0.837	0.764	0.776

Source: UNCTAD, World Bank, own calculus

On a consolidated financial statements level there is a high rate of IFRS implementation globally, both for foreign listed companies, and in the case of local listed companies. Share of countries who have not yet decided to adopt IFRS is approximately only 15%, most of them representing African countries (Angola, Cameroon, Chad, Algeria, Ivory Coast, Gabon, Guinea, Congo, Senegal, Tunisia). Most of these countries have decided to adopt the conceptual framework of regional professional body Organization for the Harmonization of Business Law in Africa (OHADA).

However, most of the countries that prohibit the application of IAS / IFRS issued by the IASB either expressed their option for future adoption (Cameroon, Congo, Senegal, in 2014, Bolivia, Colombia-2015, US-2016, Saudi Arabia-2017); were able harmonize local regulations with the international-acquis (China-2006-2010 Algeria, India, Indonesia, 2012); or have taken full international accounting standards in the local accounting legislation (Trinidad and Tobago-1988-1995 Bosnia Herzegovina; Vietnam-2002 Bahamas 2007). So, the EU through 2012/194/EU Commission Decision accepts reporting consolidated financial statements of foreign companies prepared in accordance with Chinese GAAP, Canadian GAAP, Japanese GAAP, South Korean GAAP, while accepting Indian GAAP is being negotiated. Also, Canada, Mexico, Russia, and Switzerland accept using U.S. GAAP. But U.S. seeks reconciliation of financial statements drawn according to local GAAP, except for companies from EU states.



Source: own research starting from PWC 2013 study, "IFRS adoption by country"

Figure 2. Percentages of IFRS adopting, on consolidated statements level

3. METHODOLOGICAL RESEARCH

This research starts from the study performed by PWC (2013) on a number of more than 120 countries worldwide. This study aims at outlining a picture of the current status of IFRS adoption worldwide, where listed companies, both in the consolidated financial statements and in terms of the statutory financial statements. In this study each country is treated separately. The sample consists of 129 countries surveyed jurisdictions (27% Asia, 22% Africa, 22% European Union, 11% North America, 8% South America, 8% non EU countries, 2% Oceania).

The present research centralized and summarized information on legislative regulations imposed on foreign and domestic listed companies, in terms of both the adoption of IFRS on consolidated financial statements level, and in terms of the statutory financial statements.

In the present research we confined to discussions on consolidated financial statements.

We differentiate three admitted options, namely:

- IFRS standards are mandatory;

- IFRS standards are permitted;
- IFRS standards are prohibited.

In order to measure the influence of multinational corporations on the decision to adopt IAS/IFRS we will use a variable score that will reflect the adoption level of IAS / IFRS of a country, by assigning each item a partial score (0 - forbidden, 1 - permitted, 2 - mandatory).

Also, the variable that reflects the impact of corporate multinationals (TNI) on the decision to adopt IAS/IFRS will be represented by the weight of the balance stock of FDI in GDP.

In the first stage we will use *the Logit model* to determine to what extent this multinationals' presence in a country influences the probability for that country to adopt IAS / IFRS. Gurajati (2004) defines the logit model through the equation

$$P_i = E\left(y = \frac{1}{x_i}\right) = \frac{1}{1+e^{-(\beta_0+\sum\beta_j x_{ij})}},$$

which may be given as a rate expressing the chance in favor of adopting IAS / IFRS by country, by the following relationship $\frac{P_i}{1-P_i} = \frac{\frac{e^{z_i}}{1+e^{z_i}}}{\frac{1}{1+e^{z_i}}} = e^{z_i}$, where we noted $z_i = \beta_1 + \sum \beta_j \cdot x_i$ and j is the number of factors included in the model.

	Mutifactorial						*Unifactorial*			
	Model	*Coefficients[a]*					**Model**	*Coefficients[a]*		
			(Constant)	TNI	Capitali-zation	Regulation			(Constant)	TNI
2002	1	B	0.215	*-5.393*	0.013	-1.149	4	B	-1.400	*-1.158*
		S.E.	1.80	4.93	0.01	1.00		S.E.	0.39	0.96
		Wald	0.01	1.20	2.01	1.31		Wald	13.13	1.46
		df	1	1	1	1		df	1	1
	Classifi-cation	Sig.	0.905	**0.274**	0.156	0.252	*Classifi-cation*	Sig.	0.000	**0.228**
	93.30%	Exp(B)	1.240	0.005	1.013	0.317	86.10%	Exp(B)	0.247	0.314
2007	2	B	2.295	*1.170*	0.000	-0.376	5	B	0.119	*-0.007*
		S.E.	1.53	1.84	0.01	0.63		S.E.	0.21	0.15
		Wald	2.24	0.41	0.00	0.36		Wald	0.33	0.00
		df	1	1	1	1		df	1	1
	Classifi-cation	Sig.	0.135	**0.524**	0.997	0.551	*Classifi-cation*	Sig.	0.564	**0.962**
	88.90%	Exp(B)	9.920	3.221	1.000	0.686	52.80%	Exp(B)	1.126	0.993
2012	3	B	2.217	*1.190*	-0.002	-0.294	6	B	1.051	*0.584*
		S.E.	1.56	1.66	0.01	0.64		S.E.	0.34	0.53
		Wald	2.03	0.51	0.04	0.21		Wald	9.77	1.22
		df	1	1	1	1		df	1	1
	Classifi-cation	Sig.	0.155	**0.474**	0.833	0.647	*Classifi-cation*	Sig.	0.002	**0.270**
	79.50%	Exp(B)	9.178	3.288	0.998	0.746	79.50%	Exp(B)	2.861	1.792

Correlation Matrix									
		Constant	TNI	Capitalization	Regulation		Constant	TNI	
2002	Constant	1	-0.621	0.301	-0.744	Constant	1	-0.731	
	TNI	-0.621	1	**-0.281**	0.115	TNI	-0.731	1	
	Capitalization	0.301	-0.281	1	-0.518				
	Regulation	-0.744	**0.115**	-0.518	1				
2007	Constant	1	-0.485	-0.192	-0.75	Constant	1	-0.476	
	TNI	-0.485	1	**-0.08**	0.094	TNI	-0.476	1	
	Capitalization	-0.192	-0.08	1	-0.24				
	Regulation	-0.75	**0.094**	-0.24	1				
2012	Constant	1	-0.495	-0.151	-0.787	Constant	1	-0.742	
	TNI	-0.495	1	**-0.155**	0.177	TNI	-0.742	1	
	Capitalization	-0.151	-0.155	1	-0.237				
	Regulation	-0.787	**0.177**	-0.237	1				

Source: own projection of calculations performed in SPSS 19.0

Through linearization of this model we obtain the equation:

$$L_i = ln\left(\frac{P_i}{1-P_i}\right) = z_i = \beta_1 + \sum \beta_j \cdot x_i + u_i$$

where: u_i is the residual variable of the model

In order to determine the probability generated by a specific value of the independent variable z_i, we use the relationship $P_i = \frac{e^{z_i}}{1+e^{z_i}}$.

We proceed to determine the binary logistic regression for data sets for 2002, 2007 and 2012. These series reflects the ante and post adoption state relative to EU Regulation 1606/2002, respectively to signing Norwalk Agreement between IASB and FASB, regarding IAS / IFRS and U.S. GAAP standards compatibilization.

In the case of one-factor model we analyze the link between variable TNI and *score* variable calculated for each country. *Score* variable takes a unitary value if IAS/IFRS are mandatory or premitted in the consolidated statements, taking the zero value otherwise. Logit model is given by the expression

$$L_i = ln\left(\frac{P_i}{1-P_i}\right) = z_i = \beta_1 + \beta_2 \cdot TNI_i + u_i.$$

Validation of link relationship between TNI variable and score variable is also valid by estimating a binary logistic multifactorial model, to which capitalization and regulation are added as additional explanatory variables and variables, reflecting *accounting regulatory form*. While *capitalization* variable expresses market capitalization at the country level (World Federation of Exchanges), *regulatory* variable is attributed values (1 - public, 2 - Private 3 - mixed), reflecting the institution responsible for the accounting normalization. Logit model is given by the expression

$$L_i = ln\left(\frac{P_i}{1-P_i}\right) = z_i = \beta_1 + \beta_2 \cdot TNI_i + \beta_3 \cdot Capitalizare_i + \beta_4 \cdot Reglementare_i + u_i$$

4. RESULTS AND INTERPRETATIONS

The influence of multinational corporations upon the likelihood of adoption of IAS / IFRS is validated by all 6 binary logistic regression models obtained using SPSS 19.0, based on the scores given to each country in terms of uptake degree, on consolidated financial statements level. Thus, regarding possible *chances* for adoption of IAS / IFRS, in the context of a notable presence of multinational companies in a national economy, it can be said that there is a close relationship with the TNI variable.

Yet only one-factor model for the year 2012 shows a strong relationship linking (chances of adopting IAS / IFRS increase $e^{0.584} \approx 1.792$ times with an error threshold of 27%), or in the case of multifactorial model for the year 2012 (the chances of adoption IAS / IFRS increase $e^{1.19} \approx 3.288$ times with an error threshold of 47.4%).

What is to be noted, from the perspective of evolution in time of TNI variable upon logistics function of values, the fact that the influence of multinationals' presence in the national economy in 2002 was negative

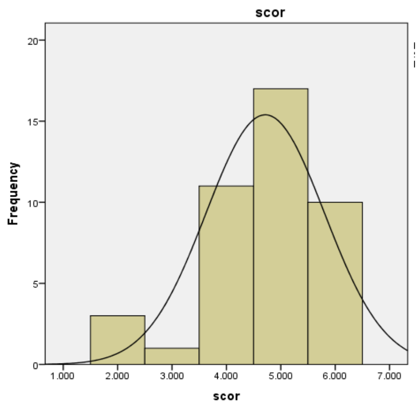
$$(\beta^{2002tni}_{unifactorial} = -1.158;\ \beta^{2002tni}_{multifactorial} = -5.393)$$

while the series for the years 2007 and 2012 shows a positive influence on the chances of IAS / IFRS adoption.

$$(\beta^{2007tni}_{unifactorial} = -0.007;\ \beta^{2007tni}_{multifactorial} = 1.170)$$

$$(\beta^{2012tni}_{unifactorial} = -0.584;\ \beta^{2012tni}_{multifactorial} = 1.190)$$

This can be justified on account of capitalization of international capital markets more intense in the last 10 years. It is also certified the importance of the period in which multinationals have appeared in the analyzed national economy, because their influence materializes only over a fairly long period of time.



scor normality

Test Statistics	
	scor
Chi-Square	63.311[a]
df	5
Asymp. Sig.	0
a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 17.2.	

Source: own projection of calculations performed in SPSS 19.0

We emphasize the importance of economic factors on the decision to adopt IAS / IFRS by this multinational component in a national economy, but we draw attention that an isolated analysis of this factor sensitively affects statistical model results. This is clearly illustrated by the recorded differences in the coefficient account corresponding to TNI variable, moving from single factor in the multifactorial model, whereas the participants in the accounting regulation and market capitalization cause a notable influence on the chance of adopting IAS / IFRS.

All these assumptions should be analyzed and interpreted subject to a rather high risk of rejecting the null hypothesis. But this situation is due to the displaced distribution of score variable, specific to analyzing dummy-type variables. Classification coefficients reveal the expected situation. Equally, the disparities in the analyzed countries in terms of *TNI* and *capitalization* variables distribution do contribute to some deterioration of robustness of logistic models that have been built.

5. CONCLUSIONS

The area of research in financial reporting is invaded by controversy and aroused arguments among practitioners and academics precisely because of the structural complexity of financial accounting information demand. The relationship between regulated and voluntary reporting by its defining elements (format, content, frequency, means of communication), represents the main current concern, both for accounting information users seeking to reduce the existing information asymmetries with respect to enterprise management and for annual accounts setters that want a cosmetised presentation of the financial statements and as poor in details as possible, which they consider strategic for the enterprise.

In the context of financial information requirements' multitude throughout this study we reckon, that multinationals' opinion have to be carefully considered and debated by accounting standard setters, just because they are most affected by changes in accounting regulation on financial reporting. Although the presence of multinationals in the discussions on accounting normalization projects turns out to be insignificant, their voice is found in the great accounting and auditing practices. The only remark to be taken into account in this perspective of analysis is to achieve a clear separation between the role of audit firms in accounting normalization and the role of the same certification entities in synthesis annual accounts certification.

Although developed economies are based on an negotiation institutional system that engages all sides involved in financial communication process and its transparency turns to follow a positive course, problems arise in the case of economies in transition and those less developed, in which disparities are decision-making power are consistent and financial power of multinational corporations is considerable. Therefore, in order to reduce the risk of monopolization of the act of accounting normalization, in the case of these economies, a solid accounting convergence with IAS / IFRS is recommended.

Equally, an accounting normalisers strategy meant to avoid the situation of differentiated financial reporting system coexistence, namely, the one dictated by international accounting standards and that of local accounting regulations; should be avoided. We support this approach even more as defining categories of firms (large, small and medium enterprises) proves to be a relative approach, based mainly on the fiscal interests of the state in terms of tax reporting.

Taking small steps, accounting convergence project proves to be a viable solution in terms of ensuring a high quality accounting information from the perspective of its main qualitative characteristics. Only political will, a consolidated institutional framework and an optimal financial incentives policy can ensure the project's success, the weight of this mission largely belonging to the state's apparatus that has to join as a partner, SIS international standardization bodies and ensure a correct and constant implementation of international accounting standards.

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