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U.S. Adoption of International Financial Report Standards and the American C.P.A

(TITLE)

BY

Chris Powell

UNDERGRADUATE THESIS

Submitted in partial fulfillment of the requirement for obtaining

UNDERGRADUATE DEPARTMENTAL HONORS

School of Business along with the Honors College at
EASTERN ILLINOIS UNIVERSITY
Charleston, Illinois

2012
YEAR

I hereby recommend this thesis to be accepted as fulfilling the thesis requirement for
obtaining Undergraduate Departmental Honors

Date

May 4, 2012
Date

May 4, 2012
Date

THESIS ADVISOR

HONORS COORDINATOR

DEPARTMENT CHAIR



Spring | 2012

Rules vs. Principles Debate and the
American CPA
Chris Powell

1. Introduction

Rules and principles are very different in nature, however they are both used in standards. By studying the applications and consequences of rules and principles in accounting, researchers can generate new insights as to how rules and principles work together to achieve more effective accounting standards that ensure high quality and relevant financial reporting in a complex and uncertain economic environment. Defining what rules and principles are has never been an easy task and scholars are not in complete agreement on definitions. However, rules are seen as specific in nature and they tell someone what to do, while principles are broad and offer guidance instead of specific guidelines (Agolia 2011; Nelson 2002; Nobes 2004). This is important to the accounting literature, since the United States has announced the convergence of the US Generally Accepted Accounting Principles (GAAP), which is mainly a rules based set of standards, and the International Financial Reporting Standards (IFRS), which is more principles-oriented than rules-based (Nelson, Elliot, & Tarpley, 2002). If the United States is to adopt a new system of accounting standards, such as IFRS, it is important that all aspects and prior theories are explored in order to design the best set of standards for the US.

This paper will explore prior literature in the IFRS vs. US GAAP debate. In addition to an in-depth review, a survey will be introduced that will attempt to test individual attitudes and the influence attitude has on IFRS adoption in the United States. Testing the survey on participants in different countries will yield new insights on the implications society has on the views of accountants towards accounting regulation. This is important because different views towards regulation can have a lot of impact on how the United States should go about adopting IFRS and even if it is a good idea.

The following literature review is on IFRS and US GAAP on the concepts of specific rules in predictability, professional judgment in accounting, complexity, and the cultural implications on accounting standards. In addition to a literature review on the above-mentioned sections a survey will be introduced. The survey will contain three sections total, which will each gain important information for the study. First, the survey will gather information about the participant's attitude. Second, the participant's attitude

towards IFRS will be gauged. Finally, personal information will be gathered from each applicant. Comparing the participant's personal attitude and how they answer the questions about IFRS will be the main part of this study.

2. Literature Review

2.1 Specific Rules in Predictability

Many accounting researchers have explored the realm of rules and principles in accounting standards (Agolia 2002; Alexander 2006; Jamal 2010; Nobes 2004). For example, Alexander (2006) sets up two interesting tables that outline accounting standards and their importance relevant to IFRS and US GAAP. Table 1 in this review breaks standards down into three types. Type A is a very fundamental concept that would be vaguer in nature. Type B is more of a set of notions that would be consistently applied to situations. Finally, type C is the detailed directions off of principles that would state exact ways of doing things for expected and non-expected situations. Still, there can be varieties within these types. For example, a type C rule can be very specific with several bright-line thresholds, or less specific with only a narrow statement. (See Table Below)

Table 1

Three levels of Accounting and Financial Reporting Regulation	
Type	Description of Standard Type
A	A generally expressed all-pervasive fundamental concept
B	A set of notions, conventions, or ways of thinking that is to be consistently applied situations that are both familiar and unfamiliar.
C	The detailed provisions of specific methods for the treatment of all expected problems and situations.

Specific accounting rules often fail to capture the economic substance of complex transactions in a complicated, modern and global economy that changes constantly. The professional world of accounting has proven that when high economic pressures are

involved in transactions, accountants are faced with pressures that come from more than just accounting standards and regulators (Bloomfield 2010; Nelson 2002). Studies have proven that the amount of revenue a particular client generates for an auditing firm has a significant impact on the auditors' decision-making (Nelson 2002). For example, if a Big 4 firm has a billion dollar client, the auditors on that account are more likely to allow transaction structuring. Just that one variable makes applying specific rules a risky endeavor. For example, with pressure from large clients, transactions can be structured to meet bright line thresholds. Although these structured transactions meet legal requirements, they are not representing the true economic substance of the economic event. So, when auditors face the pressure from big clients to allow transaction structuring, the auditors do so, and the specificity of certain US GAAP rules, like leases, are used to the advantage of the client and not the investors.

The assertion that bright line standards approve predictability comes directly from confusion between what lawyers value and what economic actors do. Both economic actors, i.e. managers, and lawyers value a type of certainty. Lawyers and judges apply the law directly to situations, so having bright line rules makes it easier for them to do this. They can be certain that they are doing their jobs correctly if the specific rules say so. However, managers value this certainty because they can use rules to their advantage. With specific rules in place, managers can manipulate circumstances around the rules to benefit themselves as a private party. Therefore, rules have become a safe harbor for both managers and the professionals who apply the law. This observation explains the explosion of rules in US GAAP in the last few decades.

Making laws more specific does not make the law harder to break. One area high in criticism is the law on sexual assault. Many advocate making a more specific legal rule to avoid ambiguity in a sensitive situation like rape. However, these advocates are again looking at applying the law to the situation, rather than to a specific incident. For example, requiring oral consent for intercourse would be ridiculous because how often is oral consent given in perfectly consensual intercourse. The actor, or rapist, could use the

specificity to his advantage. Therefore, specific rules would only complicate the situation (Braithwaite 2001).

While looking at some of the conclusions of accounting scholars, it is also important to review the work of several legal scholars. The legal scholar John Braithwaite comes to an interesting conclusion in his paper titled *A Theory of Legal Certainty* (2001). Braithwaite (2001) argues that in regulating economic or social behaviors in an environment where the degree of complexity is high and the economic forces are dynamic, a sensible mix of both principles and rules would lead to the highest degree of certainty in achieving the desired economic or social outcomes. According to Braithwaite, the most sensible solution to achieving desired outcomes with a high degree of certainty is to combine legally binding principles with non-binding rules. With this view, non-binding rules can be overridden by those legally binding principles. In this manner, specific rules can give certainty in situations while still being overridden in situations where they cannot lead to greater consistency. Braithwaite goes on to state the importance of regulatory institutions being consistent with each other in enforcing the standards.

John Austin is quoted by Dworkin in *Taking Rights Seriously*, (Dworkin, 1978) as observing that a citizen's everyday actions are not guided necessarily by the law itself, but more by morals and other social factors. This brings into question how heavily the law and accounting standards themselves are guiding accountants in their careers. This observation is interesting when applied to the accounting world. For instance, accountants study accounting standards in order to apply them to transactions, financial statements and so on; however, accountants normally do not study legal principles and the law itself. For example, Nelson et al. (2002) study shows that client size has a significant impact on an auditor's decision to correct a transaction that does not correctly put forth the economic substance of a transaction. So, if auditors are influenced by client size, this proves Austin's theory in the accounting world as well. Accountants do not always follow the law; they are also guided by social factors like client size.

2.2 Professional Judgment With Rules

Braithwaite (2001) studies the issue of legal consistency and demonstrate his analysis with the law regarding nursing home inspections. In the US there are thousands of rules that nursing homes need to comply with. Braithwaite states that the human mind simply cannot keep up with this many rules. According to Braithwaite, an interesting observation stems from this: when so many rules are being used, professional judgment becomes the coping mechanism. Instead of going through all the rules, the inspectors in the US stated that they are most extensively relying on their professional judgment, and after they found a problem, they would then search for the specific rules to back up their judgments. The actual outcome of such inspection process would be similar to that by using just principles with a minimum number of rules involved. This is very interesting when one thinks about the large volume of US GAAP, which is toward 18,000 pages. Accountants have to go through so many rules, that they must be in the same situation as the nursing home inspectors. Therefore, accountants in the US may be using professional judgment instead of actual rules because of the complexity of US GAAP.

A purely rules-based system differs greatly in application from a system that is purely rules-based. A good example to illustrate this concept is that of the traffic speed limit. A highway with a speed limit that is set at 65 MPH regardless of road conditions and other variables would be purely rules based. Drivers, the affected party of the speed limit, could drive at 65 MPH without having to use their own judgment to gauge if 65 MPH is appropriate.

A purely principles-based system would set the traffic law by stating that drivers should drive at a “reasonably safe speed”, in order to not endanger themselves or others on the road. This system would stress heavily on the professional judgment of the driver and leave many variables in question just like that of a principles-based system. For example, is a reasonable speed higher for a more experienced driver? Can a professional racecar driver drive as fast as he wants on the highway? Without a specific speed limit, a lot is left in question.

It appears that neither a purely rules-based system nor principles-based system will work satisfactorily in traffic laws. The same concept applies to accounting regulations. Using an extreme version of either of these systems of regulation would not protect the investor in the best possible way. Reality favors a regulation system that is a convergence of both principles and rules.

Ronald Dworkin makes several interesting observations in his book *Taking Rights Seriously*. Dworkin's distinction between rules and principles is different from positivist's theories. For example, Dworkin believes that principles conflict and interact with each other when applied to a situation, but they do not stipulate a particular solution. Instead, they only offer guidance, and the judge must use his or her discretion to identify which principles have the heaviest weight. This is distinctively different from rules, as they offer more specific guidelines to situations. Studying legal theory can lead to a greater understanding of the how's and why's of accountant behavior as it pertains to applying accounting standards.

Furthermore, Dworkin points out an issue that is very relevant to accounting research. Our law system leans heavily on the concepts of legal right and legal obligation. Laws create the legal obligation of a person, and when that obligation is broken, consequences are set forth. Lawyers and citizens alike agree we find legal obligation by applying the concepts of the law. Dworkin argues that this is a problem because we have so many puzzles with both the concepts of legal obligation and the law. This lack of understanding is described as a chronic disease that needs to be addressed if we are to force people into consequences for breaking legal obligations through coercion. The chronic disease Dworkin describes is the same puzzle we face with accounting standards. Legal obligation is an issue, especially with accounting standards, as the US economy is the most complex in the world. Studying these conclusions and many others will provide insights into how principles and rules work together to determine legal obligation in accounting.

2.3 Complexity

Nelson (2002) lays out three different complexity structures that can be applied to accounting. Component complexity is defined as increasing when the number of decisions to be made increases and the number of precedents to be considered. Coordinative complexity increases when information must be combined in complex or unspecified ways when determining when a standard is satisfied. Dynamic complexity increases when the requirements necessary to satisfy a standard shift over time. Nelson (2003) then concludes that total task complexity would increase under IFRS as precedent is gained. This is due to the precedent increasing all three of the complexities defined above. Appreciation of this leads to a greater understanding of the kind of complexity that accountants face.

Accountants have to deal with a very complex working environment where many variables have to be considered, to illustrate this better consider this example. Parking in a handicap space, while in fact not being handicapped, is legally wrong and can be punished with a ticket. In this case, it is simple to affirm that the citizen is legally obligated to not park in the handicap space. Therefore, he can receive a ticket for not complying with the law. In the world of practicing accounting and protecting investor rights, there are a lot more variables and legal obligations to consider than just a simple parking violation. Now, considering the above observation, one can begin to understand the complexity of the law due to the nature of litigation in the past few decades. Most litigation has been about corporations and their legal obligations, not just an individual person. With the complexity of organizational structure, it can be extremely difficult to pinpoint a specific person when wrongful acts are committed. That is not even considering the extra variables of technology and globalization. The very nature of the business world increases all of the above-mentioned complexities.

2.4 Cultural Implications on Accounting Standards

Culture has been defined as “the collective programming of the mind which distinguishes the members of one human group from another” (Hofstede 1980, p. 25). The word culture as defined here is reserved for societies or nations as a whole, however there are cultures within cultures that are described as subcultures. These subcultures are at the organizational level. For example, the United States has a culture, while an organization inside the United States would be described as having a subculture.

Hofstede and his team of researchers conducted one of the largest cross-cultural experiments ever conducted to identify four dimensions in cultures globally. These dimensions, with substantial support from prior work in the field, were labeled Individualism, Power Distance, Uncertainty Avoidance, and Masculinity. These dimensions serve as a common structure among cultures from across the world. Hofstede describes the four dimensions as follows (Hofstede 1980).

Individualism versus Collectivism:

Individualism pertains to one’s preference of how much he or she is to care for others versus only caring about themselves and their immediate families. Its opposite, Collectivism, involves a society that cares for family, friends, and other people of a larger group in exchange for unquestioning loyalty (Hofstede, 1980). Essentially, these concepts address how a person views their role within society. Do they see society as a place where they can make themselves and their families succeed before everyone else, or do they see society as a team to improve as a whole?

Large versus Small Power Distance:

Power distance is the idea that not all members of a society expect different levels of power in an organization the same way. This affects the behavior of the less powerful, as well as, the more powerful members of society. People in a society with high power distance accept the order of a hierarchy very easily. They do not question superiors often

and have no problem being in their rank or place in society. People in societies with small power distance strive to equalize power and are more liable to question decisions made by superiors and to desire justification for decisions made by superiors. The main issue this dimension of society categorizes is how people within that society handle the inequalities amongst themselves. For example, an employee in a low power distance society would theoretically question the decisions made by his superiors (Hofstede, 1980).

Strong versus Weak Uncertainty Avoidance:

This concept of culture measures a society's comfort level with uncertainty. A society that is strong in uncertainty avoidance is likely to have a rigid believe system and a low tolerance for people who deviate from it. Obviously, the opposite is true with a society of weak uncertainty avoidance. Societies with weak uncertainty avoidance are much more relaxed and tolerate change and deviate behavior much more easily. This concept involves how comfortable the society is with the progression of time and how the future is unknown. For example, a society with high uncertainty avoidance is more likely to try and control future events than a society with low uncertainty avoidance. How heavily a society weighs into either side of this concept determines how institutions and organizations are developed (Hofstede, 1980).

Masculinity versus Femininity:

“Masculinity involves a society's preference for achievement, heroism, assertiveness, and material success. Its opposite, Femininity, stands for a preference for relationships, modesty, caring for the weak, and the quality of life” (Hofstede, 1980). This issue has nothing to do with males opposed to females; rather it is how society allocates social roles to the individual sexes (Hofstede, 1980).

The next step for accounting research is to then identify a similar structure for the accounting subculture. Since a common structure for culture has been identified, it is logical that one can do so for accounting itself. S.J. Gray has attempted to identify accounting values within the accounting culture. These values are speculative, and are not

all inclusive of every possibility within the accounting subculture. They are derived from a review of past accounting research (Gray 1988).

Professionalism versus Statutory Control:

Professionalism involves using professional judgment in accounting decisions, whereas, Statutory Control is accomplished by following specific rules under exact directions (Gray, 1988).

Uniformity versus Flexibility:

A preference for uniformity among companies would mean that all companies conform to accounting standards in the same way, regardless of company's individual needs. Flexibility would allow more room for companies to adjust accounting practices to suit their needs (Gray, 1988).

Conservatism versus Optimism:

Conservatism involves a more cautious approach that uses conservative measurements to avoid the uncertainty of the future. Optimism favors a more risk-taking approach that is aggressive in nature (Gray, 1988).

Secrecy versus Transparency:

Secrecy applies to companies that prefer their information to only be disclosed to those who are directly involved with company operations. However, transparency involves having more publicly open information (Gray, 1988).

US GAAP attempts to be very specific in nature and tries to address all possibilities with specific rules. This has led to an explosion of accounting standards within the US GAAP. The explosion stems from standard setters attempting to control uncertainty in reality, by using specific standards and bright-line thresholds. For example, lease accounting is the most famous issue in US GAAP when it comes to a failure of bright-line thresholds. The leasing standards use exact percents to identify operating leases versus capital leases. Organizations exploit these bright-line thresholds by maneuvering around them and

classifying all of their leases as operating instead of capital leases. This in turn makes the corporation look less risky. To counter these maneuvers, the SEC simply makes more rules to close down avenues of aggressive accounting. However, highly paid law firms and accounting firms have become experts at opening avenues of exploitation in US GAAP. Therefore, additional specific rules only add confusion and more loopholes to the accounting process.

The alternative to specific rules would be principles that are less specific in nature. These principles would stress professional judgment by accountants, instead of accountants just following exactly what standards say. With accountants making more decisions, the pressure would be on them to be more conservative to avoid litigation. Past research has shown that more ambiguity in standards leads to conservative accounting decisions (Nelson 2002).

3. Hypotheses for Accountant's Attitudes

3.1 Professionalism versus Statutory Control

Gray (1988) argued that professionalism could be most closely linked with individualism and uncertainty avoidance. Having more individualism would lead a society to prefer independent professional judgment, which would be consistent with having a loosely knit social framework and a respect for individual behavior. This is also consistent with weak uncertainty avoidance where practice is all-important, where there is a belief in fair play and as few rules as possible, and where a variety of professional judgments will tend to be more easily tolerated. There also seems to be a connection, albeit smaller, between professionalism and power distance. Professionalism is more likely to be accepted in a small power distance society where there is more concern for equal rights, because in this society, people at various power levels feel less threatened and are more prepared to trust people. With a small power distance society there is a belief that power, rules, and codes need to be justified. However, prior research shows no significant link between masculinity and professionalism (Gray 1988).

3.2 Uniformity versus Flexibility

It is argued that uniformity is most closely linked with uncertainty avoidance and individualism. A preference for uniformity is consistent with a preference for strong uncertainty avoidance, which in turn leads to a concern for law and order, rigid codes of behavior, a need for written rules and regulations, a respect for conformity, and the search for ultimate and absolute truths and values. The uniformity concept is also very consistent with collectivism rather than with individualism, as uniformity fits in with its tightly knit social framework and preference for rules and order. One could also argue that a link exists between uniformity and power distance. Uniformity would be more easily accepted in a society with a large power distance, since there is less opposition to laws and codes that are uniform in nature. However, there does not appear to be any significant link with masculinity and uniformity.

3.3 Conservatism versus Optimism

Conservatism is arguably one of those most important accounting values, as it is the most ancient and persistent principle to date. (Sterling 1967) With that in mind, it is important to put careful thought into how conservatism relates to cultural dimensions. It is argued that conservatism relates most closely with uncertainty avoidance. (Gray 1988) A preference for more conservative measures of profits is consistent with strong uncertainty avoidance, born from a concern with security and a perceived need to adopt a cautious approach to cope with the uncertainty of future events. One could also argue a link between individualism and masculinity with conservatism. If a society is high in masculinity and individualism, the desire to achieve could outweigh the desire to be conservative. However, power distance does not seem to relate to conservatism.

3.4 Secrecy versus Transparency

Secrecy can be seen to relate to conservatism in the fact that it involves holding back information. However, secrecy relates to the disclosure of information, while conservatism is about measurement (Gray 1988). With this in mind, how can secrecy be linked to societal values? It is argued here that secrecy can be linked most closely with the uncertainty avoidance, power distance and individualism dimensions. Desiring

secrecy is consistent with strong uncertainty avoidance due to the need to restrict information disclosures to avoid conflict and completion. A close relationship with power distance also seems likely, in that high power distance societies are likely to be characterized by the restriction of information to preserve power inequalities. Secrecy also seems to team well with collectivism because of its concern for those closely involved with the firm rather than external parties. A significant but less important link with masculinity also seems likely to the extent that in more caring societies where greater emphasis is placed on quality of life, the people and the environment, there is a tendency to be more open, especially in regards to socially related information.

From the above analyzes, I can produce two hypothesises for the survey.

H1: The more a person agrees with questions that favor individualism, and the more that person disagrees with questions that favor uncertainty avoidance and power distance, the more that person will agree with questions that favor professionalism in accounting standards.

H2: The more a person agrees with questions that favor uncertainty avoidance and power distance and disagrees with questions that favor individualism, then the more likely that person is to agree with questions that favor uniformity in accounting standards.

4. Conclusion

There are several different viewpoints on both US GAAP and IFRS. For example it has been argued that US GAAP is merely seen as rules-based, but is actually principle-based as the conceptual framework intends (Schipper, 2003). In addition to this viewpoint it is also argued that although US GAAP is principles based, there are too many rules that do not derive from the correct principles (Nobes, 2004). It is important that all of the research done is reviewed to produce the best final product, which in my opinion would be a convergence of US GAAP and IFRS. Both standards produce high quality financial reports, and although there are some professionals that are passionately against a standard in particular, I think it is important to keep in mind that both standards do protect

investors adequately.

Although there is much work to be done in the area of cultural influences in accounting, this paper can offer a start for the testing of societal values against accounting values. Now as more pilot testing is done, adjustments can be made to how survey participants are questioned and how they are selected. In addition to this empirical research more work needs to be done to identify more of the links between accounting practices and accounting values. It will also be important to identify any possible outside influences on participants, for example multinational companies. When everything is laid out and analyzed, a lot of progress can be made in understanding culture in accounting and ultimately the IFRS vs. US GAAP debate.

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Appendix

4.2 Instructions to Survey Participants

The survey is being conducted online with Survey Monkey. There are three sections to the survey: personality and attitude at work, adoption of IFRS, and finally, personal information about the participant. In the survey, there are three pages that address the three sections above, respectively. The participants are asked to mark to what extent they agree or disagree with each statement. Each participant who takes the survey is greeted with a cover letter.

Dear Accounting and Business Professionals,

My name is Chris Powell and I am an undergraduate researcher at the Accounting Department of Eastern Illinois University. I am conducting a survey to study the relationship between one's personal attitude and the adoption of International Financial Reporting Standards (IFRS) in the United States, under the supervision of Dr. Richard Wang.

This survey contains three sections and will take no longer than 15 minutes to complete. Section one will gauge your attitude at a personal level, section two addresses the potential adoption of IFRS in the United States, finally the third section gathers anonymous information about your professional experience. All information on this survey will be kept confidential. There are no foreseeable risks in taking this survey; however you may choose to opt out at anytime while taking it. If you have any questions about this survey or would like to receive the final report of this study, please email me at crpowell2@eiu.edu.

Your answers will be very helpful to the School of Business at Eastern Illinois University. Thank you very much for your time as it is greatly appreciated.

4.3 Survey Questions

The first section is testing what kind of personal attitude the participant has while at work. Analyzing this section will hopefully give insight as to how that person's culture and society has affected him or her. The second section addresses the accountant's attitude towards IFRS adoption. Analyzing these two sections together will hopefully give insights into how cultural values affect attitude towards IFRS adoption and IFRS in general. Finally, the third section involves personal information. This section will allow researchers to identify other possible influences on answers to the above questions. Please see the following pages in order to examine the survey.

United States IFRS Adoption

Dear Accounting and Business Professionals,

My name is Chris Powell and I am an undergraduate researcher at the Accounting Department of Eastern Illinois University. I am conducting a survey to study the relationship of one's personal attitude and the adoption of International Financial Reporting Standards (IFRS) in the United States, under the supervision of Dr. Richard Wang.

This survey contains three sections and will take no longer than 15 minutes to complete. Section one will gauge your attitude at a personal level, section two addresses the potential adoption of IFRS in the United States, finally the third section gathers anonymous information about your professional experience. All information on this survey will be kept confidential. There are no foreseeable risks in taking this survey, however you may choose to opt out at anytime while taking it. If you have any questions about this survey or would like to receive the final report of this study, please email me at crpowell2@eiu.edu or call 309-635-2644.

Your answers will be very helpful to the School of Business at Eastern Illinois University. Thank you very much for your time as it is greatly appreciated.

Sincerely yours,

Chris Powell
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309-635-2644
School of Business
Eastern Illinois University
600 Lincoln Avenue
Charleston, IL 61920 USA

Personality and Attitude at Work

Please indicate to what extent you agree or disagree with each statement.

*** 1. I enjoy working in teams rather than working alone in general.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 2. I often have a different opinion from that of my colleagues.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 3. I have a desire for unconditional loyalty from my subordinates or colleagues.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 4. I often question decisions made by my superiors.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 5. I often feel the need for explanations of decisions made by my superiors.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 6. Financial achievement is very important to me in my life.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 7. I feel comfortable dealing with challenges, such as new problems at work routinely.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 8. I enjoy listening to my colleagues' or subordinates' ideas that differ from my own.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 9. Quality of life is more desirable than financial success.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Adoption of International Financial Reporting Standards (IFRS)

Please indicate to what extent you agree or disagree with each statement.

*** 10. I am familiar with the differences between US GAAP and IFRS.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 11. Vagueness in accounting standards poses a problem.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 12. IFRS adoption in the US is a good idea.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 13. I think accounting standards should allow more room for professional judgment by professional accountants and auditors.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 14. A single set of accounting standards will adapt to all countries across the globe.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 15. I think US GAAP is more conservative than IFRS.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 16. One accounting-standards setting body for the world is sufficient.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 17. Overall the cost of adopting IFRS in the US outweighs the benefits.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 18. IFRS is better than US GAAP at mitigating earnings manipulation.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 19. Adopting IFRS in the US would increase the comparability of financial statements around the world.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

*** 20. I would like to learn more about IFRS.**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Personal Information

Please choose all that apply.

*21. Your Age?

- | | |
|-----------------------------|-----------------------------|
| <input type="radio"/> 18-25 | <input type="radio"/> 46-50 |
| <input type="radio"/> 26-30 | <input type="radio"/> 51-55 |
| <input type="radio"/> 31-35 | <input type="radio"/> 56-60 |
| <input type="radio"/> 36-40 | <input type="radio"/> 61-65 |
| <input type="radio"/> 41-45 | <input type="radio"/> 65+ |

*22. Your Gender?

- Male
- Female

*23. What is the type of organization you work for?

- Corporation
- Public Accounting Firm
- Not-for-Profit
- Partnership
- Sole Proprietorship

Other (please specify)

*24. What is your position within your organization?

- | | |
|---|---|
| <input type="checkbox"/> CEO | <input type="checkbox"/> Middle Level Manager |
| <input type="checkbox"/> CFO | <input type="checkbox"/> Lower Level Manager |
| <input type="checkbox"/> Upper Level Manager (e.g. Vice Presidents, Partners) | <input type="checkbox"/> Entry Level Position |

Other (please specify)

25. How many employees work at the organization of your employment?

- | | |
|---------------------------------------|--|
| <input type="checkbox"/> 1 to 50 | <input type="checkbox"/> 1,001 to 10,000 |
| <input type="checkbox"/> 51 to 500 | <input type="checkbox"/> 10,000+ |
| <input type="checkbox"/> 501 to 1,000 | |

*** 26. Which continent do you reside in?**

- Africa
- Asia
- Australia/Pacific Islands
- Europe
- North America
- South America

*** 27. What is the highest level of education you have attained?**

- High School Diploma
- Associates Degree
- Bachelors Degree
- Masters Degree
- Doctorate (PhD. J.D. M.D. Others)