International Journal of Economic Sciences and Applied Research 4 (3): 59-74

The perceptions of managers of Greek firms regarding the Costs and Benefits ensuing from the adoption of International Financial Reporting Standards in Greece

Vasilios-Christos Naoum[1], Nicos Sykianakis[2] and Christos Tzovas[3]

Abstract

The study seeks to investigate the costs and benefits resulting from the application of IFRS in Greece. A questionnaire survey was conducted in order to identify the perceptions of the financial managers of Greek listed firms regarding the benefits and the costs associated with the transition to IFRS. In addition, it was asked to indicate whether the IFRS benefits are sufficient to cover the related costs. Four types of costs appear to be prevalent: personnel training costs, consultants' fees, preparation of two sets of accounts and costs to adjust existing information systems. The findings of the analysis of the responses suggest that, although the majority of respondents believe that the introduction of IFRS improved the quality of the financial statements published by Greek firms, they have serious concerns regarding the costs related to the introduction of IFRS.

Keywords: IFRS adoption, Greece, costs, benefits

JEL classification: M41

1. Introduction

This paper investigates perceptions of managers of Greek firms regarding the costs and benefits ensuing from the adoption of International Financial Reporting Standards (IFRS) by companies operating in Greece. The benefits ensuing from the adoption of IFRS mainly relate to the quality of information provided to the users of the firms' financial statements and the comparability of financial statements. The financial statements prepared according to IFRS are supposed to provide a faithful representation of the firm's financial position and financial performance by assigning importance to the economic substance of events. The more complete and analytical the disclosures made in the financial statements

[1] Athens University of Economics and Business

[2] Assistant Professor, Technological Education Institute of Piraeus

[3] Assistant Professor, Athens University of Economics and Business

are, the easier it is for the investors and other users of the firm's financial reports to evaluate its financial position and financial performance (Sunder, 2007). The costs of implementing IFRS usually relate to personnel training costs, consultants' costs and costs to adjust existing information systems (Ionascu et al. 2007). A questionnaire survey was conducted in order to gather information regarding the perceptions of managers of a sample of Greek firms about the benefits and the costs resulting from the introduction of IFRS. The findings of the survey indicate that the Greek managers believe that the adoption of IFRS improved the quality of the financial statements of Greek companies. On the other hand, it appears that the introduction of IFRS is a high-cost process.

Previous research has investigated the costs and the benefits ensuing from the application of IFRS by Greek firms (Karamanis and Papadakis, 2008). The present study, in addition to investigating the costs and benefits related to the implementation of IFRS in Greece, it investigates whether the financial managers of Greek firms believe that the costs ensuing from the application of IFRS are justified from a cost benefits point of view. The findings of this study can be useful to accounting regulators in identifying and evaluating the benefits and costs entailed by the implementation of IFRS. The potential significance of the findings of this study is enhanced by the fact that it is conducted within the business environment of Greece that posses certain structural characteristics. In Greece, as in other European countries (e.g. France, Italy) many listed firms are characterised by a high degree of ownership concentration (Nobes and Parker, 2000), while a substantial proportion of listed firms can be identified as family controlled (Ballas and Tzovas, 2010). Bank loans constitute a major source of financing for most Greek firms (Bellas and Tzovas, 2008). The dominant role of the bank credit in the financing of business enterprises is a distinct characteristic not only of the Greek business environment, but also of many other European countries (e.g. France, Germany). The financial statements under IFRS are only prepared for financial reporting purposes. Yet, the fact that for decades the financial statements of Greek firms were used for tax purposes as well means that tax considerations might still influence the preparation of financial statements. The similarity of the characteristics of the Greek business environment with that of other European countries means that the findings of this study can contribute in identifying the costs and benefits resulting from the application of IFRS in other European countries.

The rest of the paper proceeds as follows. Section 2 discusses the literature on the benefits and costs related to the adoption of IFRS while in section 3 the sample and the research design followed in this article are described. Section 4 reports the results of the empirical investigation undertaken for the purposes of this study. Section 5 summarizes and concludes the paper with suggestions for further research.

2. Previous research

The introduction of IFRS is supposed to substantially improve the quality and quantity of the financial information revealed in the published financial statements (Sunder, 2008). The adoption of IFRS increases the comparability and the transparency of financial statements (Jermakowicz, 2004). As a consequence, the introduction of IFRS should assist investors in their decision making and enhance stock market efficiency (Botosan and Plumlee, 2002; Healy and Palepou, 2001; Leuz, 2003, Iatridis and Rouvolis, 2010). The implementation of IFRS is accompanied by less earnings management (Renders and Gaeremynck, 2007; Iatridis and Rouvolis, 2010). Leuz et al. (2003) show that Greek firms appear to engage in some of the most extreme practices in the world. Bhattacharya et al. (2003) provide similar evidence, since in their study Greek firms are the most engaged in earnings management among companies from 34 countries. Further evidence is provided by Koumanakos (2007). A further cause of creative accounting is poor enforcement and poor creditor and investor protection, common in French-style civil law countries, which include Greece (Ballas and Tzovas, 2010; Chalevas and Tzovas 2010). It should be noted that poor legal protection of investors also appears to correlate with high ownership concentration (La Porta et al., 1998). Greek culture may also influence the disclosure behaviour of Greek firms. Greece is considered to be a low trust society with a strong element of individualism and a strong preference for state regulation (Ballas et al. 1998), which in the case of accounting manifests in the form of detailed rules over principles and economic substance (Ballas et al. 1998). In addition, large power distances and uncertainty avoidance characterises Greek society (Ballas et al. 1998). The impact of these cultural factors means that Greek firms will prefer confidentiality to transparency (Ballas and Tzovas, 2010). Confidentiality will have a direct impact on the level of information disclosure by firms (Alexander et al. 2003).

Within this context, the introduction of IFRS can improve the quality of the financial statements prepared by Greek companies. The financial statements prepared according to IFRS are supposed to provide a faithful representation of the firm's financial position and financial performance by assigning importance to the economic substance of events. The more complete, detailed and analytical disclosure requirements provided by the IFRS, the easier it is for the investors and other users of the firm's financial statements to evaluate its financial position and financial performance. According to Lang and Lundholm (1996), the precision of the analysts' predictions is positively associated with the increase of the level of the companies' disclosure.

On the other hand, the complicated nature of some of IFRS, the lack of guidance during the first application of the new standards, the system of deferred taxation and the underdevelopment of the capital markets of some countries have been identified as possible obstacles to the transition of the companies to this new status (Larson and Street, 2004). Furthermore, the emphasis assigned to fair value by IFRS is likely to introduce volatility in book values and reported earnings (Andrews, 2005; Barth et al. 2005; Goodwin and Ahmed, 2006; Hung and Subramanyan, 2007), and thus motivate firms to adjust their strategies and decision making processes in order to mitigate the adverse impact of the adoption on their financial reporting figures (Jermakowicz and Gornik-Tomaszewski, 2006; Iatridis and Rouvolis, 2010). Larson and Street (2004) suggest that a considerable number of European countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Bulgaria, Romania, Iceland, Turkey) will continue to use national accounting standards, in parallel with IFRS, for individual accounts, implying the appearance of a "double standards" system. Jermakowicz and Gornik-Tomaszewski (2006) argue that the complexity of IFRS, coupled with the lack of guidance and of a uniform interpretation, can hinder the transition to IFRS. In addition, Jermakowicz and Gornik-Tomaszewski (2006) provide evidence which indicates that many companies would have not adopted IFRS if it were not mandatory. In relation to the application of the European Accounting Directives by EU candidate countries, Day and Taylor (2005) underlined the importance of an adequate administrative and regulatory authority by agencies that are responsible for the implementation of the accounting standards in these countries. There can be detected a tendency by companies to postpone the implementation of IFRS, so that they can be better prepared for the upcoming changes and to limit the ensuing negative effects (Ionascu et al. 2007).

Previous research has indicated that there are some concerns regarding the costs related to the introduction of IFRS (see, Ionascu et al. 2007). The main costs related to the application of IFRS refer to the cost of staff training, the provision of consulting services and the adjustment of information systems (Ionascu et al., 2007). Furthermore, there is some skepticism concerning the extent to which the benefits related to the implementation of IFRS justify the implementation costs. In particular, a survey of listed firms in 12 European countries indicated that in many countries there are considerable concerns regarding the costs of moving in IFRS (e.g. Poland, Belgium, Luxemburg), while only 30 % of the Polish firms believe that the benefits would outweigh costs (Mazars, 2005). In Belgium and Luxemburg the 55 % of the respondents judge that the benefits will outweigh costs. On the other hand, only 20 % of Czech firms believe that the costs of moving to IFRS are considerable. Ionascu et al. (2007) found that 60 % of the finance directors of the Romanian firms believe that benefits from implementing IFRS are insufficient to cover related costs.

According to Karamanis and Papadakis (2008) Greek accountants and auditors believe that the introduction of IFRS will improve the quality of the financial statements prepared by Greek firms. In particular, they believe that the implementation of IFRS improves the understandability, relevance, reliability and comparability of financial statements. On the other hand, the respondents in the survey expressed some concerns regarding the difficulties they face when they implement IFRS. In particular:

- Lack of an integrated institutional-legislative framework
- Lack of adequate guidance regarding the technical aspects of the implementation of IFRS
- The fact that the IFRS encourage the exercise of professional judgment to a considerable extent means that firms have a considerable latitude to influence the level of accounting figures
- The fact that the non-listed firms apply the local GAAP may hinder the efficient functioning of the market while it may raise issues of unfair competition.

Interestingly, 66% of the auditors believe that benefits of the IFRS implementation justify the transition costs while 56% of the accountants judge that the implementation benefits justify the transition costs.

This study aims to investigate:

1. the extent to which Greek managers believe that the introduction of IFRS is necessary.
3. the perceived costs and the benefits resulting from the implementation of IFRS by Greek companies.

In order to investigate whether the managers of Greek firms believe that the introduction of IFRS was necessary, it was examined whether Greek firms implemented IFRS on a voluntary basis in the period before their application was mandatory. A voluntary application provides an indication that the firms that applied them voluntarily believe that important benefits ensue from the preparation of financial statements according to IFRS.

It is investigated whether the perceived application costs exceed the perceived costs benefits ensuing from the application of IFRS.

3. Methodology

A questionnaire survey was conducted in autumn 2008. The anonymous questionnaire was sent to the 100 largest listed companies, classified on the basis of their turnover (see Table 1). Of the 100 questionnaires that were mailed out, 42 were returned completed and usable. The response rate, therefore, is 42%. In certain questions the financial managers have the option of multiple answers. The questionnaire is presented in Appendix I.

Table 1: Sector classification of respondent companies

SECTOR	NUMBER OF COMPANIES
Personal and Household goods	6
Construction and Materials	5
Industrial goods and Services	4
Food and Beverage	4
Retail	4
Banks	3
Telecommunications	3
Basic resources	2
Travel and Leisure	2
Chemicals	2
Technology	2
Oil and Gas	2
Media	1
Financial services	1
Health care	1
Total	**42**

If the response rate is not sufficiently high, the extent to which the sample is representative of the whole population should be assessed and taken into consideration in the analysis of the responses to the survey. Moser and Kalton (1993) maintain that if the response rate is above the range of 20-30 %, the danger that a serious bias has been introduced in the sample is limited. As mentioned above, the response rate was 42 %. Thus, it can be argued that the probability that the data is seriously biased, may not be high. Yet, the issue of the non-response bias was examined. According to Moser and Kalton (1993), a convenient way to assess the extent to which the sample is representative of the population of interest is to include certain questions in the questionnaire, the responses to which can be subsequently checked against the population data. For this survey the analysis of the non-response bias was based upon the sector distribution of the responding firms. We used a t-test statistic in order to investigate whether the sector distribution of the respondent firms was significantly different from the sector distribution for the population of the 100 largest listed Greek firms. The results of the t-test statistic suggest that the sector distribution of the respondent firms was not significantly different from the sector distribution for the population of the 100 largest listed Greek firms.

4. Results and Findings

In order to examine whether the sample firms adopted IFRS on a voluntary basis the date of adoption of IFRS was examined. As it is reported in Table 2 only a small proportion of the sample companies (14,3%) adopted IFRS before their mandatory application. According to Ionascu (2007) a possible explanation for the firms' tendency to adopt IFRS before their mandatory application is their need to raise funds either domestically or from foreign capital markets. Karamanis and Papadakis (2008) found that respondents believe that the application of IFRS by Greek firms will improve their prospects of raising funds from the domestic and foreign capital markets.

Table 2: Date of implementation of IAS / IFRS

Date of implementation	Frequencies	Percentages
After the mandatory application	36	85.7%
Before the mandatory application	6	14.3%
Total	**42**	**100%**

It appears that a large proportion of sample firms (90,5%) applied IFRS due to legal obligation (see Table 3). A smaller proportion of the sample firms adopted IFRS for reasons related to the need to raise funds from foreign financial institutions (16,7 %). Only three respondent firms (7,1 %) indicated that they adopted IFRS in order to improve their prospects in raising funds from domestic financial institutions. In seven cases (16,7 %) it was the management of the firm that took the initiative for implementing IFRS. Only one sample firm responded that it adopted IFRS after shareholders' request. These findings are not surprising given the structural characteristics of the Greek business environment. As mentioned earlier, Greek firms are characterised by a high level of ownership concentration. In most cases, the owners are actively involved in their companies' administration by occupying important posts within the organisational structure of their firms (Makridakis et al. 1997; Sykianakis & Ballas, 2006). Managers in such firms can communicate information regarding the firm's performance directly to their superior owner-managers without having to rely upon financial statements. Under these circumstances, there are no strong incentives for firms to provide high quality financial information to the firm's owners through published financial statements. Besides, the main providers of funds of Greek companies are banks. Banks developed a close relationship with many companies, while in certain cases they own part of the firm's share capital (Ballas and Tzovas 2010). Thus, banks in many instances may directly obtain any relevant financial information, without having to rely upon publicly disclosed data. It has been argued that the fact that financial accounting in many European countries has been dominated by tax regulations and has never developed to a genuinely independent branch of accounting can be partially attributed to the fact that when "…even listed companies in continental countries are dominated by banks, governments or families, the need for published information is less clear." (Nobes and Parker, 2000, p. 21).

Table 3: Reasons for the implementation of IAS / IFRS

Reasons for the implementation of IAS / IFRS	Frequencies	Percentages
Management's initiative	7	16,7%
Request of the shareholders	1	2,4%
Need to raise debt capital from domestic financial institutions	3	7,1%
Need to raise debt capital from foreign financial institutions	7	16,7%
Legal obligation	38	90,5%

The fact that only a small proportion of sample firms applied IFRS on a voluntary basis provides an indication that the perceived benefits related to IFRS were not apparent for most Greek firms. Alternatively, these findings may suggest that the costs associated with the application of IFRS were perceived to be significant.

The respondents in the questionnaire survey identified four major categories of costs related to the transition to IFRS (see Table 4). In particular, they indicated that: the training cost of personnel, the preparation of two sets of accounts, the costs of consulting services and the adjustment of information systems are the main costs that are related with the adoption of IFRS.

Table 4: Occurrence of IAS / IFRS adoption costs

Type of cost	Frequencies	Percentages
Training of personnel	23	54.8%
Two sets of accounts	9	21.4%
Consultant's fees	27	64.3%
Adjustment of information systems	26	62%

Additional costs elements identified by the respondents include: cost of external auditing (four respondents), independent evaluators' fees (three companies), updating, researching and documentation costs (one company). These findings are in line with the findings of Ionascu et al. (2008). According to Ionascu et al. (2008) 94,7 % of the respondents indicated the training of personnel as major cost of IFRS transition, 71, 1 % indicated the adjustment of information systems, 65, 8 % the consultant's fees, and 23,7 % the double reporting.

An interesting finding from the analysis of the responses is that a considerable proportion of the responding firms (21,4 %) identify the preparation of two sets of accounts (one set according to IFRS and one according to the local GAAP) as a significant cost element. In fact, it appears that 20 (47, 6 %) of the responding firms prepare two sets of accounts (see Table 5). In particular, they prepare their financial statements according to the local GAAP and they subsequently restate these statements according to IFRS. This finding is in line with the findings of Larson and Street (2004).

Table 5: Type of reporting

Type of reporting	Frequencies	Percentages
Full IAS / IFRS	22	52.4%
Restatement	20	47.6%
Total	**42**	**100%**

With respect to the benefits ensuing from the introduction of IFRS a large proportion of the respondents (71%) believe that the introduction of IFRS was necessary for the listed firms since the financial statements prepared according to IFRS offer more useful information to investors (see Table 6). Half of the respondents believe that the companies that apply IFRS will have easier access to the foreign financial markets. According to 48% of the respondents, the financial statements that are prepared according to IFRS provide valuable information not only to external users of accounts but also to the firms' managers as well. These findings are consistent with the findings of previous research (see, Colwyn Jones and Luther, 2005; Ionoscu et al. 2007; Karamanis and Papadakis, 2008; Ballas and Tzovas, 2010; Ballas et al. 2010). Iatridis and Rouvolis (2010) found that the implementation of IFRS improved the quality of the financial statements prepared by Greek firms since the financial statements provide more value relevant accounting measures.

Table 6: Benefits from the implementation of IFRS

Advantages of the implementation of the IAS / IFRS	Frequencies	Percentages
Relevant information to investors	30	71%
Access to foreign financing market	22	52%
Solutions for transactions not yet regulated	7	17%
Good information resource for decision making	20	48%
Straightforward accounting system	18	43%

The respondents were asked to relate the costs and the benefits which are associated with the implementation of IFRS. Some 42, 8 % of the respondents believe that in the initial period of applying IFRS the costs are more significant compared to the benefits ensuing from their application, while 16,8 % of the respondents believe that even in the long run the benefits will not exceed the costs which are associated with the costs related with the application of IFRS (see Table 7). On the other hand, 40,6% of the respondents believes that the benefits from the adoption of IFRS exceed the respective costs.

Table 7: Assessment of costs and benefits

Costs and benefits	Frequencies	Percentages
Costs exceeds Benefits	7	16.6%
Presently, lower benefits than costs	18	42.8%
Benefits exceed costs	17	40.6%
Total	**42**	**100%**

This finding is in line with the findings of Ionoscu et al. (2007) that found 60 % of the finance managers of Romanian companies believe that the IFRS benefits are insufficient to cover related costs. The benefits ensuing from the application of IFRS mainly relate to the improvement of the financial disclosure, which in turn improves the firms' prospects to raise capital in favourable terms. Yet, within the context of the Greek business environment this benefit may not be apparent. As mentioned above, the ownership structure of many Greek firms, coupled with the strong links that have been developed between firms and financial institutions, do not create strong incentives for the provision of high quality financial information. Consequently, the importance of public accounting information may further diminish. Within this context, the demand for high quality disclosure is not expected to be high. As a consequence, the importance of the benefits ensuing from the application of IFRS is undermined, especially when the costs of IFRS implementation are not trivial. The fact that only a small proportion of the respondent firms adopted IFRS on a voluntary basis, before the date of mandatory application (see, Table 2), might suggest that few of the respondents believe that benefits of the implementation exceed the corresponding transition costs. It should be pointed, however, that these findings are not consistent with the findings of Karamanis and Papadakis (2008). As mentioned earlier, the majority of respondents in the Karamanis and Papadakis (2008) survey believe that the costs of transition to IFRS would be recovered through the ensuing implementation benefits.

The changes that take place in the Greek banking system, as a response to the international and domestic financial crisis may influence Greek firms' attitudes regarding the benefits ensuing from the application of IFRS. Banks' loan decisions are likely to be based on strict financial criteria, while particular importance would be assigned to the quality of the financial information. Within this context, the financial statements prepared according to IFRS – assuming that they provide high quality financial information - can be an important informational input in the Greek banks' decision making process.

5. Conclusions

This study aimed to investigate the costs and the benefits related with the implementation of IFRS by Greek companies. A questionnaire survey was conducted in order to identify the perceptions of the financial managers of Greek listed firms regarding the benefits and the costs associated with the transition to IFRS. In addition, it was asked to indicate whether the IFRS benefits are sufficient to cover the related costs. The findings of the analysis of the responses suggest that, although the majority of the respondents believe that the introduction of IFRS improved the quality of the financial statements published by Greek firms, they have serious concerns regarding the cost/benefit relationship from the introduction of IFRS. A further investigation is required in order to ascertain whether specific companies' characteristics, such as the firm's size or the firm's ownership structure, can explain the managers' perceptions regarding the costs and benefits related to the introduction of IFRS.

6. Limitations

The present study investigated through a questionnaire survey the opinions of financial managers of a sample of Greek firms regarding the costs and the benefits related to the introduction of IFRS. In some questions managers were asked to provide multiple answers, but asking them to rank their responses would have offered further understanding of their perceptions. The use of semi-structured questionnaires and / or the conducting of interviews may provide alternative insights in the issues under investigation. Besides, the fact that financial managers had to bear the effort of implementing IFRS may bias their opinion. In order to acquire a more balanced perspective on the relationship between the costs and benefits of adopting IFRS it might be interesting to investigate the opinions of investors and financial analysts.

References

Alexander, D., A. Britton, and A. Jorissen, 2003, *International Financial Reporting and Analysis*, Thomson Learning.

Andrews, B., 2005, Standards deviation. Business Review Weekly, (February), 86

Ballas, A.A. Hevas, D. & Neil, D., 1998, 'The state of accounting and the state of the state', *Journal of Management and Governance*, 2, pp. 267-285.

Ballas, A.A., Skoutela, D. and Tzovas, C., 2010, 'The relevance of IFRS to an emerging market: Evidence from Greece', *Managerial Finance*, 36, 11, pp. 931-948

Ballas, A.A. and Tzovas, C., 2010, 'An empirical investigation of Greek firms' compliance to IFRS disclosure requirements', *International Journal of Managerial and Financial Accounting*, 2, pp. 40-62.

Barth, M., Landsman, W. & Lang, M., 2005, 'International accounting standards and accounting quality' (working paper). Stanford University and University of North Carolina.

Bellas, A. & Tzovas, C., 2008, 'The Effects of Dependency on Debt Financing On Financial Reporting Policy: The Case of Greece', *European Research Studies Journal*, XI, 1-2, pp. 13-30.

Bhattacharya, U., Daouk, H. & Welker, M., 2003, 'The world price of earnings opacity', *The Accounting Review,* 78, pp. 641-678.

Botosan, C. & Plumlee, M., 2002, 'A Re-examination of Disclosure Level and the Expected Cost of Equity Capital', *Journal of Accounting Research*, 40, pp. 21–40.

Chalevas, C. & Tzovas C., 2010, 'The effect of the mandatory adoption of corporate governance mechanisms on earnings manipulation, management effectiveness and firm financing. Evidence from Greece', *Managerial Finance,* 36, 3, pp. 257-277

Colwyn Jones, T. and Luther R., 2005, 'Anticipating the impact of IFRS on the management of German manufacturing companies', *Accounting in Europe*, 2, pp. 165-193.

Day J. and Taylor P., 2005, 'Accession to the European Union and the process of accounting and auditing reform', *Accounting in Europe*, 2, pp. 3-21.

Goodwin, J. & Ahmed, K., 2006, 'The impact of international financial reporting standards: Does size matter?', *Managerial Auditing Journal*, 21, 5, pp. 460-475

Healy, P. & Palepu, K., 2001, 'Information Asymmetry, Corporate Disclosure, and the Capital Markets: A Review of the Empirical Disclosure Literature', *Journal of Accounting and Economics*, 31, pp. 405-440

Hung, M. & Subramanyam, K., 2007, 'Financial statement effects of adopting international accounting standards: The case of Germany', *Review of Accounting Studies*, 12, 4, pp. 21-48.

Iatridis G. & Rouvolis S., 2010, 'The post-adoption effects of the implementation of International Financial Reporting Standards in Greece', *Journal of International Accounting, Auditing and Taxation* 19, pp. 55-65.

Ionascu I., Ionascu M., Olimid L., Calu D.A., 2007, 'An Empirical Evaluation of the Costs of Harmonizing Romanian Accounting with International Regulations (EU Directives and IAS/IFRS)', *Accounting in Europe*, 4, 2, pp. 169-206

Jermakowicz, E. K., 2004, 'Effects of Adoption of International Financial Reporting Standards in Belgium: The Evidence from BEL-20 Companies', *Accounting in Europe, 1,* 1, pp. 51-70.

Jermakowicz, E. K. & Gornik-Tomaszewski, S., 2006, 'Implementing IFRS from the perspective of EU publicly traded companies', *Journal of International Accounting, Auditing and Taxation*, 15, pp. 170-196.

Karamanis & Papadakis, 2008, 'The application of IFRS in Greece', Athens University of Economics and Business, (in Greek).

Koumanakos, E., 2007, '*Earnings management by Greek firms*' (in Greek). Unpublished Ph.D. thesis, The University of Patras.

Lang M. and Lundholm R., 1993, 'Cross-sectional determinants of analyst ratings of corporate disclosures', *Journal of Accounting Research*, 31, 2, pp. 93-111.

La Porta, R. Lopez-de-Silanes, F. Shleifer A. & Vishny, W.R., 1998, 'Law and finance', *Journal of Political Economy*, 106, 6, pp. 1113-1155.

Larson R. K. and Street D. L., 2004, 'Convergence with IFRS in an expanding Europe: progress and obstacles identified by large accounting firms' survey', *Journal of International Accounting, Auditing and Taxation*, 13, 2, pp. 89-119.

Leuz, C., 2003, 'IAS versus U.S. GAAP: Information asymmetry-based evidence from Germany's new market', *Journal of Accounting Research*, 41, 3, pp. 445-472.

Makridakis, S., Calogirou, Y., Papagianakis, L. and Trivellas, P., 1997, 'The Dualism of Greek Firms and Management: Present State and Future Implications', *European Management Journal*, pp. 381-402.

Mazars, 2005, IFRS 2005 European Survey, (http://www.mazars.com).

Moser, C. and Kalton, G., 1993, Survey Methods in the Social Sciences, Edward Arnold, London.

Nobes, C. and Parker, R., 2000, Comparative International Accounting, 6th Edition, Financial Times-Prentice Hall.

Renders, A. & Gaeremynck, A., 2007, 'The impact of legal and voluntary investor protection on the early adoption of international financial reporting standards (IFRS)', De Economist, 155, pp. 49-72.

Sunder, S., 2007*,* 'Adverse Effects of Accounting Uniformity on Practice, Education, and Research', Working paper. Available at SSRN:http://ssrn.com/abstract=1028517.

Sunder, S., 2008*,* 'IFRS and the Accounting Consensus', Yale SOM Working paper No 1208502. Available at SSRN:http://ssrn.com/abstract=1028502.

Sykianakis, N. & Ballas, A., 'Ideology vs. Formal Systems as a Control Mechanism: A Case Study', *European Accounting Association*, 29th Annual Congress, Dublin, March 2006.

Appendix: The Questionnaire

1) Your enterprise prepares its financial statements according to:
    i. Applies only IAS/IFRS
    ii. By restating the financial statements prepared in accordance with Greek accounting standards to the requirements of IAS/IFRS

2) Since when does your enterprise apply the IAS/IFRS

    ……………………………………………………………………………

3) The application of IAS/IFRS in your enterprise is due to:
    i. Management's initiative
    ii. the request of the shareholders
    iii. the need for domestic financing
    iv. the need for foreign financing
    v. the mandatory accounting regulations
    vi. other reasons: …………………………………………………………………………… ………………………………………………………………

4) Please state which is the most important component of the costs related to the implementation of IAS/IFRS for your enterprise? :
    i. training of personnel;
    ii. double reporting
    iii. consulting services;
    iv. adjustment of computer information systems;
    v. Other costs: ……………………………………………………………… ………………………………………………………………

5) Have the costs of implementing IAS/IFRS been budgeted?
    i. Yes
    ii. No

6) The costs of implementing IAS/IFRS have not been budgeted because:
   i. the change of relevant legislation was made rapidly;
   ii. the enterprise does not run a budget system;
   iii. other reasons, please specify: ……………………………………………………………….

7) In your opinion, the implementation of IAS/IFRS reporting offers the following advantages: (several answers may be chosen)
   i. it is an appropriate accounting system for listed companies as it offers relevant information to investors;
   ii. permits the access to the foreign financing market;
   iii. offers solutions for transactions not yet regulated;
   iv. offers managers a good information resource for decision making;
   v. it is a straightforward accounting system;
   vi. other advantages, please specify: ………………………………………………………………………… ………………………………………………

8) How do you evaluate the relationship between the costs and benefits related to the implementation of the new reporting system in your enterprise?
   i. the benefits of implementing IAS/IFRS do not cover related costs;
   ii. the benefits of implementing IAS/IFRS do not cover related costs at present, but these will be recovered in the future;
   iii. the benefits of implementing IAS/IFRS exceed the related costs.

9) The finance and accounting personnel has been trained to apply IAS/IFRS:
   i. Yes
   ii. No

10) Your enterprise has received/receives consulting services
   i. Yes
   ii. No

11) What is your enterprise's relationship with the foreign financial market?

    i. it frequently resorts to this type of financing;

    ii. it occasionally resorts to this type of financing;

    iii. does not resort to foreign financing market at present, but envisages this type of financing;

    iv. it is not interested in this type of financing.

12) In the official classification, your enterprise is classified as:

    i. a small enterprise;

    ii. a medium-size enterprise;

    iii. a large enterprise.

13) The share capital of your enterprise is:

    i. wholly or majority owned by Greek shareholders;

    ii. wholly or majority owned by foreign shareholders

14) What is the sector classification of your enterprise?

    …………………………………………………………..