DISCUSSION OF The Cross-Country Comparability of IFRS Earnings and Book Values: Evidence from France and Germany

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ABSTRACT: Liao, Sellhorn, and Skaife (2012) address a topical and important question of whether the comparability of earnings increased after the mandatory adoption of IFRS in France and Germany. The main result is that the comparability is higher in the year of adoption but decreases in subsequent years. The authors argue that this might be due to subsequent differences in the way managers in the two countries implemented IFRS. In this discussion, I make some suggestions for improvement with regards to both the conceptualization of accounting comparability and research design. I also discuss how adopting one GAAP across countries might just be one small step in a long journey to achieve a global accounting harmonization.

JEL Classifications: G14; G15; M41; M48.

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