The importance of adopting IFRS in emerging financial markets

أهمية تبني IFRS في الأسواق المالية الناشئة

Date d'envoi 10/03/2018 *Date d'acceptation 02/06/2018*

CHABANI Madjid
Boumerdes University
mcha2016@gmail.com

Mouhamed Said SAIDANI
Ghardaia University
saidanimouh@gmai.com

Ahmed BEKKAYE
Ghardaia University
bekkayeahmed@gmail.com

الملخص

إستهدفت الدراسة الكشف عن طبيعة العلاقة الإحصائية بين كفاءة الأسواق المالية العربية وIFRS، ولبيان العلاقة تم تحليل جوانب التأثير ضمن ثلاثة مجالات أساسية: تطور الأسواق المالية العربية، سهولة الإقتراض، سهولة التمويل من خلال سوق الأسهم المحلية، توافر رأسمال المخاطر في البيئة العربية، وذلك إستخدام البرنامج الإحصائي Eviews لدراسة ثلاثة نماذج رئيسية Pooled Regression Model، Fixed Effect Model، Random Effect Model، أظهرت النتائج وجود علاقة توازنية طويلة الأجل بين IFRS و كفاءة الأسواق المالية العربية بمختلف مؤشراتها: تطور الأسواق المالية العربية، سهولة الإقتراض، سهولة التمويل من خلال سوق الأسهم المحلية، ما عدى مؤشر توافر رأسمال المخاطر في البيئة العربية، وهو ما يؤدي بنا إلى القول بتأكيد العلاقة التوازنية الدينامية في الأجل الطويل بين IFRS و كفاءة الأسواق المالية العربية، وعليه توصي الدراسة بإجراء المزيد من الإصلاحات المحاسبية الهيكلية واسعة النطاق في الأسواق المالية العربية إذا ما أريد تحقيق أي فعالية مالية أو تنموية مستقبلاً .

الكلمات المفتاحية: العولمة، التقارب المحاسبي الدولي، الأسواق المالية، IFRS، الدول العربية.

Abstract

Purpose: The study aimed at revealing the nature of the relationship between the efficiency of Arab financial markets and the quality of Arab financial reporting environment after adoption IFRS during the period 2009 - 2018. **Approach**: For study this relationship, the paper uses panel cointegration with a corresponding vector error correction model (VECM) to investigate in four main areas: Financial market development DFS, Ease of access to loans EAL, Financing through local equity market FTLEM, Venture capital availability VCA, by using the Eviews.7 program to study three main models: Pooled Regression Model, Fixed Effect Model, Random Effect Model. **Findings**: The results showed a long run relationship between the quality of the Arab financial reporting environment and the efficiency of the Arab financial markets in all indicators and same period. **Originality**: This is the

first study that we are aware of to directly examine this relation in Arab financial markets, thus, this paper provides new empirical evidence in Arab Economies for increase resource allocation efficiency. Our results are also particularly relevant for policy decisions in light of the increased interest by Domestic and international investors on Arab region..

Key words: Globalization, financial markets, International accounting convergence, IFRS, Economic Consequences, Arab Countries.

INTRODUCTION

The globalization of the world's economy lead companies and nations to become world players. More and more investments take place on a global level for expansion of businesses and also set up new partnerships. This has been given impetus to increasing the debate on whether or not there is need to be a global set of accounting standards like IFRS. (Wiredu, 2007, Minga Negash, 2008; Kraft & Fosbre 2009, Evans Ocansey et al, 2014, p 530)[1]. The differences in accounting reports do actually create problems of misunderstandings, inefficiencies, and uncertainties to participants in the global economy, accounting diversity can be a barrier to cross-border investment (Bradshaw et al, 2004, p 02)[2]. Regulators and proponents of IFRS have suggested that common standards would enhance comparability by the Investors, creating new opportunities for diversification and risk-sharing, and increase international investment flows (UNCTAD, 2005; McCreevy, 2005; KPMG, 2007; SEC, 2008; Jeong-Bon Kim et al, 2010; Adekoye, 2011; Odia et al, 2013, Michael & Andras, 2018, p 24)[3]. It was argued that a common set of practices accounting will provide a "level playing field" for all companies world wide. Currently, the business community has admitted that the IFRS is

[1] - Minga Negash (2008), **The effects of IFRS adoption: A review of the early evidence**, SSRN Electronic Journal: http://ssrn.com/abstract=1154504, p 04.

[2] - Mark T. Bradshaw, Brian J. Bushee, Gregory S. Miller (2004), **Accounting Choice, Home Bias, and US Investment in Non-US Firms**, Journal of Accounting Research, Vol 42, N° 05, pp 01-08.

[3] - Michael Yeboah, Andras Takacs (2018), **Information Environment of IFRS Adoption and Cost of Debt Capital: Evidence from South Africa**, International Research Journal of Finance and Economics, Vol 169, p 02-08.

"the language of business". Because of that, the transition to IFRS has been made (Mihai Carpa et el, 2015, p 1428) [4].

In this context, Roberts, Weetman & Gordon, 2002, Barth, Landsman & Lang 2005, believes that international capital Markets also benefit from adopting IFRS by: (1) forcin domestic firms to upgrade their information disclosure policies and accounting systems; (2) providing investors with opportunities for portfolio diversification by the introduction of a greater variety of financial instruments; (3) increase efficiencies in the domestic financial system, which will enhance the competitiveness of the economy at large; (4) acceleratin economic growth; (5) encourage international flows of capital across national boundaries by providing significant positive signals to international investors about quality of the financial reporting system across countries; (6) enhancing the integration of emerging markets into world capital markets (Ole-Kristian Hope et al, 2006, p 01-06) [5].

Recently, the question of studying the adoption determinants of the IFRS has been explored in the context of Arab countries, there is 12 Arab countries and more than 15 Islamic countries require or allow companies to use the globally known IFRS, In addition, 2/3 of the Arab countries are members of the IASB. According to the Chairman of the IFRIC, Robert Garnett "with oil revenues being directed into large investments, the region is increasingly being seen as a potential partner". (Amged Abd El Razik, 2014, p 01) [6].

In this study, based on previous results and other, we provide evidence on the validity of previous claims by examining the financial effects of mandatory IFRS adoption on the Arab financial markets from 2009 to 2018. Our findings contribute to the literature in several ways. First, we show that changes in accounting methods precede changes in the efficiency of financial markets,

[4] - Mihai Carpa, Marilena Mironiuc (2015), **The Impact of Reported Financial Information on the Transfer Prices of Securities. Comparative Empirical Study**, Procedia Economics and Finance, n° 23, p 1428.

[5] - Ole-Kristian Hope, Justin Jin, Tony Kang (2006), **Empirical Evidence on Jurisdictions that Adopt IFRS**, p 01-06, SSRN Electronic Journal : https://papers.ssrn.com/sol3/papers.cfm?abstract_id=751264.

[6] - Amged Abd El Razik (2014), **Challenges of International Financial Reporting Standards (IFRS) in the Islamic Accounting World : Case of Middle Eastern Countries**, Scientific Bulletin – Economic Sciences, Vol 08, p 01-05.

suggesting that quality of accounting Principles and Rules impacts financial investment decisions. Second, understanding the factors influencing the quality of the financial reporting environment in Arab Economies. Third, Our study suggests that reducing of accounting diversity could reduce barriers to cross-countries investment, this contributes to the substantial debate regarding the benefits of international harmonization with IFRS. Finally, to come up with some results and recommendations that contribute to the advancement of the Arab financial markets and perhaps to clarify what must be done in the future.

1. Research Methodology

1.1 The problems

Our paper intend to answer the following research question:-

What is the impact of adoption IFRS in Arab countries on financial markets during 2009-2018?, in statistical terms: Is there any statistical impact to enhance the quality of the Arab financial reporting environment by adopting IFRS on the financial markets during the period 2009-2018?

H0: There is no significant relation between the financial markets and the quality of the Arab financial reporting environment after adopting IFRS during the period 2009 - 2018.

To answer this problem, the study suggests the impact of enhancing the quality of the Arab financial reporting environment by adopting IFRS on the financial markets in four sides as illustrated in Figure (01) (See Appendix). Based on the figure (01) we have the following problems:-

H01: Is there a long-term dynamic relationship between Financial market development DFS and the ethical behavior in the Arab companies and/or the efficacy of corporate boards of the Arab companies and/or the strength of auditing and reporting standards during the period 2009-2018?.

H02: Is there a long-term dynamic relationship between the Ease of access to loans EAL and the ethical behavior in the Arab companies and/or the efficacy of corporate boards of the Arab companies and/or the strength of auditing and reporting standards during the period 2009-2018?.

H03: Is there a long-term dynamic relationship between the Financing through local equity market FTLEM and the ethical behavior in the Arab companies and/or the efficacy of corporate boards of the Arab companies and/or the strength of auditing and reporting standards during the period 2009-2018?.

H04: Is there a long-term dynamic relationship between the Venture capital availability VCA and the ethical behavior in the Arab companies and/or the efficacy of corporate boards of the Arab companies and/or the strength of auditing and reporting standards during the period 2009-2018?.

1.2 Research hypotheses

Based on the previous figure, and for the purpose of this study, the researchers expect that the adoption of IFRS will result in a increase the efficiency of the Arab financial markets, for that, the main Hypothesis is:-

The efficiency of Arab financial markets is driven by increased financial reporting quality during the period 2009 - 2018, in statistical words, There is a statistically significant relationship between enhancing the quality of the financial reporting environment by adopting IFRS and the Arab financial markets during the period 2009 - 2018.

H1: There is a significant relation between the Arab financial markets and the quality of the Arab financial reporting environment after adopting IFRS during the period 2009 - 2018.

The research hypotheses of this study can be formed as follows:-

H11: There is a long-term dynamic relationship between the financial market development DFS and the ethical behavior in the Arab companies and/or the efficacy of corporate boards of the Arab companies and/or the strength of auditing and reporting standards during the period 2009-2018.

H12: There is a long-term dynamic relationship between the Ease of access to loans EAL and the ethical behavior in the Arab companies and/or the efficacy of corporate boards of the Arab companies and/or the strength of auditing and reporting standards during the period 2009-2018.

H13: There is a long-term dynamic relationship between the Financing through local equity market FTLEM and the ethical behavior in the Arab companies and/or the efficacy of corporate boards of the Arab companies and/or the strength of auditing and reporting standards during the period 2009-2018.

H14: There is a long-term dynamic relationship between the Venture capital availability VCA and the ethical behavior in the Arab companies and/or the efficacy of corporate boards of the Arab companies and/or the strength of auditing and reporting standards during the period 2009-2018.

1.3 Empirical models and variables involved

We use the degree of cointegration and causal relationships between the financial markets and Arab financial reporting environment variables of interest in the long-run starting with 2009, by using the traditional Johansen-Fisher panel cointegration model with a related vector error correction model (VECM) proposed by Johansen (1988) and Johansen and Juselius (1990). Therefore, in order to empirically test the research hypothesis, The general model is:-

Efficiency of financial markets DFS/EAL/FTLEM/VCA = Ethical behavior of firms EBF + Efficacy of corporate boards ECB + Strength of auditing and reporting standards SARS + εi

DFSi or EALi or FTLEMi or VCAi= B0 + B1 EBFi + B2 ECBi + B3 SARSi + εi

The variables are defined as follows:-

First: the independent variables used are: (1) the ethical behavior of firms EBF: this indicator reflects the evolution of the ethical behavior in the arab companies after adoption IFRS; (2) the efficacy of corporate boards ECB: This indicator reflects the effectiveness of the boards of the Arab companies after adoption of IFRS; (3) the strength of auditing and reporting standards SARS: this indicator shows the development of the Arab national accounting standards by adoption of IFRS during 2009-2018.

Secondly: the dependent variable used is the efficiency of the Arab financial markets by using four indicators: (1) Financial market development DFS: this

indicator reflects the degree of development of Arab financial markets after the adoption of IFRS during 2009-2018; (2) Ease of access to loans EAL: This indicator reflects the degree of ease of access to loans after the adoption of IFRS during 2009-2018; (3) Financing through local equity markets FTLEM: the index reflects the degree of ease of access through local equity markets after the adoption of IFRS during 2009-2018; (4) Venture capital availability VCA: the indicator shows the degree of capital availability risk for after the adoption of IFRS during the period 2009 - 2018.

Based on the previous model, estimation models are given in 03 models:-

1.3.1 Pooled OLS Regression Model

The model integrates all country data for different periods without regard to institutional differences, In other words: All P-value (Accounting Institutional differences) = 0, which means directly the homogeneity of IFRS practices and rules in Arab countries environments, The model is given as follows:-

$$Yit = B0 + B1\ EBFit + B2\ ECBit + B3\ SARSit + uit$$

Where: B0: C is constant and is uniform for all countries; i = 1, ..., 12, t = 2009, ..., 2018.

1.3.2 Fixed Effect Model

Unlike the previous model, the model allows for the incorporation of institutional differences arab in financial reporting environment practices and structures into the analysis, making the constant B0 reflect the local institutional characteristics of each Arab country: $B0i \neq B0J$ but with the requirement of its stability over time, On this basis, the statistical form of Fixed Effect Model is given as follows:-

$$Yit = B0i + B1\ D2it + B2\ D3it + \ldots + Bi\text{-}1\ Dit + Bi\ EBFit + Bi{+}1\ ECBt + Bi{+}2\ SARSit + uit$$

Where: B0i is the constant C by each country; i = 1, ..., 12, t = 2009, ..., 2018;

D2it: Dummy variables equal to the number of countries - 1.

1.3.3 Random Eeffect Model

In this model, the individual Spicific Coefficient B0i is moves randomly in the sense of B0i = B0 + εi. Thus, the fundamental difference between the Random Model and the Fixed Model is the constant B0i in the Fixed Model is stable over time, While in the Random Model it moves over time, and the statistical estimate of Random Model is as follows:-

Yit= B0 + B1 EBFit + B2 ECBit + B3 SARSit + Wit, Wit = εi + uit

Wald test was used to select the model accuracy Pooled Effect Model (OLS) or Fixed Effect Model (FEM). If the test statistics F selected from OLS (or the Prob = (...) >5% we choose the pooled effect model (OLS). in this case the second test (Hausman test) is not necessry. Hawever, if FEM better Hausman test should be conducted. The H0 in this test is: all dummy variables = 0 or (C(5)=C(6)=C(7)=C(8)=C(9)=C(10)=C(11)=C(12)=C(13)=C(14)=C(15)=0), Which:-

H0 : all dummy variables =0 (Pooled OLS Regression Model)

H1 : one dummy ≠ 0 (Fixed-effects model)

Hausman test 1978 was used to select the model accuracy Fixed Effect Model or the Random Effects model, the H0 for this test is as follows:-

H0 : Random-effects model appropriate or H0 : E(αi/Xi)=0

H1 : Fixed-effects model is appropriate or H1 : E(αi/Xi)≠0

If the P-value less than 5% we choose the Fixed effects model. In the case of the reverse, a random model is selected (P-value> 5%).

1.4 Sample selection, and database

Data used in this study is a quantitative data. Samples collected in this study were 120 observations during the period 2009-2018 (10 years). Data source of 12 arab countries such as Algeria, Egypt, Bahrain, Jordan, Kuwait, Tunisia, Oman, Mauritania, Morocco, Qatar, Saudi Arabia, United Arab Emirates, was taken from the Global Competitiveness Reports issued by the World Economic Forum: http://reports.weforum.org/global-competitiveness-index-

2017-2018/downloads/, For years: 2009, 2010, ..., 2018[7]. Subsequently, comparative data which are referred to the research were collected "by hand" and were transferred to spreadsheets for processing.

2. Empirical results

The results of the study can be addressed in the following order:-

2.1 By using the financial market development index

Based on table A (See Appendix) the cointegration test is aims to accept at least one causal relationship between DFSt and EBFt,ECBt, SARSt, because the P- value less than 5%: Prob=(0.0489)<5%, therefore we refuse H0 and accepted H1, in other words, there is a long-term dynamic relationship between Financial market development and Arab financial reporting environment in period 2009 - 2018.

Based on Wald test Results and Hausman test results in same table, it was proven that Fixed Effect Model are better to use. This is indicated be the value of a probability of (0.000, 0.0495) which is less than 0.05 significant at alpha 5 % : P-value (0.000, 0.0495)<5%, therefor we reject the H0 (H0 :Random Effect Model And H0: All Dummy=0 (Pooled Regression Model)) in two test and accepted H1: the Fixed Effect Model is the best in representing the relationship between the Arab financial reporting environment and the Financial market development.

Based on the test results of panel data regression models using the Fixed Effect Model can be seen in the following (See table B in Appendix):-

DFSt= 0.5127 + 0.4736 EBFt - 0.1355 ECBt + 0.2749 SARSt

Prob (0.0317) (0.000) (0.0452) (0.0004)

In general, the results imply that the changes in Financial market development can be explained by long-term the changes in all variable because p-value less

[7] - World Economic Forum, **The Global Competitiveness Report**, of years: 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, pp: 65, 93, 91, 85, 99, 103, 91, 93, 41, 45, website: https://www. weforum.org/ reports, date : 14/12/2018.

5 % : Sig=(0.0317, 0.000, 0.0452, 0.0004)<5%, and the model with a strong predictive capacity with an R-squared value of 96.59 %.

2.2 By using the ease of access to loans index

Based on table A (See Appendix) the cointegration test is aims to accept at least one causal relationship between EALt and ECBt, EBFt, SARSt because the P-value less than 5% : Prob=(0.0251)<5%, therefore we refuse H0 and accepted H1, in other words, there is a long-term dynamic relationship between the ease of access to loans EAL and the Arab financial reporting environment in period 2009 - 2018.

Based on Wald test Results and Hausman test results in same table, it was proven that Fixed Effect Model are better to use. This is indicated be the value of a probability of (0.000, 0.000) which is less than 0.05 significant at alpha 5 % : P-value (0.000, 0.000)<5%, therefor we reject the H0 (H0 :Random Effect Model And H0: All Dummy=0 (Pooled Regression Model)) in two test and accepted H1: the Fixed Effect Model is the best in representing the relationship between the Arab financial reporting environment and the ease of access to loans.

Based on the test results of panel data regression models using the Fixed Effect Model can be seen in the following (See table B):-

EALt= 1.7923 + 0.2509 EBFt + 0.3181 ECBt - 0.427 SARSt

Prob (0.000) (0.0516) (0.0094) (0.0019)

In general, the results imply that the changes in ease of access to loans can be explained by long-term the changes in all variable because p-value less 5 % : Sig=(0.000, 0.0516, 0.0094, 0.0019)<5%, and the model with a strong predictive capacity with an R-squared value of 91.31 %.

2.3 By using the financing through local equity markets index

Based on table A (See Appendix) the Cointegration test is aims to accept at least one causal relationship between FTLEMt and ECBt, EBFt, SARSt because the Prob value less than 5% : P-value = (0.0002) <5%, therefore, we refuse H0 (H0: no Cointegration) and accepted H1, in other words, there is a

long-term dynamic relationship between the financing through local equity markets and the Arab financial reporting environment in period 2009 - 2018.

Based on Wald test Results and Hausman test results in same table, it was proven that Fixed Effect Model are better to use. This is indicated be the value of a probability of (0.000, 0.02) which is less than 0.05 significant at alpha 5 % : P-value (0.000, 0.02)<5%, therefor we reject the H0 (H0 :Random Effect Model And H0: All Dummy=0 (Pooled Regression Model)) in two test and accepted H1: the Fixed Effect Model is the best in representing the relationship between the Arab financial reporting environment and the financing through local equity markets.

Based on the test results of panel data regression models using the Fixed Effect Model can be seen in the following (See table B in Appendix):-

FTLEMt= 0.9275 + 0.3746 EBFt - 0.033 ECBt - 0.0131 SARSt

Prob (0.0035) (0.0001) (0.7089) (0.8942)

In general, the Fixed Effect Model results imply that the changes in the financing through local equity markets can be explained by the long-term changes in the Ethical behavior of firms because the p-value less 5 %: Sig=(0.0035)≤5%, with no relationship balance between the financing through local equity markets and two variables Efficacy of corporate boards of the Arab companies and the strength of auditing and reporting standards because p-value large than 5 %: Sig = (0.7089, 0.8942) > 5 %.

2.4 By using the venture capital availability index

Based on table A (See Appendix) the Cointegration test is aims to accept at least one causal relationship between VCAt and ECBt, EBFt, SARSt because the Prob value less than 5% : P-value = (0.000) <5%, therefore, we refuse H0 (H0: no Cointegration) and accepted H1, in other words, there is a long-term dynamic relationship between the venture capital availability and the Arab financial reporting environment in period 2009 - 2018.

Based on the Wald test Results in same table, it was proven that Fixed Effect Model are better to use. This is indicated be the value of a probability of

(0.000) which is less than 0.05 significant at alpha 5 %: P-value (0.000) <5%, therefor we reject the H0 (H0 : All Dummy=0 (Pooled Regression Model)) and accepted H1, but in Hausman test the p-value is large than 5 %: P-value (0.1061)>5%, because that, we accept H0 in this test: H0 :Random Effect Model, this means that the Random Effect Model is the best in representing the relationship between the Arab financial reporting environment and the venture capital availability than the Fixed Effect Model. However, the R-squared value in Fixed Effect Model 91.13% is more than the Random Effect Model 54.04 %.

Based on the test results of panel data regression models using the Random Effect Model can be seen in the following (See table B):-

VCAt= - 0.0769 + 0.7789 EBFt - 0.1206 ECBt + 0.0628 SARSt

Prob	(0.8213)	(0.000)	(0.249)	(0.5393)

In general, the Random Effect Model results imply that the changes in the venture capital availability can be explained by the long-term changes in the Ethical behavior of firms because the p-value less 5 %: Sig=(0.000)≤5%, with no relationship balance between the venture capital availability and two variables Efficacy of corporate boards of the Arab companies and the strength of auditing and reporting standards because p-value large than 5 %: Sig = (0.249, 0.5393) > 5 %.

3. Conclusion

Based on the tests statistics by using panel data we have the following results:-

First: there is evidence that the hypotheses H11, H12 are fully supported. meaning that there is a statistically significant relationship between enhancing the quality of the financial reporting environment in Arab countries by adopting IFRS and the financial market development, Ease of access to loans during the period 2009-2018.

Second: there is evidence that the hypotheses: H13, H14 are supported but in part, since there is a single variable that explains the relationship between the quality of the financial reporting environment and financial market variables: the Financing through local equity market and Venture capital availability during the period 2009-2018, which is the variable of the Ethical behavior of Arab firms.

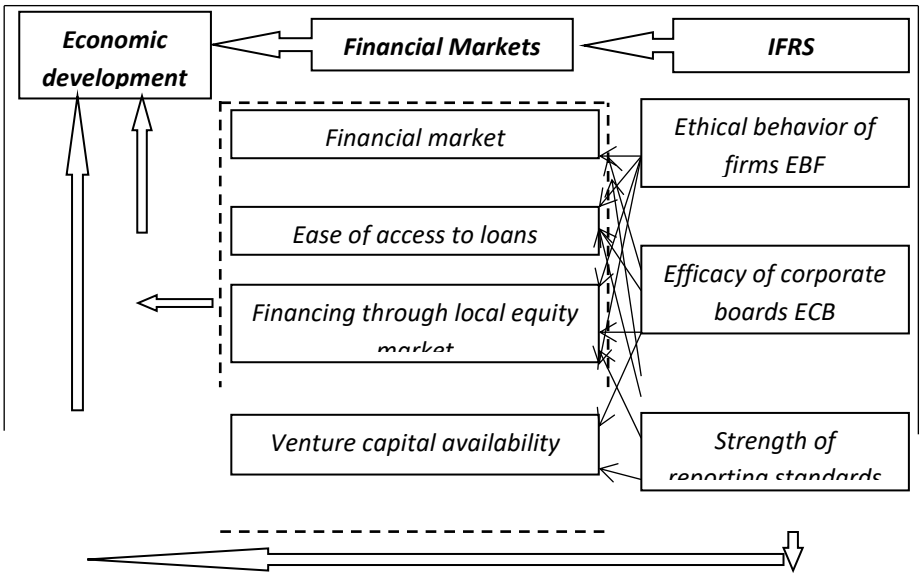
Third: In line with our hypotheses, there appears to be evidence that the shift from Arab GAAP to IFRS has rendered traditional financial statements more

pertinent for evaluating investors and firms inside Arab Financial Markets, from these findings we can confirm the main hypothesis of the study that the efficiency of Arab financial markets is driven in part by increased financial reporting quality by adopted IFRS during the period 2009-2018, particularly in the areas of: development of Arab financial markets; Ease of access to loans; Where we can use the models to predict future changes in the financial markets in the Arab region.

As any other study of this kind of research, it is subject to a number of limitations. This study was conducted in the Arab financial markets, Therefore, caution is required in generalising the results to other countries, and more research should be undertaken in other developing economies. Future research could expand the framework of this study, as more data becomes available in future, to raise further explanation of the models and to reveal more generalised findings in Arab countries or other.

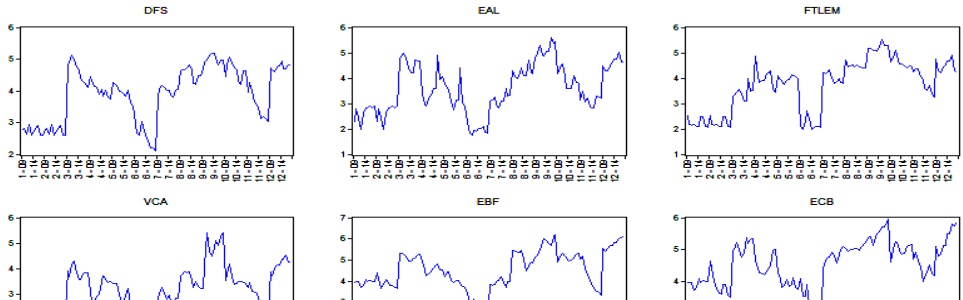
Appendix:-

Figure (01): Suggest the factors and variables of the study



Source: Prepared by the researcher.

Figure (03): Graphical representation of time series



Source : data were processed using Eview.7

Table A : Summary Results of Cointegration Test,Wald test and Hausman Test

Cointegration Test			
Test Summary		**t- statistic**	**Prob**
ADF (*DFS)*		-1.729153	0.0489
ADF (*EAL)*		-1.986551	0.0251
ADF (*FTLEM)*		-3.507302	0.0002
ADF (*VCA)*		-5.1355	0.0000
H0 : No Cointegration H1 : It is Cointegration			
Wald test			
Test Summary	**F- statistic**	**Chi-Square**	**Prob**
Value (*DFS)*	28.92325	318.1558	0.000
Value (*EAL)*	11.1646	122.811	0.000
Value (*FTLEM)*	66.277	729.0468	0.000
Value (*VCA)*	9.45178	103.9695	0.000
H0 : Pooled Regression Model H1 : Fixed-effects model			
Hausman Test			
Test Summary	**Chi-Sq. statistic**	**Chi-Sq. d.f**	**Prob**
Cross-section random (*DFS)*	7.633555	3	0.0495
Cross-section random (*EAL)*	49.4251	3	0.0000
Cross-section random (*FTLEM)*	9.83536	3	0.02
Cross-section random (*VCA*)	6.11594	3	0.1061
H0 : Random effects model H1 : Fixed effects model			

Source : data were processed using Eview.7.

Table B : Summary Results of Regression Models

	Coefficient	Std. Error	t-statistic	Prob (t)	R-squared	F-statistic	Prob (F)
DFS Model							
C	0.51276	0.23557	2.1766	0.0317	96.59	212.72	0.0000
EBF	0.4736	0.0709	6.6817	0.0000			
ECB	-0.1355	0.0669	-2.0265	0.0452			
SARS	0.2749	0.0747	3.6774	0.0004			
EAL Model							
C	1.7923	0.4235	4.2324	0.0000	91.31	78.831	0.0000
EBF	0.2508	0.1274	1.9687	0.0516			
ECB	0.3181	0.1202	2.6467	0.0094			
SARS	-0.427	0.1344	-3.1779	0.0019			
FTLEM Model							
C	0.9275	0.3108	2.984	0.0035	95.70	166.94	0.0000
EBF	0.3746	0.0935	4.005	0.0001			
ECB	-0.033	0.0882	-0.3743	0.7089			
SARS	-0.0131	0.0986	-0.1333	0.8942			
VCA Model							
C	-0.0769	0.3396	-0.2264	0.8213	54.04	45.47	

EBF	0.7788	0.1055	7.3847	0.0000			0.0000
ECB	-0.1206	0.1041	-1.1587	0.249			
SARS	0.0628	0.1021	0.6157	0.5393			

Source : data were processed using Eview.7.

Bibliografic References

1- Amged Abd El Razik (2014), **Challenges of International Financial Reporting Standards (IFRS) in the Islamic Accounting World : Case of Middle Eastern Countries**, Scientific Bulletin – Economic Sciences, Vol 08, p 01-05.

2- Mark T. Bradshaw, Brian J. Bushee, Gregory S. Miller (2004), **Accounting Choice, Home Bias, and US Investment in Non-US Firms**, Journal of Accounting Research, Vol 42, N° 05, pp 01-08.

3- Michael Yeboah, Andras Takacs (2018), **Information Environment of IFRS Adoption and Cost of Debt Capital: Evidence from South Africa**, International Research Journal of Finance and Economics, Vol 169, p 02-08.

4- Mihai Carpa, Marilena Mironiuc (2015), **The Impact of Reported Financial Information on the Transfer Prices of Securities. Comparative Empirical Study**, Procedia Economics and Finance, n° 23, p 1428.

5- Minga Negash (2008), **The effects of IFRS adoption: A review of the early evidence**, SSRN Electronic Journal: http://ssrn.com/abstract=1154504, p 04.

6- Ole-Kristian Hope, Justin Jin, Tony Kang (2006), **Empirical Evidence on Jurisdictions that Adopt IFRS**, p 01-06, SSRN Electronic Journal : https://papers.ssrn.com/sol3/papers.cfm?abstract_id=751264.

7- World Economic Forum, **The Global Competitiveness Report**, of years: 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, pp: 65, 93, 91, 85, 99, 103, 91, 93, 41, 45, website: https://www. weforum.org/ reports, date : 14/12/2018.