

Getting IFRS accepted: the power of common sense

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Abstract

In this paper we explore the mobilisation of common sense during a financial reporting change in Greece based on semi-structured interviews with local stakeholders. The mandatory adoption of IFRS in national contexts with an accounting tradition that differs from the underlying rationale of IFRS lacking the appropriate supporting infrastructure is expected to be met with greater resistance by local stakeholders. Apart from the use of regulatory and coercive means, the IASB and the institutions that support the adoption of IFRS need to also convince key users and preparers through ideological means. We find that there is great similarity and consensus in users' and preparers' views about the benefits of IFRS and even though they identify inconsistencies between the accomplishment of the expected benefits and their actual experience, this does not challenge their belief about the necessity and usefulness of IFRS. We argue that key local stakeholders organise their consent on the superiority of IFRS over local accounting standards, drawing on the common sense of modernisation or Europeanisation that is aligned with the rationale and purpose of IFRS. The consensus in support of modernisation is Western-centric, in favour of pro-EU policies including neo-liberal economic commitments, such as deregulation and privatisation, anti-statist and in favour of the internationalisation of the economy. Despite the inconsistencies in the application of IFRS and the contradictions in stakeholders' views about the actual benefits of IFRS based on their professional experience, this has not led them to challenge the common sense and hegemonic structures inherent in the domain of accounting and capital markets.

Keywords: IFRS; hegemony; common sense; standard-setting; modernisation.

1. Introduction

International Financial Reporting Standards (IFRS) are widely accepted as de facto global accounting standards (Botzem, 2012), rationalised as a technology that improves information in capital markets (Barth, 2013; Horton, Serafeim, & Serafeim, 2013). Empirical evidence, however, does not provide compelling evidence about whether IFRS improve information, reduce the cost of capital, or lead to a better allocation of resources in capital markets (Brüggemann, Hitz, & Sellhorn, 2013; ICAEW, 2015; Sunder, 2010). Recent research suggests that benefits, such as that of comparability, are marginal (Cascino & Gassen, 2014). Nevertheless, the International Accounting Standards Board (IASB) has gained rhetorical legitimacy as an epistemic community, based on arguments about its credibility and technical competency capable of offering superior standards to other (inter)national financial reporting alternatives (Martinez-Diaz, 2005; Richardson & Eberlein, 2011). The IASB has succeeded in linking its output to social values, while IFRS are couched in rationales, such as the globalisation of accounting practice, that produce positive effects on the public interest (IFRS, 2015). The regulatory legitimacy and acceptance of IFRS by third parties, such as preparers, users and the profession as part of ‘output’ legitimacy, are also important for the IASB and the international diffusion of IFRS (Botzem & Dobusch, 2012). Based on the public consultation held by the European Commission in 2014 on the success of IAS Regulation (1606/2002), European Union (EU) governments, accountancy bodies, audit firms and companies appear to support and be particularly positive towards IFRS. Respondents perceived that IFRS have enhanced accounting quality while aspects such as financial reporting comparability are thought to have improved within countries after the abandonment of national accounting regulation and the transition to IFRS. EU users’ and practitioners’ impressions on IFRS are considered to be more enthusiastic than would be supported by research outcomes (Nobes, 2015). However, we know little about what it is that makes IFRS acceptable (or not) to practitioners at the local level and it is to this that we seek to contribute. Here, we explore the perceptions of local actors on the adoption of IFRS in Greece based on evidence from 33 interviews with key local users and preparers of IFRS-based financial reporting information. We investigate how local practitioners assess the usefulness of IFRS and the rationale that underlies their perceptions of the standards based on their professional experience.

Literature abounds with evidence of the impact of local socio-economic, cultural and institutional factors, such as country-level variations in economic growth, corporate governance, regulatory and accounting framework, on the adoption and implementation of IFRS (Albu, Albu, & Alexander, 2014; Cieslewicz, 2014; Kvaal & Nobes, 2012). These local variations are considered to be a hindrance to the appropriate and effective implementation of the standards (Zeff, 2007), particularly in the case of Continental European countries, such as Greece, which have accounting systems that differ from the Anglo-Saxon accounting model on which IFRS are based (Nobes, 2008). Greece is regarded as an unfavourable jurisdiction with inadequate institutional infrastructures to support IFRS adoption due to

the government-driven, tax-dominated and code-law approach to financial reporting in the country (Karampinis & Hevas, 2011). Empirical studies on the adoption of IFRS in Greece, at the same time, fail to show significant improvements in the quality of financial reporting information after the adoption of IFRS (Karampinis & Hevas, 2011; Papadatos & Bellas, 2011; Tsalavoutas, André, & Evans, 2012). Nevertheless, in questionnaire surveys conducted assessing the perceptions of preparers and auditors (Ballas, Skoutela, & Tzovas, 2010; Caramanis & Papadakis, 2008; Naoum & Sykianakis, 2011), the majority of respondents appear to have a positive view about IFRS in terms of its qualitative characteristics, such as relevance, reliability and comparability, claiming that the implementation of IFRS has improved the overall quality and usefulness of financial reporting. However, less attention is paid in these studies to the underlying rationale that unites their views and how this rationale and wider acceptance are linked with the underlying trends in the (inter)national economic, political and cultural conditions. The central premise of our study is, therefore, that a deeper conceptualisation of the link between (local) actors' perceptions about IFRS and the dynamics in the international political economy is an important starting point in our understanding of the diffusion of international accounting standards.

In this paper, we move beyond a study of the economic efficiency of and companies' compliance with IFRS and we try to make sense of the role of *common sense* in manufacturing consent about the superiority of IFRS over local standards, in a diverse European context. We draw upon the work of Gramsci (1971) on hegemony and explore how the hegemonic common sense of *modernisation* or *Europeanisation* (Diamandouros, 1994) is reproduced in practice and the ways in which this common sense shapes the beliefs of practitioners about the superiority and inevitability of IFRS. We extend the critical stream of accounting literature that considers financial reporting as an element of the wider institutional arrangements that shape capitalist economies internationally (Arnold, 2012; Arnold, 2009; Hopwood, 2000). Accounting researchers and political economy theorists have focused on interpreting and critically evaluating the drivers and socio-economic and political impact of international financial reporting standards as an emerging form of international global governance (Bhimani, 2008; Botzem & Quack, 2009; Chiapello & Medjad, 2009; Chua & Taylor, 2008; Crawford, Ferguson, Helliard, & Power, 2014; Perry & Nölke, 2006). Accounting norms and standards are not merely seen as being embedded in local institutional and cultural conditions, but are rather disseminated as part of a world system of accounting developed over time (Power, 2009). Most of these analyses, nonetheless, take a macro approach to explore how IFRS are legitimised and diffused at a standard-setting and institutional level and focus less on exploring the rationales and justifications for the use of IFRS at the level of individuals. We build on the work of researchers who critically explore the impact of financial accounting on practitioners' role and perceptions (see Durocher & Gendron, 2014; Smith-Lacroix, Durocher, & Gendron, 2012 on the effects of fair values on Canadian practitioners) and we extend previous work on the perceptions of practitioners about the way local practitioners justify and rationalise the superiority of IFRS when substantial evidence is lacking. In their paper, for example, Durocher & Gendron (2011) focus on the ideal of comparability and discuss the perceptions of sophisticated users

about IFRS implementation in Europe. They find that sophisticated users act in a docile manner as they tend to interpret the aberrations- indications of incomparability- they encounter in their professional lives in ways that allow the ideal of comparability to be preserved. In line with this study, we find a mismatch between local stakeholders' perceptions about the benefits of IFRS and the actual benefits they identify based on their professional experience. Even though support for and criticism of IFRS are not mutually exclusive, local stakeholders appear to consent to the necessity of IFRS.

In this study, however, instead of focusing on a single concept inherent in the IFRS' conceptual framework, we regard IFRS as a set of standards that is based on principles that reflect the currently dominant neoliberal common sense, or in the context of this study, the closely related concept of modernisation. While docility to technologies, such as accounting, could provide the means for hegemonic ventures, we employ the concept of hegemony in order to provide a deeper causal understanding of why certain forms of technology and techniques rise to prominence in particular periods. We focus not only on the 'how' local actors rationalise and interpret the gap between their conceptual ideals and professional practice, but we also explore the reasons why practitioners adopt a less critical role towards the adoption of IFRS. In our analysis, power plays a central role and is closely linked to the ideological hegemony of dominant social groups which is not homogenous but organised around the precepts of neoliberalism. We show that there is something more subtle than docility that perpetuates myths on the merits of IFRS and that this docility or consent are closely linked to the wider consent of individuals to the moral, political, economic and cultural values of dominant actors in the neoliberal trajectory. Practitioners are capable of critical reflection- yet very myopic. The diagnosis and critique of common sense that derives from practical activity and the understanding of the social world is possible; this awareness of the contradiction between people's beliefs and practical experience could result in passivity, but it could also trigger the overturning of practice.

Apart from a theoretical contribution, we aim at extending prior literature empirically. Apart from more descriptive survey evidence on the perceptions of (local) stakeholders on the adoption of IFRS (Ballas et al., 2010; Caramanis & Papadakis, 2008; Cole, Branson, & Breesch, 2009; Jermakowicz & Gornik-Tomaszewski, 2006; Jermakowicz, Prather-Kinsey, & Wulf, 2007; Larson & Street, 2004; Navarro-García & Bastida, 2010), we know little about the perspectives of actual users and preparers on the adoption of IFRS (see however, Fox, Hannah, Helliard, & Veneziani, 2013; Extance, Helliard, & Power, 2012). Our interview evidence provides the opportunity to explore in depth the opinions and perspectives of various local actors about IFRS in a diverse European country context and the institutional and structural conditions that motivate the acceptance of IFRS. Understanding the role of hegemonic common sense shaping individuals' perceptions in the diffusion of accounting regulation is important not least because we are reflecting ten years after their mandatory adoption by publicly listed

companies in the EU, but also because it improves our understandings of the importance of accounting as part of the global financial architecture (Humphrey, Loft, & Woods, 2009).

In the next section, we discuss the concept of common sense used to explain interviewees' perceptions of the adoption of IFRS and the common sense underlying IFRS and financial reporting in Greece. In section 3 we provide an outline of the research design adopted in the study and in section 4 we present the findings. We then conclude with a discussion of the findings in the context of the theoretical framing.

2. Background

2.1. Understanding IFRS diffusion within the socio-economic and political context

Accounting standard-setting literature has examined over the last decades the forces that drive accounting harmonisation as an emerging form of international global governance (Botzem, 2012; Posner, 2010) and has placed international accounting harmonisation within the wider socio-economic and political context (e.g., Arnold & Sikka, 2001; Arnold, 2012; Cooper, Neu, & Lehman, 2003; Gallhofer & Haslam, 2006). In particular, researchers have highlighted the importance of social and political forces that drive the IFRS diffusion and the reasons for the IASB's success, including the endorsement and support of IFRS by powerful international bodies, the flexible transnational private authority structure of the IASB, the plasticity of IFRS and the legitimacy the IASB has gained as an epistemic community of specialised technical knowledge (Chua & Taylor, 2008; Martinez-Diaz, 2005; Mattli & Büthe, 2005; Perry & Nölke, 2006; Zeff, 2012). According to this body of literature, international accounting standard-setting processes and outcomes are driven by political actors and power dynamics among these actors seeking to pursue their self-interests within a changing institutional context (Bengtsson, 2011; Crawford et al., 2014; Noël, Ayayi, & Blum, 2010). However, power operates in different levels; power operates at the international level of standard-setting but also at the local level of enforcement and implementation. Power entails economic and other coercive/sanctioning forces, such as the mandatory adoption of IFRS by EU publicly listed companies, but also power can have ideological dimension, in the sense of shaping and reproducing a certain system of values and beliefs that is accepted as legitimate by powerful actors. Institutional theory perspectives have been used to explain the ways that organisational behaviour is driven by socially embedded norms, values and shared meanings (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) and the various responses of organisation to institutional pressures (Greenwood & Hinings, 1996; Oliver, 1991). In the context of IFRS, there are some studies that draw on neo-institutional theories to examine the adoption of IFRS in national contexts and organisational and governmental responses to international standards (e.g. Albu et al., 2014; Guerreiro, Rodrigues, & Craig, 2012; Irvine, 2008; Judge, Li, & Pinsker, 2010; Maroun &

Zijl, 2015). In these studies, researchers find that the adoption of IFRS is driven not only by coercive regulatory forces but also by social legitimation pressures, rather than based on economic logic and IFRS' efficiency. Powerful local actors and institutions and the mutual conflicting interests of these actors for legitimacy determine the adoption and implementation of IFRS in local contexts. However, we still know little about the rationalities that condition the perceptions of actors on financial reporting standards and IFRS.

We use the Gramscian concept of common sense to explain the premises of the wide acceptance of IFRS. Our perspective is institutional and overlaps with institutional theory perspectives in the sense that we try to understand the ways society operates through institutions and systems of regulation, normalisation and legitimation. We also try to explore the way institutions, organisations and ideology have an impact on individuals' consciousness. However, common sense as part of the Gramscian theory of hegemony, challenges the socially established structures. Our approach, draws attention to the role of power constituted in the realm of ideas and beliefs expressed through consent rather than coercive means. A hegemonic approach enables us to understand better not only the link among institutions, norms and social practices but also the relationship between institutions and the fundamental social structures that provide the conditions for particular institutions and norms to exist (Joseph, 2000).

2.2. The framework of common sense

Hegemony, as a concept, relates to the importance of gaining consent and the ways social groups establish control through creating conditions that capture general support ideologically as the articulators of the public interest (Mouffe, 2014). Social groups maintain dominance by bringing together different groups with different interests; there are dominant groups within these coalitions, but alliance is essential in gaining wide consent. Common sense is a central notion in the theory of hegemony and explains why people consent to hierarchies of social and political power (Eagleton, 1991). It is the embedded, incoherent, spontaneous -and sometimes unconscious- general belief systems, opinions, assumptions and ways of understanding of the mass of people in a given period. Common sense is a view of the world that is 'inherited from the past and uncritically absorbed' and which tends to reproduce a sort of social homeostasis, or 'moral and political passivity' (Gramsci 1971, pg. 333). Hegemonic common sense is naturalised, rationalised and universalised to the point of being taken for granted, a process which is vital to the maintenance of economic and political hegemony.

Common sense does not describe merely the social cohesion between social actors but also relates to the underlying structures and trends in the socio-economic domain. In particular, the concept of historical bloc locates hegemony in a particular time and place to symbolise the unity among opposites, between social structures and superstructures, between ideology and praxis. Neoliberalism, for

example, as the construction of a new historical bloc is based on the political and ideological consensus -common sense- of self-regulated markets, competitive individualism, deregulation, privatisation, and reductions in public expenditure on social services (Callinicos, 2012). As such, there is a dialectic relationship between national and international structures in terms of the mechanisms of ideological transmission. Local and international social relations intertwine, while national socio-economic conditions reflect international developments transmitted through ideological currents by the most advanced countries (Gramsci, 1971, pp. 116-117, 182).

The notion of commons sense is particularly appropriate in order to understand the nature and development of international financial reporting. The ascendance of the IASB was achieved through negotiations with economic and political elites and by developing standards that reflect and are aligned with the common sense of advanced capitalist economies (Camfferman & Zeff, 2007; Mügge & Stellinga, 2015). IFRS are based on and reflect the rationale of the dominant neoliberal economic model and dominant power relations in the international system reinforcing, in turn, the political and economic status quo (Müller, 2014; Zhang, Andrew, & Rudkin, 2012) by providing coherence and legitimacy to the key ideas of neoliberalism (Cooper, 2015; Müller, 2014; Palea, 2015; Perry & Nölke, 2006; Zhang & Andrew, 2014). The objectives of IFRS do not strictly relate to accounting objectives, but have overarching capital market and macroeconomic aims (Brüggemann *et al.*, 2013). The IFRS conceptual framework is biased towards promoting the interests of neo-liberal financiers, and offers appealing rhetoric for neo-liberal systems and free markets facilitating the institutionalisation of a capital market-oriented and Anglo-Saxon form of accounting practices (Bengtsson, 2011; Palea, 2015; Zhang *et al.*, 2012). A commitment to fair values, for example, assumes the existence of free markets and that 'fair' and unbiased market values can be obtained, preserving an image of neutrality and objectivity. Similarly, IFRS discourse is centred on the 'Washington Consensus' idea of trade international liberalisation and the necessity of the standards in the context of increasing economic globalisation. IFRS, in the EU context, played also an important role in the European economic integration project and EU accounting harmonisation. A long-standing issue in European accounting was that member states failed to agree on accounting rules; the use of IFRS in the EU helped to resolve the conflicts regarding accounting regulation and harmonisation (Chiapello & Medjad, 2009) and, thus, further support the implementation of the Single Market mission and Europeanisation¹ process.

¹ Europeanisation is broadly defined as the process of diffusion and institutionalisation of formal and informal rules policies and norms as constructed by EU decisions and the incorporation of these policies and norms in the logic of national discourse, identities, political structures and public policies (Radaelli, 2003).

2.3. The concepts of good sense and jouissance

Even though common sense penetrates deeply into the mental life of a society, it is neither unchanging nor does it work as a monolithic system that subjugates masses. Hegemony is not something ‘*coherent but disjointed and episodic*’, it is not ‘*rigid and immobile, but is continually transforming itself*’ (Gramsci, 1971, pp. 324) and is historically contingent. For example, neoliberal reforms began to emerge after the failure of post-war economic models based on policies of state interventions. Neoliberal hegemony has inherent contingencies, contradictions and ruptures situated in different contexts (Brenner, Peck, & Theodore, 2010). However, at the same time, principles and values from different systems of thought are amalgamated into a more coherent ideological framework which becomes common sense allowing domination and control to operate (Laclau & Mouffe, 2001). Hegemony, nevertheless, is challenged and one can only argue about the relative success of a particular dominant common sense. The state of the *contradictory consciousness* describes the divergence between the peoples’ beliefs and their actions. Common sense which can be uncritically accepted and is based on the dominant norms and practices in particular historical conjunctures is opposed by good sense. Good sense, which is present in common sense, becomes a criticism of common sense. Good sense, which derives from practical activity and collective experience, requires an understanding of the social world, but also contains the embryo of different conceptions of the world and the transformation of society in practice (Thomas, 2009). As it is based on common sense, good sense is not about superseding the existing mode of thinking but it is about making critical an activity that already exists (Gramsci, 1971, pp. 330-331). A contradictory state of consciousness has important socio-political consequences, as it might produce a situation that does not allow any attempt at action, and can result in political passivity; however, recognition of this state and the instruments of domination can also enable the overturning of practice.

Neo-Gramscian political theorists tried to address the question of what prevents individuals from challenging hegemonic structures. Based on the work of Lacan, theorists suggest that hegemonic discourses are sustained through the interplay of lack and jouissance (e.g. Laclau, 1996). Jouissance is the ‘power’ that stabilises hegemonic discourse (Glynos, 2001; Stavrakakis, 2007). Lack represents the symbolic limitation of (hegemonic) discourse, the lack of a specific and solid meaning of reality and social structures and is both what makes hegemony possible and impossible (Neilson, 2015). Jouissance describes the paradoxical satisfaction in dissatisfaction that individuals gain from this lack, from failing to obtain the ‘enjoyment’ that hegemonic discourse promises (Müller, 2012, pg. 282). Jouissance is a continuous desire and need to fill out the void of lack of meaning while it is the condition that prevents any specific discourse from collapsing. It is the unconscious force that supports the attachment to particular ideological structures and systems of knowledge (Stavrakakis, 2007). In other words, individuals fail to provide critique on the underlying hegemonic discourse conditions, as this could lead

to the collapse of the individuals' knowledge systems and ideological structures. The access to knowledge is paid with the loss of enjoyment. Enjoyment is possible only on the basis of certain non-knowledge, ignorance (Žižek, 1989, pp. 73). Hence, the result of this 'enjoyment' results in the sense of security and harmony while any deficiencies identified, such as in the case of accounting the incompatibility between the narrative of higher quality of IFRS and higher quality financial reporting outcomes are ignored, induced by the expectation of a future resolution, for example, by experts and policy makers. The desire for a planned, globally competitive neoliberal society prevents the deconstruction of hegemonic discourses and the alternative becomes unthinkable.

2.4. Theory of hegemony in accounting literature

The Gramscian concept of hegemony has been applied in various ways in accounting studies (Alawattage & Wickramasinghe, 2008; Cooper, 1995; Goddard, 2002, 2005; Lehman & Tinker, 1987; Richardson, 1989; Spence, 2009; Tinker, 1980). A common denominator in these studies is the attempt to theorise the way accounting contributes to reproducing domination or consensual hegemonies in advanced capitalism. Alawattage and Wickramasinghe (2008) examine the role of accounting in a political hegemony of governance and labour control in a Sri-Lankan plantation. They show that accounting-based controlling practices reproduce the role of political hegemony representing this hegemony as a 'truth' and the way managerial rationales of accounting incorporated the rationales of political hegemony. Based on a case study of the national union of journalists, Cooper (1995) analyses the complex ways hegemony and ideology work through accounting rhetoric and shows the role of accounting in impeding critique and maintaining the status quo of advanced capitalism. Spence (2009) uses the a Neo-Gramscian approach to hegemony to show how social and environmental reporting (SER) becomes a hegemonic practice by exploring the discourse which defines SER in organisations and how this discourse shapes the perceptions of managers on SER. SER discourse aligns the interests of organisations with social and environmental welfare and organised the interests of social groups around the goals of business. In this way SER practices obtain consent and thus, reproduce its ideological hegemony. In line with this literature, we posit that hegemonic common sense is central to our understanding of what moulds the beliefs of practitioners and produces social and political power that concretises hegemonic projects. The use of rhetorical arguments by accounting standard-setters to justify and persuade for accounting standard-setting developments and changes based on fundamental principles and qualitative characteristics appealing to the public interest (e.g. Young, 1996, 2003) or the public good (Paea, 2015) is not new. The extent to which, though, common sense beliefs shape the perceptions of key stakeholders and are actually used in order to justify the appropriateness of a financial reporting system even when the standards fail to achieve the expected improvement in financial reports is less appreciated. Less appreciated is also the role of hegemony and common sense in the process the internationalisation of financial reporting. We employ the notion of 'common sense'

in order to analyse the complex way in which practitioners determine their various and often conflicting ideas and perceptions about IFRS and in order to explain the lack of resistance in the adoption of the standards in a country that has an accounting tradition that differs from the underlying rationale of IFRS. As there is lack of concrete evidence of the positive impact of IFRS on financial information, we explore the reasons why practitioners consent to the adoption of IFRS, their capacity to challenge the need for IFRS when faced with inconsistencies on the impact on the quality of financial information, and the potential limitations of their critique.

3. Modernisation and financial reporting in Greece

The notion of modernisation is central to understanding the common sense of the political elite in Greece after the fall of the dictatorship in 1974 (Ioakimidis, 2000). According to Diamandouros' (1994), the Greek socio-political system and culture are polarised between two perspectives; a modernising and an underdog tradition². Modernisation projects in the country have as a fundamental platform the need to depart from a commonly perceived corrupt and clientelist state bureaucracy tradition with one that operates according to democratic and meritocratic principles promoting rationalisation along pro-liberal, western-looking and capitalist lines (Featherstone, 1998). Modernisation is perceived as an attempt seeking to orient the state and society towards the dominant norms and practices demonstrated by the most successful and advanced Western economies (such as the US, UK, Germany and France) (Tzanelli, 2008). The 'underdogs' or 'traditionalists', on the other hand, are those individuals of social groups resisting such efforts and are depicted as embodying an Eastward imbued backwardness that is responsible for the lack of progress of Greece towards Western standards of professionalism and for the unsuccessful economic development of Greece (Herzfeld, 1992, 2004). The underdog tradition represents an anti-reform culture, is pro-statist and is linked with notions of corruption, laziness, disobedience, familism and inefficiency evoking often attitudes that are resistant towards neoliberal and other Wester-inspired modernisation projects.

Modernisation-related arguments, or its metonym *Europeanisation*, have been widely used by governments and the economic and political elites to support the integration of Greece into the international political and economic system and most importantly the country's accession to the EU (previously the European Economic Community- EEC). Modernisation in the Greek context is reliant on economic, social and political reforms that have to embrace privatisation, market mechanisms that foster international competition and benefit the growth of economic and entrepreneurial initiatives, the liberalisation of the labour market and supports pro-EU policies including neo-liberal economic

² Modernisation and traditionalist stereotypes should not be seen, however, as fixed and mutually exclusive categories as traits of both traditions can coexist and be shunned by actors of either side of socio-economic and political divides (Xenakis, 2013).

commitments (Featherstone, 2005; Ioakimidis, 2000). Negative assessments of the impact of the underdog tradition on the socio-economic underdevelopment of Greece in literature is often related to the extent to which Greece has been successful in amending, developing and putting into practice legislation and policies in conformity with EU and international agreements the last decades (Xenakis, 2013). Within the context of the current economic crisis in Greece, the constructed polarisation between modernisers and underdogs has acquired a renewed intensity and has been used as an analytical theoretical framework in order to explain the causes of the economic downturn (Triandafyllidou, Gropas, & Kouki, 2013). Modernisation as a socio-economic goal continues to be part of media discourse during the crisis (Morales, Gendron, & Guénin-Paracini, 2014).

Projects of modernisation in Greece developed *pari passu* with major institutional and other reforms in the Greek socio-political agenda conditioned by the EU policy priorities (Mouzelis, 1995). Major institutional reforms to the Greek capital market, such as reforms of the financial and banking system, the organisation of the accounting profession itself, or the modernisation of corporate legislation and investment practices have been the outcome of pressures for harmonisation with the EU directives (Ioakimidis, 2000). The development of an external reporting framework addressed to an international public audience was an essential condition for the country's entry into the EU. The Greek General Accounting Plan (GGAP) was established in 1980 and draws heavily on the French *Plan Comptable*, which was adopted with some additions and exclusions and tailored to the Greek institutional and business environment (Ballas, 1994). The implementation of the GGAP brought Greek practice in line with the provisions of the EU Directives and was part of a broader plan to modernise Greece (Ballas, Hevas, & Neal, 1998). However, there were infringements in the EU Directives regarding financial reporting due to the differences between the financial reporting traditions underlying the GGAP and the Directives, as the Directive represented a move towards the Anglo-Saxon accounting tradition, combined with state intervention driven by lobbying pressures from corporate interests (Caramanis & Dedoulis, 2011). Following the adoption of the Fourth and Seventh Directives in 2005, Greek publicly listed companies adopted the endorsed IFRS, as part of the EU's strategy for the integration of EU markets. The adoption of IFRS marked a fundamental shift in the financial reporting regulation and model as the previous GGAP was different from the Anglo-Saxon IFRS.

Accounting regulation in Greece, a code-law country, is traditionally controlled and influenced by the state, and the financial reporting system is based on values such as conservatism, uniformity and uncertainty avoidance (Othman & Zeghal, 2006). Thus, accounting practitioners in Greece rely more on prescriptive accounting rules that reduce uncertainty and ambiguity adopting a conservative approach to asset valuation and liability recognition (Spathis & Georgakopoulou, 2006). The banking sector was traditionally the main source of funding providing capital, through loans, to the Greek business market (Ballas et al., 2010; Tzovas, 2006). Greek companies usually have a highly

concentrated the ownership structure and are often managed by the owners who occupy high positions within the organisational hierarchy (Naoum & Sykianakis, 2011). Preparers of financial statements were required to follow at the same time the prescriptive tax regulation according to the Code of Books and Records (CBR)³, the GGAP and the Law No. 2190/1920 on Limited Companies of the Commercial Code, even if these requirements were contradictory⁴. However, when there was a conflict between the CBR and the GGAP, tax legislation requirement dominated. Preparers have been reported to use tax regulation as a guide in financial reporting since failure to comply with tax laws result in hefty fines, contrary to the non-compliance with the Accounting Plan which had practically no effect (Ballas, 1994). The strong link between financial reporting and tax laws along with the technical complexity of IFRS and the lack of institutional support are considered the main barriers to the adoption of IFRS by listed companies (Apostolou & Nanopoulos, 2009; Ballas et al., 2010; Floropoulos, 2006). Despite the lack of empirical evidence on the positive economic impact of IFRS in Greece and local actors' criticisms about the quality of IFRS information due to the inadequate Greek institutional environment and the complex nature of IFRS (Ballas et al., 2010; Tasios & Bekiaris, 2012), studies report that local actors have a positive view about IFRS and think that the standards have improved the quality of financial information (Ballas et al., 2010; Caramanis & Papadakis, 2008; Naoum & Sykianakis, 2011). While these studies focus mainly on the benefits and costs of IFRS adoption and the extent of companies' compliance with IFRS, we identify a taken-for-granted acceptance of IFRS and a particular underlying common sense driving local actors' perceptions. We argue that the acceptance of IFRS is based and united under the common sense on modernisation or neo-liberalism. References to the common sense of modernisation and the bureaucratic clientelistic character of the political system that undermines the efficiency of accounting regulation and reforms are also found in accounting literature in Greece (Ballas & Tsoukas, 2004; Caramanis, Dedoulis, & Leventis, 2015; Caramanis, 2005). Indeed, Western countries (particularly, the U.K. and France) have been highly influential on the development of local accounting institutions and the auditing profession (Dedoulis & Caramanis, 2007), setting the context for the establishment of a pro-Western professional mentality linked with concepts such as 'modern' and 'effective' associated with Western institutions and practices (Dedoulis, 2015, pg. 13). These studies highlight the importance and influence of institutional arrangements and forces within the broader international political economy on formation and change of the accounting profession in Greece, as well as, the dominant role the rationalities of modernisation and neo-liberalism play in these processes. We extend this body of literature by investigating the case of financial reporting change and the role of ideological power in the acceptance of IFRS.

³ The 'Code of Books and Records' (in Greek Kodikas Vivlion kai Stoixeion- KVS) focuses on the organisation of book-keeping for tax purposes by unincorporated businesses and other forms of business enterprises.

⁴ The CBR, which is approved by Parliament, prevails over parts of the GGAP and amendments to Law 2190/20 established by presidential decrees; however, legislation passed through Parliament, should take precedence over presidential decrees.

4. Research design

We have carried out semi-structured interviews with 33 local actors with experience and knowledge on IFRS in order to explore their perceptions about the standards based on their professional practice. Interviewees included companies' owners and preparers, auditors, financial analysts, bank managers and local policy makers. We also talked to a number of academics that study the adoption of IFRS in Greece, some of them having also professional experience in the implementation of the standards. The duration of the interviews varied from 63 minutes to two hours (see interviewees' list in Appendix 1). All the interviews were recorded to avoid inaccuracies resulting from poor recall, and were, then, accurately transcribed in Greek. The large amount of interview accounts collected were then grouped and organised thematically using grounded theory coding (Auerbach & Silverstein, 2003). In order to gain a holistic understanding of the structure, the contexts within which views were expressed and the meaning of the discussion was important, making a manual approach to categorising the evidence and extracting the main themes more appropriate. During the reading of the transcripts, notes were taken and relevant extracts were highlighted. Care was taken to ensure that all the information was considered by crossing out the parts of transcript once it has been incorporated into the analysis. This procedure meant that the risk of selective use of data was avoided and that none of the themes were suppressed. The transcripts were coded first using a relatively general coding scheme, containing some ideas or perceptions that were regarded as interesting and pertinent to the research objectives, such as claims about benefits, criticisms, the local flavours added to IFRS adoptions and reasons explaining the gap between the ideals of quality and whether and how the latter is achieved in everyday practice. Later, more specific themes emerged during analysis of the interview evidence. Divergence between established ideas and conceptions and alternatives to these ideas and practices were also identified. Key sections and sentences of the transcribed interview were translated into English for presentation in the study.

5. Findings

5.1. Acceptance of IFRS as part of the (neo-liberal) modernisation project

In this section of the findings, we provide insights into the perspectives of local actors on what makes IFRS a superior financial reporting system to the GGAP. Local actors draw mainly on modernisation-related arguments to justify the necessity for IFRS referring to aspects such as internationalisation, limited state intervention, the importance of free markets and the supremacy of Western accounting and socio-political systems. However, rather than suggesting that individuals can be identified and clearly divided as adherents of either the ‘modernisation’ or the ‘underdog’ value system -as individuals can draw to different values and norms in different junctures-, we draw our attention to the variety of arguments used to justify their perceptions. Nevertheless, it was apparent in the interviews that a particular view predominated in the thinking of local actors and this is what we attempt to capture in the discussion that follows.

5.1.1. *‘We are part of the EU, we need to follow the EU accounting standards’*

Apparent from our interviews was that local actors took a positive stance towards the adoption of IFRS considering sometimes almost ‘intuitive’ criteria without being able to explain their impressions based on concrete evidence from their professional experience.

‘IFRS give a positive impression; personally, when I read IFRS financial statements they create a positive feeling in me.’ [FA1]

‘IFRS have legitimacy, **which does not mean that all users know the reason why...** but since IFRS are mainly used by large companies they are taken more seriously.’ [MA2] [emphasis added]

The above comment reveals the importance of coercive/regulatory forces in the diffusion of IFRS internationally as financial reporting systems used by large, usually publicly listed companies, become the benchmark for good accounting practice. What is important here, though, is that IFRS acceptance is not necessarily determined by the ability of the standards to provide a high-quality financial reporting framework.

IFRS are described as *‘the perfect financial reporting system’* or a framework that is innovative and *‘centuries ahead of its time’* while IFRS standard setters are even described as *‘geniuses’* [MA2, AUD8]. IFRS appear to act as a brand name that assures high-quality information regardless of whether there are concrete and measurable benefits for stakeholders. Even though not all local actors share the same enthusiasm about the supremacy of IFRS, features, such as the expertise of IFRS standard-setters and the technical superiority of IFRS become the basis for consensus. At the same time, these comments

indicate that the local GGAP is considered as relatively backward or technically inferior reporting system. More importantly, though, IFRS adoption is seen as signalling and instigating a shift in the approach of individuals towards financial reporting. As a company manager explains, although IFRS have not improved the quality of financial information for managers' decision-making, the transition to IFRS has had a positive impact on the 'attitude' of managers towards financial reporting:

'The adoption of IFRS has not changed the routine of the managers' daily tasks. Managers has the same access to necessary information for the administration of the company under both accounting frameworks. The mentality has changed, maybe the Greeks want standards to be set at an international level. To feel that they cannot be relaxed and do whatever they want.' [MA3]

The underlying conception of what makes IFRS a better reporting system and what is considered as a positive change in the mentality of preparers towards financial reporting is associated with modernisation rationales in the sense that conformity with international and EU standards overhauls local accounting practice that is prone to manipulation mainly due to the ineffectiveness of local enforcement mechanisms. Although IFRS are not designed primarily to meet the information needs of company managers, similar sentiments about the change in the 'mentality' engendered by IFRS are shared by other stakeholders. An auditor attributed the acceptability and the positive stance towards IFRS to 'xenomania'.

'Many Greek people have some degree of xenomania and think that the 'international' is better.' [AUD7]

This 'mania' is usually used to describe an excessive attachment to foreign customs and institutions. S/he continues:

'We are part of the EU, this cannot change - we cannot exit from the EU. We are required to adopt IFRS, we cannot avoid it, even though the country's environment is unfavourable. What we can do is to make an effort to comprehend the standards and **advance our technical level** and apply them in this particular context...' [AUD7] [emphasis added]

In this context, xenomania seems to mean attachment to 'Western' customs and the necessity be part of the EU. IFRS seem to be accepted as a technically superior system in comparison to the more backward local accounting system. This comment reflects arguments broadly reminiscent of the modernisation and Europeanisation discourse in accounting (e.g. Caramanis, 2005) as IFRS mark a shift towards the Europeanisation vision of the Greek economy and society and indicates a technical dependency of the profession on Western organisations (Dedoulis, 2015). However, the backwardness of the local standards is not always justified in terms of their technical aspects, as the GGAP is still considered by some interviewees as a technically competent accounting framework. As we will discuss later, the backwardness of the GGAP is attributed to its state-oriented approach to accounting but what the interviewees' justifications of the superiority of IFRS also reveal is the ideological and cultural dimensions of IFRS acceptance. A company manager shared the view that the lack of economic

development and modernisation of Greece is due to the country's failure to adopt the technical knowledge and economic systems (including accounting) developed by the more EU countries arguing that Greece is suffering from an 'inferiority complex' towards the core of the EU [MA2]. Such comments display a rejection of the underdog culture and the sense of inferiority towards the Western and a defensive view of the international environment (Diamandouros, 1994, pp. 18).

IFRS adoption is not merely perceived as part of the Europeanisation process of downloading EU directives and accounting regulations to the local level but is also extended in terms of the (top-down) transfer and acceptance of 'European' shared beliefs, discourse and culture. The values and rationale entrenched in IFRS are seen as politically and economically desirable and even morally superior to the GGAP:

'The standards are developed according to the Northern European culture, our problem in Greece is that we do not have the cultural background in order to understand IFRS... If Greek standard-setters had the will and the culture to produce some work, GGAP would be the best solution. We should try to gradually adopt and embrace their [IFRS] philosophy. Greece cannot stay behind, if everyone says x you cannot say y.' [AUD1]

The idea that IFRS are part of a modernising culture that reflects the tradition of Western advanced EU countries carries positive connotations. Also the idea of Greece 'staying behind', if the country does not adopt IFRS, echoes the underdog position -which is associated with attempts to hinder the Europeanisation project and the adoption of Western-centric values and reform policies- and it is dismissed. IFRS adoption is seen as part of a greater international accounting convergence project and symbolises a positive modernisation step. Some interviewees highlighted the importance of European economic integration as a positive step towards the growth of the economy and the need to implement EU political and economic policies, including financial reporting regulation. Other interviewees take a more passive stance towards the internationalisation of financial reporting, as a process that is taken for granted at the macro politico-economic level but also believe that the adoption of IFRS is inevitable and companies have to accept the 'way things are'. Regardless of whether interviewees support actively or are more passive towards the use of IFRS, this taken-for-grantedness of IFRS is a key assumption made during the course of all interviews.

'Surely, one can logically conclude that a company that adopts IFRS provides reliable financial information... IFRS offer an almost internationally accepted way of financial reporting, in the sense that the European and American standards are converging. This, in turn, makes IFRS more reliable...' [BA2]

Here, it is interesting that IFRS are accepted as reliable based primarily on the fact that IFRS are endorsed by the EU and are converging with the American financial reporting standards. Again, rather than focusing on the technical aspects of IFRS and on evidence of improvements in the quality of financial reporting information, local actors portray IFRS as embodying Western cultural values and

practices that are considered more progressive and serve as a benchmark for good and reliable financial reporting practice.

In summary, support for IFRS is built around the belief that IFRS will replace a non-functioning and retarded local financial reporting system stemming from an inferior socio-political tradition with one functioning according to modern and effective international standards. What makes, thus, IFRS acceptable and beneficial is that they are considered to be part of the (international) modernisation project and the successful implementation of policies and regulation in conformity with EU and international arrangements. The achievement of a Single Market requires internationalised and comparable financial information. In the next section we elaborate on the views of local actors regarding the internationality and comparability of IFRS.

5.1.2. 'We accept IFRS because IFRS get accepted internationally'

IFRS adoption is discussed by local actors in conjunction with the wider conditions of institutional structures and architecture, such as the forces of globalisation and the EU economic integration. All interviewees, without exception, identified as the most important benefit of IFRS, the ability to compare financial reporting information beyond national borders. This is not surprising considering that international comparability of financial information was a central argument for the emergence of IFRS (Zeff, 2012), while comparability was a key element of Europeanisation and the EU economic integration project that led to the promulgation of the accounting directives and then to the adoption of IFRS. Interviewees highlight often the importance of comparability of financial information for (international) capital providers, for example:

‘IFRS provide a common language and enable companies to approach foreign investors.’ [AUD3]

‘The main reason for adopting IFRS is international comparability, to enable foreign users to read and understand the balance sheet and compare it with other companies’ [balance sheet] in the same sector.’ [ACD4]

The ability of IFRS to provide information that is actually comparable at an international level was, however, particularly challenging to justify according to local actors’ professional experience as will be discussed later. Instead, interviewees concentrated on certain aspects of comparability such as the ability to understand financial statements in terms of their presentation and format. Comparability is seen as the outcome of applying common financial standards; importance, in this sense, is not attributed to the content of the information per se, but to the standardisation of accounting standards in different countries. IFRS offer a standardised way of presenting information in particular formats that are recognisable at an international level.

‘It is important that everyone uses the same accounting framework of standards in order to be able to speak the same language at an international level, it is not so much about which set of standards they should use.’ [AUD4]

Similarly, some interviewees noted that comparability relates primarily to the understandability of financial statements in different countries rather than suggesting that IFRS-based accounting results are always comparable in reality. Common formats for financial statements and the use of common financial reporting standards and methods provide confidence to users. The interviewees acknowledged a potential improvement in comparability as one of the outcomes of the common implementation of IFRS, at the least, at the *de jure* level.

‘In the case of IFRS, I can digest more easily the information I receive, I understand what I read. But I look at other sources of information as well. It is easier for me to read, for example, a Spanish financial report according to IFRS.’ [BA3]

For financial analysts, international comparability and the common presentation of financial reports had more tangible benefits on performing their role even though the analysis processes they follow have not changed significantly with the adoption of IFRS by companies.

‘IFRS accounts are more detailed, as information is broken down and cash flows facilitate the work of financial analysts because in the past they had to do it themselves.’ [FA1]

‘Not much has changed for analysts following the adoption of IFRS... We care about having a common base, even if everyone says whatever they want, at least, there is a framework to work on. In the past, it was difficult to compare sectors in different countries... It is important that Greek analysts can compare their analyses with the ones conducted by foreign analysts... IFRS are a positive progress.’ [FA3]

Other interviewees consider that IFRS set the ‘minimum standards’ of comparability in financial reports and believe that ‘it is better than not having IFRS at all’ [BA4, FA5]. In other words, having the same set of accounting standards is seen as being preferable to having national accounting standards, although, actual financial figures might not always be comparable among different companies internationally.

‘It doesn’t mean that because companies adopt IFRS they are trustworthy and they will attract foreign capital. They can negotiate in better terms; other stakeholders can understand the reports.’ [TAX2]

‘Financial statements are more comparable internationally under IFRS because they are at least based on the same standards and principles. Of course, there are peculiarities related to the different businesses and industrial sectors of firms - but, still, it is easier for me to understand them.’ [BA2]

However, a common international framework of accounting standards signals, according to most interviews, a positive future step in the development of financial reporting, which it should be international in its orientation.

‘The adoption of IFRS is like laying the first brick on a common foundation; when there is something common, one can compare information internationally, even though the tax regulation, legal framework and culture differ, there is something in common. IFRS set some accounting rules that facilitated the stock market which required specific information. IFRS have not helped in better disclosing the economic affairs of a company, but for companies with many subsidiaries abroad, it was useful.’ [FA4]

Interviewees have mixed views on whether IFRS adoption has contributed to the international expansion and growth of Greek companies as the majority of companies are small in size, suggesting that IFRS might not be relevant and beneficial at the local level. However, a common arguments used by local actors is that the use of IFRS offered the potential of improving the position of Greek companies and provide more economic opportunities in the international arena. The key idea underlying interviewees’ views is that the use of IFRS could enable Greek companies and investors to upgrade to a partner next to economic actors within the EU and international capital markets. This idea that favours the international expansion of markets and the involvement with international and EU affairs is also deeply rooted in the concept of modernisation and neo-liberalism.

‘IFRS are more legitimate. They contribute to the modernisation of a company and help to make it more outward-oriented and globalised.’ [CM1]

The acceptance of IFRS is considered to provide more opportunities for Greek companies to also ‘get accepted’ by international market institutions and facilitate access to funding:

‘The benefits of IFRS financial reports are that they are accepted by international users, they are comparable, they are a passport to get into the focus lists of foreign investors. Speaking the same language means more possibilities of getting accepted... The GGAP was a hindrance for the international expansion of Greek companies and for potential takeovers, mergers, etc. Companies can look for cheaper loans internationally...’ [FA1]

IFRS adoption is considered as an integral condition for cross-border activities within Europe and internationally and become the passport that enables companies to have an international standing and get accepted by the key and most powerful institutions in capital markets. This, and regardless of the actual comparability of financial information achieved by the use of the standards, becomes the basis of achieving consensus for IFRS. In the next two sections, we present local actors’ views related to other dimensions of the modernisation vision, such as support for privatisation and the logics and rules of the market.

5.1.3. ‘IFRS as detached from a state-oriented approach to financial reporting’

If the adoption of IFRS is considered a positive step towards modernisation, pre-IFRS accounting practices appear to be criticised as being stigmatised by the corrupt and clientelistic state bureaucracy

and political culture prevailing in the country. The clientelistic mentality and practice that results from it is usually described as prioritising individual interests rather than the ‘common good’ (Mouzelis, 1995) and is opposed to the democratic ethos of Western bureaucracies (Kokosalakis & Psimmenos, 2002). In this context, some interviewees believe that a neoliberal economic model that is market-oriented and promotes privatisation can foster political and economic modernisation minimising political corruption as the political pathology of clientelism.

‘The economy and the accounting profession should be based on private initiatives, all institutions and organisations that were run by the state were a disaster; even though private institutions did not prove to be better in the end, we need to preserve the idea of privatisation and try to improve its weaknesses... We cannot go back to when companies were bribing public services...’ [FA3]

It is interesting that interviewees do not challenge IASB as promoting or being influenced by particular state interests, an observation that supports the idea that the transnational private authority mode of governance of the IASB facilitated the acceptance and diffusion of IFRS in different local contexts (Chua, 2008; Perry & Nölke, 2005).

A common justification advanced for the use of IFRS is, therefore, that the standards are disassociated from the powerful statist orientation of financial reporting. The underlying assumption, sometimes explicitly expressed, is that the adoption of IFRS is a component of a broad agenda promoting privatisation and market competition leading to a more efficient allocation of economic resources and corporate performance. Even though some interviewees acknowledge the importance of state intervention in certain economic sectors and they are critical of the shortcomings of privatisations and the free market logic, interviewees are, generally, in favour of fewer statist interventions in accounting. State intervention is often considered as an obstacle to the efficient operations of free markets and needs to be restricted:

‘Unfortunately, in Greece the majority of people adhere to leftist ideologies and beliefs; these are rather dated and do not encourage the modernisation of the economy and society. We do not have a society of equal opportunities, actual free markets, but instead, there are despicable state interventions everywhere that lead to an unproductive economy and the distortion of society...’ [MA2]

‘State intervention should be limited to capital circulation in order to avoid economic crises caused by the irresponsibility of the banks. States should stay away from the production processes of the economy.’ [AUD2]

Several interviewees that supported the adoption of IFRS shared similar views consenting to the need for free markets and equal opportunities which is consistent with the Western-inspired modernisation project aims and discourse. The improper implementation of IFRS is often seen as the result of prevailing tax regulations over financial reporting aligning with the GGAP and the CBR. Sometimes, the GGAP is regarded as serving the same purpose as the tax regulation:

‘The GGAP is a Greek patent; it focuses just on collecting taxes.’ [MA2]

Preparers tend to place emphasis on implementing the requirements as determined by tax law. Before the adoption of IFRS and IAS 19: Employee Benefits in Greece and under Greek accounting law (Law 2190/20 and Presidential Decree 186/92), defined benefit liabilities, for example, fell into the definition of provisions and were recognised on balance sheets. In practice, though, most preparers followed the requirements of the tax law and only recognised liabilities related to employees that were due to retire during the year following the end of the financial period (Morais, 2008). Moreover, accounting issues that are not treated in the GGAP, such as accounting for deferred taxes, are considered by some local actors as less important, since in practice they are rarely applicable to Greek companies. Describing the case of accounting for employee benefits, an auditor said:

‘...nine out of the ten companies required by law to recognise compensation for employees did not do so because the tax law didn’t recognise employee benefits, even though according to the GGAP they should do it.’ [AUD2]

The contradiction between the content of the GGAP and tax regulations is considered as the main deficiency affecting financial reporting in Greece according to most interviewees. Tax law interference, or in other words, the influence of the state policies and strategies in corporate financial reporting, is considered as ‘the Achilles’ heel of accounting’ [ACD2].

The tax-dominated rationale to financial accounting is condemned and defined as an obsolete approach, detrimental to entrepreneurship and the economic growth of companies. One company manager went as far as to describe this tax-oriented attitude as the outcome of a lack of education and a sign of the lower intellectual level that hinders Greek companies from applying a Western type accounting framework and practice [MA4]. This remark illustrates again a common perception among local actors that IFRS are considered to be a superior alternative to local accounting practices while the shift to IFRS is part of the a wider modernisation project that promotes economic growth.

‘Tax regulations are many and complex, while the law changes all the time, with new circulars following other circulars, etc. It is like the tower of Babel. We have meshed tax accounting with financial reporting. The disadvantage of the GGAP is that the tax authority interferes in Law 2190 making inappropriate interventions.’ [AUD9]

The strong influence of taxation on financial reporting and the close relationship between tax and accounting are basic characteristics of accounting regulation in code-law Continental countries, such as France (Joos & Lang, 1994). However, what is important in this context is that the intervention of tax laws and, by extension the state, to accounting practice is considered to be against the normative values of modernisation. The strong statist orientation in accounting is considered to have negative implications affecting the quality and ability of financial statements to represent a ‘true and fair’ view of the companies’ activities.

‘...many companies prefer to listen to the taxman, distorting the more reliable valuation of assets achieved under IFRS. Tax results differ from financial results. Although the state should interfere in determining the tax obligations of companies and individuals which provide the main sources of income for state operations, the state should not interfere with companies’ financial reporting.’ [AUD4]

In summary, local actors believe that the dominance of tax regulation and the state’s control of the economy and financial reporting regulation is undesirable and needs to be narrowed. Common to the interviewees is the belief that progress and economic growth could be achieved through less state interventionism, while accounting and the accounting profession could benefit from adopting a financial reporting system that draws on Anglo-Saxon neoliberal principles.

5.1.4. *‘In fair values we trust’*

Another justification that interviewees mobilise to support IFRS is that the standards are more reliable in the sense of reflecting economic reality in a more objective manner. IFRS are considered to ‘tell the truth’ and portray a more realistic ‘image’ of a company’s financial position and profitability when compared to the local GGAP.

‘For bank managers, the use of IFRS by companies is a positive factor that contributes to decisions on whether to finance or give loans to companies. It means that the financial information provided is reliable...’ [BA1]

‘IFRS provide a true and fair view of a company’s affairs, unlike the GGAP.’ [CM1]

What makes IFRS, then, more reliable and realistic? According to some interviewees, the principles-based IFRS and the existence of options and flexibility in accounting treatments are important as they allow for the use of different valuation techniques enabling preparers to customise the standards according to the particular economic environment and sectors in which companies operate. As an auditor indicated:

‘IFRS are more flexible, they provide a more accurate representation of companies’ financial reporting results. IFRS are more to the point as they offer the flexibility to choose and implement alternative options according to nature of the operations of the company. The GGAP was a one size fits all, regardless of the sector and the companies’ activities.’ [AUD5]

However, for most interviewees the increased reliability of IFRS is attributed to the option to use ‘market values’ in accounting measurements. The use of fair values was one of the major differences in accounting requirements that occurred in Greece after the shift to IFRS while fair value accounting (FVA) is considered as more appropriate in reflecting the real value of companies. The concept and the option to use fair values was first introduced in the local financial reporting standards by an EU Directive. Article 43c: Valuation of financial instruments at Fair Value was added in Law 2190 with a

cross reference to IAS 39 was voluntary, and the use of fair values remained limited as an auditor explains:

‘Very few companies apply 43c because it conflicts with tax accounting, as according to the tax regulation gains arising from changes in fair value are recognised while the losses are not. They [local standards-setters] added the article because they were forced to do so by the EU; they included the whole IAS 39 in five lines, without definitions.’ [AUD8]

The use of fair values, especially in the case of the valuation of intangible and tangible assets, is considered to have led to a more accurate reflection of economic reality that ‘did justice’ to the company’s value in the eyes of investors and banks.

‘IFRS have an important benefit; they tell the truth. They represent the companies’ financial results in a realistic way.’ [MA7]

‘Fair values especially in the case of financial assets, but not only, are less outdated and mirror the current financial position of companies; present value equals the market value.’ [AUD7]

‘The former accounting system [GGAP] didn’t do justice to the real value of the company [...] Under IFRS the company improved the relationship between equity and debt (capital) by revaluing fixed assets and using more accurate depreciation rates...’ [MA2]

Fair value reporting is thought to provide a more objective view of the company’s financial results. FVA and the use of markets values, which aim primarily at providing investors with useful information for decision-making, are considered important by Greek managers and other stakeholders, even though the capital market is not particularly active and the internationalisation of companies is limited. Moreover, despite the fact that companies depend more on debt capital and conservative and historic cost-based accounting could serve as a better basis of valuation of the companies’ profit and net worth by banks, interviewees still favour a market based approach to accounting. Another reason for the support of FVA seems to be positive impact that it has on gains and profit numbers making the companies more attractive to potential investors but also facilitate managers in accessing international sources of funds.

‘Companies that use IFRS are benefited because they show improved results in the balance sheet and income statement. IFRS increase the value of companies due to changes in the valuation of fixed assets. Law 2065/92 required that companies make readjustments to the value of non-current assets, but their value was much lower than the market values. IFRS allowed a high revaluation of fixed assets, resulting in improved equity.’ [AUD4]

‘Companies that adopt IFRS provide a better and realistic representation of their financial position. Results are also improved upon, as they show surplus value from the valuation of the companies’ non-current assets.’ [TAX2]

Despite the local financial system which is more bank-oriented rather than shareholder-oriented, the small size of the majority of companies and their limited internationalisation, local actors favour accounting valuations that are determined by the market and market models. FVA is seen as a more neutral and objective accounting technique as markets can reflect all relevant information. Even though the transition to IFRS and the use of fair values has had a positive impact on the companies' financial position, what is taken for granted is that FVA is the most efficient accounting approach, an assumption that is in line with the modernisation-based arguments that local actors put forward in support of IFRS.

Taken together, there is a consensus among local practitioners and other users that the adoption of IFRS is seen as part of the general modernisation project of the Greek economy and as an inevitable development motivated by the assumption that the global harmonisation of accounting and the adoption of IFRS will provide economic benefits. The interviewees' comments reveal an anti-statist view of financial reporting based on self-regulation and professional expertise. The involvement of governments is considered detrimental while they believe in a laissez-faire approach to accounting reporting in accordance with many Anglo-American countries (Willmott, 2000). IFRS are perceived to offer a technically advanced financial accounting framework free from political self-interest and state interventions. Support for the standards also arises from the fact that IFRS are institutionally accepted in capital markets and this provides a bonus to companies that use IFRS in order to attract, access or retain capital at an international level even though less emphasis is put on the actual quality of the financial information.

Although the interviewees support and believe in the necessity of IFRS adoption in order to achieve international comparability of financial information and more reliable information reflecting market values, based on their actual experience, they also challenge the ability of IFRS to achieve international comparability and high-quality information. The next section discusses the contradictions of interviewees' views and reflections.

5.2. When common sense meets good sense

Even though hegemonic common sense influences and dominates the way of thinking and acting, common sense contains the 'healthy nucleus' of good sense (Gramsci, 1971), which is ideas and knowledge based on and gained from empirical experience. Good sense emerges from common sense as a critique to common sense when there is divergence between common beliefs and people's practical experience. In the context of our study, even though local stakeholders take a -sometimes uncritical-positive stance towards IFRS they are capable of critical reflection. It was interesting how interviewees that were strongly supporting the adoption of IFRS by Greek companies, on further questioning, they could be also critical and sceptical of the actual benefits of applying the standards. They highlight problematic aspects related to standards-setting, the adoption and implementation of IFRS, such as

IFRS' technical complexity and overflow of information, the regular revisions and IFRS' principles-based approach to accounting.

Interviewees referred to the exercise of more professional judgements and estimates that lead to more subjective financial statements that hamper the reliability and comparability of financial information.

'Another problem with IFRS is that companies' management has to make estimations and there is an inherent element of subjectivity in IFRS affecting reliability.' [AUD1]

The GGAP, in some cases, is considered to be more 'straightforward' providing financial information that is more trustworthy and that is free from management's subjective estimations.

'The GGAP is based on strict accounting rules for the preparation of financial statements [...] e.g. non-current asset are depreciated at a fixed rate of 10%, which can be fair or not. The companies will not make provisions for bad debts themselves while the result is indisputable and stable. IFRS have both accounting rules and judgements in valuation and financial results vary and can be disputable.' [AUD7]

'With fair values companies can have huge profits or huge losses; they [the companies] should take advantages of the opportunities but also undertake the risks once they apply them. The problem is that fair values are difficult to measure and to estimate' [AUD5]

In practice, some investors and analysts are left uncertain as to what is the real situation of a business, whereas the use of fair values can have an unforeseen and unexpected effect on companies' financial statement results.

'Fair values are ambiguous. Do you know what does it mean to readjust equity capital by 5%? It is a massive number. We look for deviations or spikes in the results, we conduct regression analyses, I may ask for some clarifications from the Investor Relation team. IFRS standard-setters compromise sometimes and are influenced by other interests. They changed the market-to-market policies to save companies like City Group and American International.' [FA4]

'I am still unsure about how some companies have measured the fair value of some financial instruments.' [FA2]

The key local stakeholders interviewed embrace overall the idea that IFRS are superior to the GGAP and provide more comparable, transparent and reliable information, even though, the options available and the subjectivity in measurement and disclosure may affect the extent to which these qualities are achieved. However, IFRS still fails to 'achieve their potential' as the implementation of the standards is driven by the self-interests of managers. Several interviewees suggest that accounting and earnings manipulation has increased after the adoption of IFRS.⁵ Most interviewees believe that as IFRS allow

⁵ Accounting research provides mixed results on the impact of IFRS on earnings management (see Christensen, Lee, Walker & Zeng, 2015; Doukakis, 2014; Iatridis and Rouvolis, 2010; Jeanjean & Stolowy, 2008; Salewski, Teuteberg & Zülch, 2014; Zéghal, Chtourou & Sellami, 2011).

more discretion to both accountants and managers to exercise their judgment in making estimates in the measurement of assets, liabilities, profits and losses. IFRS provide extensive opportunities to companies to influence results through the application of preferred accounting measurement methods and treatments:

‘IFRS include accounting principles and subjective estimations and results can be disputable. If the estimations made under IFRS is ‘correct’ then you have the best possible results. But companies use fair values and models and report whatever numbers they want in order to affect the results. Previously, accounting standards were stricter, now they are more flexible and voluminous and thus more complex and of questionable quality.’ [AUD7]

Interviewees explain that FVA, in particular, has increased the opportunities for manipulation as managers can influence both choices of models and parameter estimates.

There are available options in the valuation methods, or the provisions made for employee compensations and for reduction in the value of inventory. The fair values used to value non-current and intangible assets, such as the rights in takeovers that required impairment tests, all offered many opportunities to accountants to: ‘*fill in the gaps*’ [FA1].

Managers’ self-interest distorts the ability of IFRS to represent economic reality.

‘IFRS are the perfect financial reporting system if properly applied. But in reality, accountants or managers have something in their mind, to meet targets. The financial statements could be flawless if people did not have other things in their mind. The GGAP looks at the actual costs and the value of the asset is known when it is sold. IFRS have fair values and offer more opportunities to manoeuvre and manipulate results.’ [AUD8]

‘Is manipulation easier under IFRS? Yes. The GGAP has clearer rules. In countries with developed markets, cooking the books is more sophisticated. It’s gourmet cooking. Take the example of financial instruments. According to the Greek standards, the valuation is made on the average price in the middle of December, under IFRS, according to the last directors’ meeting. Can they manipulate or not?’ [AUD9]

Increased manipulation, also, becomes more feasible due to the use of biased valuations of valuers when it comes to evaluating the market value of assets. Biased valuations are more difficult to inhibit due the lack of an independent Greek state institute providing official licences or certificates to accredit valuers. The only private valuation organisation at the moment in Greece is the Hellenic Institute of Valuation (H.I.V.), established in 2009.

‘Creative accounting is easier and more intense with IFRS. Often, there are valuers that do not do their job properly and make higher estimations than the real value of the fixed assets or the subsidiary companies.’ [AUD4]

‘IFRS are adopted by companies in a looser way; there is the subjectivity factor; take for example the valuer who is paid by the company and tends to manipulate the figures in order to agree with the management’s directions, it is logical.’ [TAX1]

Another point raised by users and preparers contradicts their own view that the lack or existence of comparability and accounting quality is dependent upon enforcement mechanisms and auditing. Leuz (2010) observes, for example, that rapid proliferation of IFRS adoption has rarely been accompanied by significant changes in enforcement institutions suggesting that other forces are likely to be driving this process. The importance of country-specific implementation features, country-specific and international (or EU-wide) enforcement mechanisms and companies’ incentives are thought to determine the degree of IFRS adoption and implementation consistency. Institutionally, IFRS enforcement is monitored through oversight bodies and in the case of the EU, the quality of accounting reporting is promoted by the establishment of independent enforcement bodies in EU member states as part of IAS Regulation (1606/2002). In Greece, this role is undertaken by the ELTE, an independent oversight which reports to the Minister of Finance and National Economy and is responsible for issues related to professional ethics, audit quality and guidance on the implementation of accounting standards and regulation. ELTE is not considered, in general, to fulfil its role to oversee the processes of application of IFRS by companies which are part of an insufficient infrastructure and ineffective support provided by the State (Caramanis *et al.*, 2015). Interviewees seem to expect auditors to ensure consistency in IFRS adoption.

‘Comparability is not affected if standards are applied properly... If companies use different measurement methods then it is difficult to make a comparison. Auditors’ reports are the main assurance provided to users about the transparency and reliability of the reports.’ [ACT2]

‘Enforcement mechanisms are non-existent. Investors have to trust that management has acted in good faith and depend on the reliability of the auditors. ELTE is disorganised and suffers from dysfunction.’ [FA2]

Interviewees also recognise that actual international comparability of companies’ financial statements has important limitations and is difficult to achieve due to broader institutional and cultural differences among countries:

‘There are many factors that should be taken into account when looking at a group like the EU that still retains its national characteristics. It is difficult to evaluate the Polish and the French or the Greek and the Portuguese financial statements since everyone keeps accounting records and books in different ways.’ [BA3]

‘The underlying concept of IFRS is that they should give comparable financial statements, regardless of the environment in which companies operate and their sector. They should be comparable but they are not, because of the different national cultures.’ [AUD1]

Interviewees justify the inability of IFRS to achieve their proclaimed benefits and aims for higher quality financial information blaming external and institutional factors, such as the lack of infrastructure

and enforcement mechanisms, differences in local accounting practices and principles and managers' self-interest. However, they also challenge the principles-based nature of the standards and their complexity that hinder their usefulness.

'A company that applies IFRS can get infinite results, as a result of the different approaches it can adopt. For example, it can use different methods in IAS 19. In my opinion, how can we talk about comparability? One company uses historic costs, another uses re-adjusted value...' [AUD8]

'IFRS provide the flexibility to choose among different options, and interpretations can vary. Aside from differences among the financial statements of different countries, there are differences among businesses on different interpretations of a certain situation.' [ACT1]

'Comparability is prevented from materialising by the options available in IFRS.' [AUD3]

Another concern raised about the appropriate implementation of IFRS and one of the relevant disadvantages were the constant changes, replacements or amendments to standards and provisions.

'The changes and developments to IFRS have to stop or decrease their frequency in order for users to absorb them.' [FA3]

'The application of IFRS differs from company to company. With IFRS, there is great leeway for options.' [FA1]

'A weakness of IFRS is that they have options, which should be reduced, if not removed. As long as there are options, the problem of lack of comparability will remain.' [AUD4]

'Sometimes I examine a particular area of the financial statements, then I realise that I have more questions, as some things have changed in between, and then I give up. We do not have that much time to devote, I try to become informed about important amendments and changes like financial instruments and the use of fair values, but sometimes I lose track of changes.' [FA5]

The information included in the financial reports is not always easy to be managed. As a bank manager said regarding the reduced relevance to their information needs:

'If you take annual reports and try to identify how an analysis was done, it won't make any sense; the information is dispersed in a document of 150 pages, one needs time to figure out what goes on. Under the GGAP there was a simple trial balance at the end of the year, with a complete analysis of the entries, and where the numbers came from. We didn't have any problems in getting information from listed companies...' [BA1]

Although financial statements under IFRS provide more aggregated information, the notes that accompany financial reports supplement and provide information about measurement methods and explanatory information about the accounts that are regarded as helpful. However, the information included is not always understandable. Lack of understanding, due to the technical complexity and

conceptual abstractness of IFRS is raised often, justifying concerns and evidence in accounting literature that IFRS is understood in depth by a minority of knowledgeable preparers and users, such as auditors, who nevertheless still lack technical expertise and guidance (e.g. Fox *et al.*, 2013; McEnroe & Sullivan, 2011; Rezaee, *et al.*, 2010). Other users interviewed in our study, such as financial analysts and bank managers, including the management of companies, often lack the requisite advanced knowledge and expertise. This contradicts with interviewees' claims that international comprehensibility of the standards could lead to greater comparability and better measurements of the companies' value and profitability.

'If it is difficult to draft annual reports, then one can imagine how difficult is to make use of them. Sometimes, I think that many will read the notes, for example, but few will understand them. Sometimes an auditor is puzzled over how to write something, whether a certain way is better than another'. [AUD6]

'It takes time and effort to conduct annual reports. We were unsure about presentation and disclosure. At one point the mentality was: anyway, it doesn't matter, no one is going to understand the annual reports anyway.' [AUD5]

'A great amount of information is required by IFRS. A common investor is not going to understand anything, they have to be economists.' [ACT1]

'IFRS are complex and require advanced accounting knowledge. Under IFRS, accounting practice has moved towards finance. For example, before if someone owed us X we reported that. Now, IFRS state that you cannot do that, because if we expect to get the money in 5 years we need to know the present value of the money. A typical example is the case of financial instruments. One needs to know the Black & Scholes model simulations in order to apply and understand the standards.' [FA2]

Another financial analyst shared a similar concern:

'Our customers complain that they have to become accountants in order not to be deceived.' [FA3]

Key local actors, in general, have encountered challenges in the implementation of IFRS and provide certain justifications for the failure of the standards to meet their objectives of higher quality. Local actors identify contradictions and mismatches between policy makers' rhetoric and the achievement of IFRS objectives.

Many of the concepts and principles underlying the IFRS were new to the preparers and other users while the standards are not always considered relevant due to the Greek capital market, the small size of companies and their family owned ownership structure. As a result, their transactions are not especially complicated or sophisticated and not all international accounting standards apply to them. There is a lack of knowledge and expertise on IFRS, so companies and other users had to be trained, attend seminars and spend more time understanding the information, or when preparing the financial statements. There was lack of guidance to deal with the complexity of the standards (in line with other

research, e.g. Fox *et al.*, 2013). In many cases companies had to employ experts to conduct actuarial valuations, or pay valuers to conduct assets valuation. Preparers commented that they found them difficult to understand, so other users must find them near impossible. Banks, financial analysts and shareholders find the information in the notes useful and detailed but very hard to understand; in addition, they do not have much time to devote to scrutinising financial reports. Moreover, international accounting standards are amended constantly and so it is difficult for users to keep up with these developments, making the comprehension of the financial reports even harder. Information overload results in annual reports being only partially utilised.

The use of fair values had the most significant influence on the financial results reported and namely the use of fair values in the recognition and measurement of financial instruments and the valuation of property, plant and equipment. According to the GGAP the evaluation and depreciation of fixed tangible assets was a historic cost set by the Government and fixed so that it did not vary among companies. Most of the time, the revaluation of fixed assets was beneficial for companies and improved their equity. Fair values, though, are considered to be not such a well-defined concept, which raises many issues when trying to apply them in practice. However, interviewees raise concerns about the subjective element inherent in standards can lead to ambiguous, manipulated, unreliable and non-comparable financial results. The many options also available in the standards contribute to the lack of comparability and is also highlighted in literature (e.g. Bowrin, 2007; Ballas *et al.*, 2010) According to the interviewees companies use IFRS and fair values to improve their equity and subsequently, their financial results, while IFRS are more prone to earnings management and manipulation. Most interviewees are sceptical about the reliability of the financial information, and its comparability. There is also a general impression that accounting manipulation has increased under IFRS impairing quality of financial reporting. Local actors identify contradictions and mismatches between policy makers' rhetoric and the achievement of IFRS objectives. Whether these defects serve as a tool to challenge the IFRS project, or the financial structure upon which financial accounting is founded are issues discussed below.

6. Discussion

Our findings suggest that the question of what drives the diffusion of IFRS and their acceptance by preparers and users cannot be answered based purely of the economic efficiency and technical aspects of IFRS implementation. As the economic impact of IFRS is still debatable we argue that the role of hegemony and ideological consent to IFRS plays an all-important role in the diffusion of the standards. The acceptance of IFRS is rather based on stakeholders' acceptance of the particular accounting paradigm that IFRS represent and which is based on the common sense of modernisation, Europeanisation and neo-liberalism. The concept of common sense, as the dominant beliefs and assumptions assumed by the mass of people in a particular social order (Gramsci, 1971), is used in order

to unpack the way IFRS are accepted in the context of structural relations of ideology and power. Apparent from the interviews is that even though local actors are challenging IFRS and hold contradicting views about their impact of financial information quality, their views are united under this broader consensus which reflects the current dominant power relations in the international system. The acceptance of and consent to the ideals surrounding IFRS, therefore, cannot be understood in isolation from the ideals that organise capital markets; practitioners' expectations about the role of accounting and the benefits of IFRS have ideological dimensions and particular characteristics shaped by the hegemonic neo-liberal common sense.

In terms of the aims of this study, our evidence indicates that the key arguments advanced in support of IFRS by local actors are closely linked and aligned with the dominant values and discourse in the particular socio-economic context, based on modernisation. Modernisation common sense favours reforms that are inspired by industrially advanced countries of the West and are based on a shift towards liberal and capitalist routes, favouring the market mechanism and an internationally competitive economy. The modernisation trends that characterise these changes in financial reporting standard-setting are privatisation, deregulation, a shift towards market- and investor-oriented accounting and the predominance of finance capital with the growing pre-eminence of FVA. Local actors support the IFRS on the grounds of their internationality, flexibility, capital-market orientation and FVA approach, all of which dimensions are key assumption of the currently hegemonic neo-liberal or modernisation project. Local actors are able of critical reflection and recognise the several limitations of IFRS in the particular country context that result in minor actual improvements in financial reporting compared to the previous local accounting standards. However, despite the contradictions in interviewees' perceptions of IFRS and the merits of Europeanisation, it seems that the neo-liberal common sense and IFRS remain unchallenged. Arguments supporting IFRS prevail over those of rejecting IFRS, as the rejection of IFRS entails the rejection of a wider range of individuals' beliefs, knowledge systems and ideological structures shaped by the dominant socio-economic system and becomes unthinkable.

For example, even though comparability is a main argument for the use of IFRS, from the actors' perspective actual comparability of financial reporting is not always achieved due to the flexibility of IFRS and FVA. What is of key importance, though, is that the international comparability of financial reports is regarded as a primary prerequisite for achieving a common financial and capital market, a necessity and inevitable outcome of economic globalisation and European integration. Globalisation and Europeanisation arguments which are often bracketed with neo-liberalism suggest that in the current globalised environment the importance of nation states declines as authority and governance has moved to the supranational or the EU level (Castells, 2000; Held, 1999), which can be also extended to a position that challenges the need to maintain national accounting standards. Support for the European economic integration and the enforcement of neo-liberal policies at a national level go usually hand in hand with a positive stance towards the adoption of IFRS. Modernisation, which is regarded as

a progressive and beneficial process for the advancement of the Greek economy, as being in the interests of society as a whole, is juxtaposed with the clientelistic nature of the state model of governance responsible for the inefficiency of the Greek market internationally. Views on the degree of state intervention in the regulation of the economy unravel the political stance taken by the individuals interviewed and which can be broadly characterised as pro-neo-liberal and in favour of less statist interventions. Interviewees adopt an anti-statist view of financial reporting based on self-regulation and professional expertise that is at the core of the IASB's understanding of professional identity (Botzem, 2014). IFRS are perceived to offer a technically advanced financial accounting framework free from political self-interest and state interventions. Local actors criticise the prevalence of the tax mentality and the interference of the state through tax regulations that affect the appropriate implementation of IFRS having undesirable effects on the quality of financial reporting information. The involvement of governments in financial reporting regulation is considered detrimental while local actors believe in a laissez-faire approach to accounting reporting in accordance with Western institutional and practices.

Concerns are, therefore, raised about the conservative nature of accounting and use of historical costs in asset valuation that undermine the reliability of IFRS. The application of fair values renders financial reports reliable for investors and other capital providers and is assumed to provide the most objective data, corresponding with the stated aim of the IASB's conceptual framework. Since fair value is determined in arm's-length transactions between knowledgeable parties, FVA requires a belief in free markets, while the intervention of the state is seen as distorting the capacity of financial reporting, maintaining objectivity and telling the financial truth. FVA can be seen as ideologically committed to neo-liberalism as a technology that institutionalises and legitimises the idea that markets without state intervention, can reflect without bias and fairly the value of companies (Zhang et al., 2012). The use of fair values also shifts the information needs to the centre of financial reporting based on a decision-usefulness rationale according to which financial investors are prioritised (Botzem, 2014). Even though, IFRS may not be so relevant to an economy in which companies are smaller and do not depend financially on the stock market, a shift to IFRS is supported as it is seen as part of the modernisation and Europeanisation of the Greek society and economy along neo-liberal lines. In line with studies on the accounting profession in Greece (Caramanis, 2005; Dedoulis & Caramanis, 2007; Dedoulis, 2015) our findings highlight the importance of the modernisation and pro-Western rationalities in the process of change in accounting regulation and conceptual underpinnings.

Despite the strong support of local stakeholders and the belief that IFRS is a necessary and positive step in financial reporting practice in Greece they identify provide evidence of the failure of IFRS to achieve the expected beneficial outcomes in terms of the comparability and quality of financial information. IFRS are thought to be ineffective in improving financial information due to the inefficiencies of the institutional environment and the self-interest of managers. The predominance of local practices and preparers' accounting mentality that is tax-driven is thought to impede high quality financial reporting

for decision-making. Inability to achieve the objectives promoted by IFRS is attributed also to the self-interested behaviour of companies' managers who manipulate the financial results, especially in the case of FVA and the bias in the opinions of valuers about companies' assets. Other reasons identified include the lack or failure of institutional actors to legally enforce the new standards at the local level (such as the ELTE) and internationally. However, local stakeholders are also critical of the IASB and the nature of the standards. They recognise that the principle-based approach of the standards and the number of permitted options make financial reporting information less comparable and reliable to local and international users. The continuous revisions of the standards were seen as having a negative impact on their ability to comprehend and interpret financial reports causing further perplexity and confusion, while some raised concerns about the IASB's standard-setting amendments due to political pressures and lobbying. FVA lead to ambiguous financial results due to the subjective and complex elements used in assessing fair values. The increased complexity and the information overload of financial reports make financial information less comprehensible and relevant to local users who are left uncertain as to what is the profitability and financial position of the companies. In some cases, users, such as managers of local banks, have expressed the view that financial statements under the GGAP have provided clear, analytical and sufficient information for their information needs while owners/managers of companies have argued that their decision making processes can be supported efficiently and sufficiently by the GGAP.

We argue that local users are committed and in favour of IFRS, even though they recognise a number of contradictions between their actual professional experiences on the implementation of the standards (as the 'good sense' which derives from practical activity) and the objectives of IFRS as the power of the current neoliberal and modernisation common sense unites individuals' beliefs and consent to the neoliberal hegemony. They justify contradictions and inconsistencies between 'theory and practice' based on arguments about the inefficiencies in the external institutional factors and they even identify deficiencies in the IASB's standard setting process and problems related to the nature of the standards. However, stakeholders do not challenge the need for IFRS overall because they cannot challenge the current hegemonic neoliberal structures and discourse of the social world and on which IFRS is based. In other words, in order for stakeholders to be able to challenge the adoption of IFRS they will have to also challenge the basic assumptions and socio-political structures that support the neoliberal capital market edifice. Key local stakeholders, therefore, justify their support and organise their arguments around common sense assertions and normative values that are in line with the hegemonic ideological framework. Local actors interviewed are concerned about the distortion between their expectations and the actual practice, but regard these distortions as mistakes or defects that need to be improved at the standard-setting and implementation level (in line with Durocher and Gendron, 2011). They seem to fail to provide critique on the underlying structural conditions that enable these deficiencies to be produced, as this could lead to the collapse of the individuals' knowledge systems and ideological structures.

7. Conclusions

In this study we explore the mandatory adoption of IFRS in a national context with an accounting tradition that differs from the underlying rationale of IFRS. Apart from the use of regulatory means, the IASB and the institutions that support the adoption of IFRS need to also convince key local constituents through ideological means. We find that there is strong consensus in local actors' perceptions in support of IFRS. Even though they challenge IFRS and recognise the conflict between the accomplishment of IFRS objectives and their actual experience, this does not challenge their trust on the necessity of IFRS. We argue that local actors in Greece organise their consent on the superiority of IFRS over the GGAP, drawing on the common sense of modernisation or Europeanisation that is aligned with the rationale and purpose of IFRS. The consensus in support of modernisation is Western-centric, in favour of pro-EU policies including neo-liberal economic commitments, such as deregulation and privatisation, anti-statist and in favour of the internationalisation of the economy. What constitutes IFRS as superior in the eyes of these users is not that they offer higher quality accounting principles and methods, but the fact that it is institutionally encouraged and promoted by the most economically dominant and powerful sections of society, such as capital owners and providers, mobilising acceptance and wider diffusion. The key issue is that IFRS are seen as a necessary step towards a neo-liberal approach to the structure of economy that is beneficial to economic growth. We find that local actors do not behave merely in a docile manner accepting IFRS by mobilising justifications to rationalise the inability of IFRS to deliver the expected information quality objectives (Durocher and Gendron, 2011). Rather than identifying only what is the common sense or rationality that drives the acceptance of IFRS, we also explain why both this rationality and the support for IFRS dominate.

We offer an alternative understanding on the way accounting regulation works, going beyond the way key practitioners interpret or apply IFRS. We show the importance of power at the level of ideas, in building consent for accounting regulation reforms. We observe an *a priori* acceptance of IFRS by practitioners who consider the adoption of the standards as going hand in hand with the modernisation and 'European public good' ideals. Their support and consent to this common sense explains the lack of resistance to the standards when they fail to deliver the expected benefits; a direct confrontation with this common sense is prevented by the unconscious energy of *jouissance* that sustain the attachment to ideological structures and particular systems of knowledge. The Gramscian concept of common sense serves as a useful theoretical device that puts in the forefront the role of power. Power that resides in ideology and is localised in the hegemonic forces of the dominant socio-economic actors and their allies. Hegemony and common sense enable us to link individuals' perceptions on accounting practices with the institutional and fundamental social structures within the international political economy.

Exploring the power of common sense in particular organisational contexts and making explicit the contradictions within this common sense, is crucial in order to provide a base for more critical awareness

in accounting principles and practice. Common sense and the theory of hegemony indicate the driving rationales of practices, such as accounting, but also their limitation and failings, thus enabling change. Common sense and hegemony are not rigid and always involve struggles over systems of meanings, competing and alternative definitions of social reality, which can be challenged especially in the context of an organic crisis of society (Gramsci, 1971). An organic crisis which occurs when political and economic elites fail to undertake political undertakings, such as the difficulty in controlling the current crisis of neoliberalism, can provide the conditions for an alternative hegemonic forces and discourse. As the impact of the crisis is increasingly becoming evident at the socio-economic level in contexts similar to Greece and the Europeanisation ideal is shaking to its foundation, further research could explore whether the challenge of hegemonic common sense is reflected on the perceptions and practices of financial reporting stakeholders. At the time the collection of empirical evidence was conducted the dramatic implications of the recession were not visible to the degree they are now, especially in the case of Greece. The current economic crisis, which has the characteristics of an organic crisis as defined by Gramsci, has questioned confidence in the ability of accounting to provide transparency and stability to self-regulating capital markets. Local actors' perceptions on IFRS may have also been influenced due to the impact of the crisis on ideology and practice. Further research is also needed to examine how financial reporting standards have shaped and been shaped by the financialisation trends within the economy and to assess the micro and macro implications of fair values and fictitious capital and their contributions to the crisis. Similarly, the international economic transformations but also within the EU that attempt to restore the effects of the crisis after 2008 will probably lead to new ideological reforms that will be reflected on financial reporting standard-setting. It will be interesting to see how these restructurings will affect accounting standard-setting but also everyday financial reporting.

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Appendix 1. List and details of interviewees

	Job title/position of the interviewee	Code	Duration
1	Academic- Senior Lecturer in Accounting	ACD1	118 min
2	Academic - Senior Lecturer in Accounting	ACD2	63 min
3	Academic- Professor in Accounting	ACD3	65 min
3	Academic- Professor in Accounting	ACD4	69min
4	Academic- Professor in Accounting	ACD5	70 min
5	Former Auditor (Manager) in SOEL ⁶ , Member of ELTE	AUD1	100 min
6	Auditor (Manager) in a Big Four	AUD2	78 min
7	Auditor (Manager) in a Big Four	AUD3	89 min
8	Auditor in SOEL	AUD4	73min
9	Auditor (Manager) in a Big Four	AUD5	85 min
10	Auditor (Manager) in a Big Four	AUD6	85 min
11	Auditor in SOEL, Member of the scientific Council of SOEL (Institute of Certified Public Accountants)	AUD7	76 min
12	Auditor in a Big Four	AUD8	95 min
13	Auditor in SOEL	AUD9	76 min
14	Financial Analyst	FA1	71 min
15	Financial Analyst	FA2	72 min
16	Financial Analyst	FA3	69 min
17	Financial Analyst	FA4	65 min
18	Financial Analyst	FA5	64 min
19	Financial Manager in a Retailing Company	MA1	65 min
20	Managing director in Manufacturing (Food) industry	MA2	64min
21	Finance director in Manufacturing (Food) Industry	MA3	83 min
22	Finance director in Manufacturing (Dairy) Industry	MA4	63 min
23	Chief Accountant in Retail Industry	ACT1	66 min
24	Chief Accountant in Vehicles industry (State-owned)	ACT2	68 min
25	Chief Accountant Manufacturing (Dairy) Industry	ACT3	70 min
26	Chief Accountant Manufacturing Industry	ACT4	67 min
27	Bank Manager in the National Bank of Greece	BA1	69 min
28	Bank Manager in Multinational Bank	BA2	78 min
29	Bank Manager in Multinational Bank	BA3	86 min
30	Bank Manager in a Large Greek Bank	BA4	71 min
31	Member of the Hellenic Capital Market Commission	CAP1	63 min
32	Inland Revenue Service officer	TAX1	67 min
33	Inland Revenue Service officer	TAX2	113 min

⁶ The Institute of Certified Public Accountants of Greece (in Greek, Soma Orkoton Elegton Logiston -SOEL) is comprised of independent professional auditors and aims at auditing public and private organisations. SOEL was created in 1992 after the elimination of the “Body of Sworn-in Auditors” (in Greek, Soma Orkoton Logiston -SOL), which from 1957 until 1992 was supervised by the Greek state. SOL changed its constitution and function in order to adopt the (Anglo-Saxon) organisational framework prevailing in other EU countries (see Caramanis, 1999, 2002, 2005; Dedoulis, 2006).