Adoption of the International Financial Reporting Standards by Greek non-listed companies: the role of coercive and hegemonic pressures

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Abstract

In this paper, we examine the motivations for preparers in Greek non-listed companies to adopt International Financial Reporting Standards (IFRS). Previous literature has focused on listed companies and assessed the effect of IFRS on market efficiency to justify its adoption. Using data from a cross-sectional survey and from interviews with senior managers, our analysis indicates that the motivations to adopt IFRS in Greece are not primarily related to the technical competence of the standards. We draw insights from literature on institutional theory and hegemony based on the *Selections from the Prison Notebooks* of Gramsci, and show that the decision to comply with IFRS can also be motivated by coercive and hegemonic pressures, which are exerted by powerful institutional constituents as they interact with organisations' strategic interests at the international and national level. The adoption of IFRS is driven predominantly by the pressures exerted by parent companies on their subsidiaries and by the legal requirements of the state, but also through borrowing and debt-contracting requirements as enforced by civil society actors, such as financial institutions. This mobilisation of power plays a pivotal role in supporting the establishment of IFRS among non-listed companies.

Key words: IFRS; incentives; non-listed companies; Greece; institutional theory; hegemony.

1. Introduction

The global diffusion of International Financial Reporting Standards (IFRS) has triggered a debate in academic literature about the benefits that companies derive from the implementation of these standards, and the motivations that are driving the adoption of IFRS. Designed primarily for listed companies and focusing on the informational needs of investors and other capital market participants, the IFRS Foundation aims at offering a high quality, transparent, and comparable financial reporting framework that helps the capital markets to make more efficient resource-allocation decisions (IASB, 2015). Accounting research that studies the impact of IFRS adoption on information quality and the efficient operation of capital markets, assumes that the adoption of IFRS is due to the technical efficacy of the standards to improve the quality of financial information, and focuses on the economic effect for capital markets that IFRS-based financial information delivers (e.g., Armstrong, Barth, Jagolinzer & Riedl, 2010; Daske, Hail, Leuz & Verdi, 2013; Horton, Serafeim & Serafeim, 2013). Empirical research draws mixed results and fails to provide evidence of uniform positive market effects for companies and improvements in the quality of the published financial information. It does, however, indicate that adverse and beneficial effects may be attributable to the varying institutional context in different jurisdictions (e.g., Brüggemann, Hitz & Sellhorn, 2013; ICAEW, 2015a). This paper highlights that wider socio-political and institutional factors and pressures are the key drivers of IFRS adoption and diffusion (e.g. Alon & Dwyer, 2014; Chua & Taylor, 2008; Guerreiro, Rodrigues & Craig, 2012; Judge, Li & Pinsker, 2010).

The debate on what drives the diffusion of IFRS becomes particularly pertinent in the case of non-publicly traded, or 'non-listed', companies. The European Union (EU) Regulation (EC, 2002) does not cover the reporting requirements for the individual company financial statements of listed companies, or the financial statements of non-listed companies (NLCs). The appropriate reporting framework for these entities remains under the control of individual member states, which may require or permit such companies to adopt IFRS. The adoption of IFRS by non-listed EU companies on a voluntary basis remains rather limited (e.g., André, Walton & Yang, 2012). This could be due to cost considerations or users of non-listed company financial statements having different information needs (Collis, Dugdale & Jarvis, 2001; Fearnley & Hines, 2007). Therefore, a key question arises: if IFRS is primarily designed for the needs of listed companies and the demands of public equity markets, why do NLCs adopt the standards and incur the transition costs?

The adoption of IFRS by NLCs has not been adequately explored (Nobes, 2010) and this paper is a response to calls for more research on the financial reporting choices by this economically significant group (André et al., 2012; ICAEW, 2015b). We also respond to the call for further research on the views of the users of IFRS financial reports in different EU countries (e.g., Brüggemann et al., 2013; Durocher & Gendron, 2011). Our study provides rich insights based on a mixed-methods research design by combining cross-sectional survey data and interview evidence, which are generally lacking in financial reporting studies (Grafton, Lillis & Mahama, 2011).

The commitment of NLCs to an alternative financial reporting framework may be motivated by aims other than the provision of high-quality public financial information, and can be based on firm-specific incentives and viewed as part of their strategic planning (Francis, Khurana, Martin & Pereira, 2008; Guerreiro et al., 2012). We argue that the adoption of IFRS cannot be explored appropriately without an understanding of the motivations of the preparers and the institutional forces that provide the context for such a decision. We adopt an institutional theory approach that analyses the interplay between organisational practices and the institutional arrangements (Greenwood, Suddaby & Hinings, 2002; Scott, 2008), and incorporates further insights about the role of hegemony (Gramsci, 1971) in the process of the institutionalisation of IFRS. We also consider the importance of different forms of power in shaping a company's accounting decisions, an element which is often neglected by

institutional studies (Clegg, 2010; Munir, 2015). We find that the acquiescence to IFRS is not based primarily on the technical efficiency of the standards but is the outcome of pressures channelled through the coercive authority of state and EU regulation, dominant institutions in the economic realm, and the consensual legitimacy, or ideological power, of private institutions, such as banks.

The Greek context offers an interesting and relatively under-researched setting (Guerreiro et al., 2012). The ownership concentration and small size of companies, and the less-developed capital market, mean the motivations and benefits of IFRS for NLCs are not obvious. However, we believe that our findings should also be relevant to other EU countries with similar institutional environments and dominant institutional participants. The findings of this paper should also be of interest to national and international policy makers when evaluating the factors that hinder or spur the adoption of IFRS.

The next section provides an overview of the literature on the motivations for NLCs to adopt IFRS. This is followed by the theoretical context used to explain the managerial motivations and the process of the institutionalisation of IFRS. We then discuss briefly the local influences that shape financial reporting in Greece, and provide an outline of the research methods adopted in the study. The paper concludes with the findings that are discussed in the context of the theoretical framing.

2. Financial reporting for NLCs and the adoption of IFRS

NLCs is a broad category including companies of different sizes[1] and legal types. In most jurisdictions, they are subject to financial reporting requirements which differ from those for listed companies. The main justification for differential financial reporting rests upon the differences between the needs and cost considerations of the users. The financial statements of small NLCs, for example, reflect less complex transactions and aggregated data and, therefore, they do not need complex accounting rules that are costly to apply (Harvey & Walton, 1996). Studies report that the propensity to adopt IFRS increases with corporate size (e.g., Cuijpers & Buijink, 2005; Gassen & Sellhorn, 2006). Another key distinction between listed and NLCs is that for NLCs there is often no separation of ownership and control between shareholders and management. Owner- managers are less dependent upon formal financial information and detailed disclosures than shareholders in large listed companies (Peek, Cuijpers & Buijink, 2010). The financial reports of NLCs are often used as the basis for tax preparation and banking covenants, so the primary users are the owners and managers, along with providers of loan finance, trade creditors, and tax authorities (Collis & Jarvis, 2000; Jarvis, 1996). The major source of funds for a non-listed company is usually debt capital provided by banks, which have access to organisational information and require more information than the public stakeholders do about the company's financial position. For this reason, the type of the accounting standards used to prepare statutory financial statements may be of less importance to NLCs which often use private communication routes to respond to the information needs of key stakeholders, such as lending banks (Chen, Hope, Li, & Wang, 2011). However, loan agreements rely on the accounting information provided by audited financial reports. Therefore, the effect of an accounting framework on the reported financial results could play a role in facilitating or hindering the access to external capital and establishing contracts with external parties. Voluntary IFRS adoption is found to be

[1] According to the European Commission, companies are categorised as small, medium, or large based on criteria related to the amount of turnover and assets, and the number of employees. SMEs are all enterprises employing less than 250 employees. Within SMEs, the following size-classes are distinguished: micro-sized enterprises, having a headcount of less than ten and a turnover or balance sheet total of not more than €2 million; small-sized enterprises having a headcount of less than 50 and a turnover or balance sheet total of not more than €10 million; and medium-sized enterprises having less than 250 employees and a turnover of not more than €50 million, or a balance sheet total of not more than €43 million (EC, 2003).

associated with decreased bank loan costs (Florou & Kosi, 2015) and a higher propensity to attract debt from foreign banks (Balsmeier & Vanhaverbeke, 2016). It is also associated with less restrictive covenants, higher level of debt financing and prolonged maturities, and enhances a company's visibility to foreign lenders in the international market (Chen et al., 2011).

IFRS is also more likely to be used by larger NLCs that have foreign subsidiaries and international orientation in terms of operations and sales (André et al., 2012; Bassemir, 2012). International companies, where the parent company applies IFRS, consider that the adoption of the standards by the subsidiaries reduces the cost of consolidation and minimises the costs of controlling resource allocation by sharing a common measurement culture (Yazdifar, Zaman, Tsamenyi & Askarany, 2008). André et al., (2012), conclude that non-listed UK companies adopt IFRS in order to gain access to foreign creditors, secure foreign capital, and negotiate better financing terms. Therefore, IFRS adoption by NLCs is associated with higher levels of leverage, strong relationships with the banks, and less reliance on equity capital. Guerreiro et al. (2012), who invoke an institutional theory perspective by incorporating in their analysis the demands of the institutional environment in which companies are embedded, conducted a survey based on large non-listed Portuguese companies. They find that when facing institutional pressures of different intensity, managers actively choose which to comply with. Managers choose to adopt IFRS motivated by interests such as enhanced legitimacy, meeting the expectations of external constituents and the organisational strategic aims, coping with uncertain environments, and operating in highly interconnected sectors, even though IFRS is perceived as allowing a lower degree of autonomy in organisational decisions. The reasons for NLCs adopting IFRS, therefore, can only be adequately understood within the wider context of institutional forces, an approach ignored by most recent studies.

3. Theoretical framework: institutions, organisations, and power

3.1. An institutional framework

An institutional change, such as a change in the financial reporting regime of the companies, cannot be analysed meaningfully without considering the influence of relevant institutional structures. An institutional perspective can provide insights into the effect of dominant institutions and structural conditions on the actions of organisations, such as the decision to adopt IFRS, as well as shed light on the dynamic interplay between the interests of companies and powerful institutions. We take a neo-institutional perspective combined with a critical approach to highlight the importance of various modes of power when examining the diffusion of IFRS.

Institutional theory is based on the premise that organisations have influence upon, and are influenced by, the society in which they operate. Earlier institutional studies focused on the (isomorphic) conformity and homogenisation of organisations operating in similar settings, and their compliance with the relevant institutional expectations and cultural pressures deemed as being appropriate behaviour (DiMaggio & Powell, 1983; Meyer & Rowan, 1977).[2] From an institutional point of view, organisational decisions incorporate institutionalised rules, norms, and procedures, while organisations are expected to change their structures and

[2] The main mechanisms of institutional (isomorphic) change and the motivations to adopt new structures and behaviours have three categories: *coercive*, occurring when external powerful parties, such as the state and other constituents upon which an organisation is dependent, force the adoption of an organisational practice or element, usually by using sanctions; *mimetic*, occurring when an organisation attempts to imitate a more successful referent organisation or improve upon the practice of other organisations; *normative*, occurring when an organisation is motivated to respect social obligations and participates in professional organisations to provide a cognitive base, diffuse shared organisational practices, and legitimise its activities (DiMaggio & Powell, 1983). Even though these mechanisms are analytically distinct, in practice they may overlap as carriers of institutional effects.

practices to conform to prevalent structures and institutional pressures that are considered to be acceptable or 'legitimate' by society (DiMaggio and Powell, 1983). Maintaining and extending legitimacy[3] within the economic, social, and political environment is central to institutional theory in order to receive support and attract resources (Powell & DiMaggio, 2012; Scott, 2008; Suchman, 1995). The approach recognises the instrumentality of legitimacy in order to mobilise resources and the importance of resource flows as a control mechanism (Meyer & Rowan, 1977; Scott, 2008), with an emphasis on the ways organisations conform to acceptable behaviour by demonstrating social fitness (Hinings & Greenwood, 1988).

Later neo-institutional work has shifted from a notion of organisational actors (agency) being subsumed under institutional structures, to recognise that institutional actors are embedded into social structures and institutions that shape their behaviour and capacity for action, but such actors also have interests that play an important role in creating, transforming, and disrupting institutional arrangements (DiMaggio, 1988; Greenwood & Suddaby, 2006; Greenwood et al., 2002). Organisations' strategic responses to their institutional pressures can range from passive conformity to proactive manipulation to institutional norms (Oliver, 1991). Notions of embedded agency became central in later approaches to neo-institutional theory, based on the ideas of institutional logics (Friedland & Alford, 1991; Thornton & Ocasio, 2008; Thornton, Ocasio & Lounsbury, 2012) and institutional work[4] (Lawrence & Suddaby, 2006; Lawrence, Suddaby & Lecca, 2011; Zilber, 2013). From an institutional logics perspective, while individual or collective institutional actors engage in shaping and changing institutional frameworks, studies investigate how their values and their shared meanings and identities are driven by and embedded within high-order, socially constructed, material, and cultural institutional logics that are historically dependent and vary across sectors and fields (Thornton & Ocasio, 2008). Similarly, critical institutional actors can act as conduits of institutional pressures and can accentuate or moderate the effect of these pressures (Greenwood, Raynard, Kodeih, Micelotta & Lounsbury, 2011). While institutional approaches have been employed in accounting research (e.g., Ball & Craig, 2010; Burns & Scapens, 2000; Suddaby, Cooper & Greenwood, 2007) it has rarely been used to understand the adoption of (international) financial reporting practices by companies (see Alon & Dwyer, 2014; Guerreiro et al., 2012).

Institutional theorists have given limited explicit recognition of the centrality of the power. In most institutional studies institutionalisation is the product of power as long as it is the outcome of coercive isomorphism, such as laws and regulations. Institutional patterns do not always directly reflect the power mechanisms and interests but institutionalised norms (Meyer, 2008). The idea, though, that institutional norms could be the articulations of power relations that are the medium and outcome of institutionalised relations of domination is ignored (Willmott, 2015). Institutional studies have also paid less attention to the economic and social behaviours that are increasingly shaped by the interactions between national and transnational institutional orders, and to the actors that are engaged in institutionalisation processes at both levels (Djelic & Quack, 2008).

In this study, we argue that there is an interactive relationship between the national and international socio-political contexts that involve different actors associated with different rule systems. The decision to adopt IFRS, therefore, cannot be understood in isolation from the influence of institutional contexts and key constituents (e.g., Judge et al., 2010) as they

[3] Suchman (1995, p. 574) defined legitimacy broadly as 'a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions', and identified the various audiences which confer it. However, rather than trying to measure legitimacy this study aims at focusing on the organisational practices that are affected by institutional processes and the elements that confer legitimacy.

[4] An institutional work perspective has placed at the forefront the organisational actors (agency) who, even though structurally conditioned, are involved in creating, sustaining, and challenging institutions.

intertwine at the national and international levels. At the same time, we recognise the importance of international and local hegemonic conditions and identify different—sometimes overlapping—forms and means of power that affect the decisions of organisational actors.

3.2. Making institutional theory critical: the role of power

We build on the strand of studies that connect institutional theories to critical theories to address the lack of political engagement and power in accounting research and embody into our study a critical dimension by drawing on Gramsci's notion of hegemony. This offers a coherent way to integrate structural conditions, agency, and power into institutional theory (e.g., Levy and Egan, 2003) in order to understand the institutional dynamics of organisational fields. Without neglecting the important role of institutions in capital market economies, a Gramscian perspective maintains that power operates within systems of social relations, takes different forms, and operates through different means and social institutions, or *superstructures*, at coercive and consensual levels. The *political society* consists of the organised institutional forces within society and forms a coercive apparatus that ensures control and compliance to the economic interests of the dominant institutions. Mandatory accounting standards, for example, derive their effectiveness and establishment from a state's coercive abilities. However, control and domination cannot be safeguarded through coercion alone, but require that the long-term institutions should gain legitimacy along with general support and acceptability. Accordingly, power can be manifested through cultural or symbolic means and through intellectual and moral leadership, i.e., *hegemony* (Gramsci, 1971). Hegemony refers to the ability of dominant institutions and individual or collective social actors to establish their own political, economic, and cultural values, and ways of seeing the world though non-coercive means, such as private associations and networks[5], that are mainly rooted in *civil society*. For example, the acceptance and hegemony of IFRS involves the mobilisation of power through powerful private institutions, such as financial institutions, as well as the coercive power of the state and the exercise of power through the control of economic and organisational resources. They jointly determine what is to be deemed as an acceptable and superior financial reporting system. At the same time, the adoption of IFRS by companies is understood as a strategic decision contingent on an assessment of the balance of forces and the particular interests of organisations.

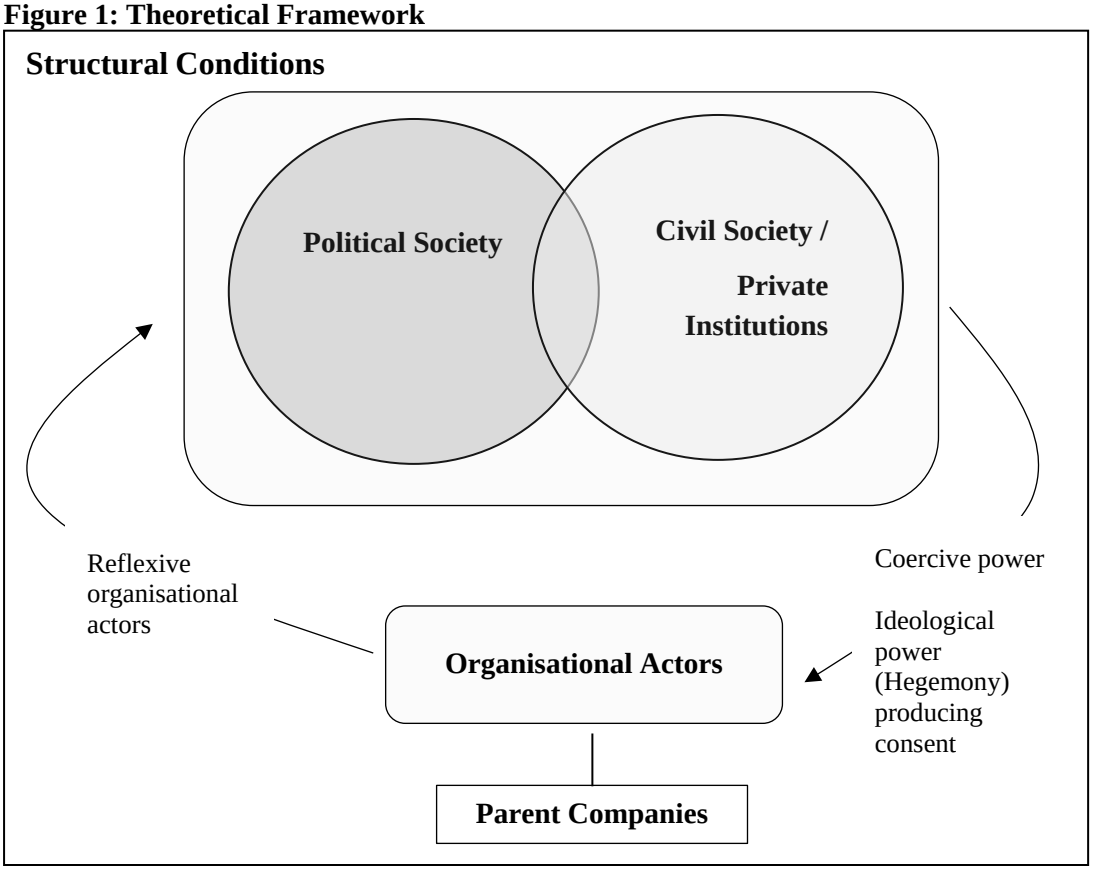
The work of Gramsci on hegemony has been used in accounting research in order to theorise the way accounting contributes to and is related to institutions, civil society, and political society (e.g. Cooper, 1995; Smyth & Whitfield, 2016; Spence, 2009). We extend this work on hegemony to the study of financial reporting regulation diffusion, by using the theoretical concept of hegemony in conjunction with institutional theory. As with institutions, hegemony and the acceptance of a dominant rule system (such as IFRS) requires a balance of coercion and consent. This approach enables a better explanation of the process of the institutionalisation of IFRS and the accounting decisions of preparers, which are processes that involve power associated with structures of domination through coercive means, or through hegemonic and non-coercive means (Figure 1).

Our approach focuses on the strategic reasons why NLCs comply or 'acquiesce' (e.g., Oliver, 1991) to institutional pressure to adopt IFRS by trying to identify institutional factors (such as the source and means of institutional pressures), as well as the key stakeholders and elements that amplify these pressures. A hegemonic approach highlights the amalgamation of economic, ideological, and organisational forces (alliance of state and civil society forces)

[5] The term civil society is used commonly in current academic literature to define a sector of voluntary organisations and NGOs. In Gramsci's terms, however, civil society is used to define the public sphere, other than the political society, which includes private institutions such as trade unions, political parties, and the church, that influence and rule over people's beliefs and actions mainly through consent.

scaled up to the international level as a condition for the diffusion of IFRS among NLCs and its adoption by them. An institutional arrangement entails the alignment of taken-for-granted belief system, organisational interests and structural conditions. So even though the adoption of IFRS could be one of the strategic options that companies employ in order to affirm their legitimacy within capital markets, the definition of acceptable accounting practices is determined by powerful groups in the (inter)national politico-economic context, such as the World Bank and financing institutions, the Big Four (accountancy firms), the EU, and state agencies (e.g., Irvine, 2008; Zeff, 2012). Therefore, an institutional arrangement that mandates wide consent to a financial reporting system also serves particular interests. Our perspective highlights the significance of hegemony through civil society conduits and makes explicit the role of power in the institutionalisation of IFRS.

Figure 1: Theoretical Framework



4. The local context: institutional actors and the adoption of IFRS

The transition to IFRS was challenging for Greek listed companies which were previously applying the Greek General Accounting Plan (GGAP)[6] as harmonised with the provisions of the EU Directives. Apart from companies that are required to adopt IFRS under the EU Regulation, IFRS is required for:

a) the consolidated and separate financial statements of banks and other financial institutions incorporated in Greece (as defined in articles 2.11 and 11 of Law 3601/2007) whose securities do not trade in a regulated market (Government Gazette, 2007a).

[6] Apart from GGAP, accounting regulation includes and is influenced by the Law No. 2190/1920 on Limited Companies, the Art. 29 of the Commercial Code (Government Gazette, 1963), and other relevant laws that determine the preparation of financial statements, as well as the European Directives regarding corporate law and legislative decrees.

b) for subsidiaries of listed companies and financial institutions that, in total, represent more than five per cent of the consolidated turnover or the consolidated assets or the consolidated results.[7]
c) all Greek state-owned companies and Public Organisations and Enterprises (POEs), according to Law 3429/2005, Art. 12 (amended by Law 3899/2010) (Government Gazette, 2005, 2010). For all other NLCs incorporated in Greece, IFRS adoption is not required but is permitted on the premise that they are audited by a certified public accountant.[8]

Regulation at the jurisdictional level, therefore, requires the adoption of IFRS by a wider range of companies that are non-listed. Before discussing the findings and the role of institutional pressures on the adoption of IFRS, we will outline the financial reporting framework in this particular context.

Financial reporting in Greece is similar to that of other code law countries such as France, being conservative with highly codified and prescriptive accounting regulation influenced by the state. IFRS has some important differences compared to GGAP (Ding, Hope, Jeanjean & Stolowy, 2007), notably a principle-based approach to reporting and the use of the fair value accounting (FVA) model. The use of fair values in the areas of intangible and tangible asset valuation, and revised depreciation rates, is found to have a significant and positive effect on the net income of listed companies in Greece (Karatzimas, Zounta & Kyriakidou, 2011). Studies have shown that for companies operating in code law the total assets and the book value of equity are higher under IFRS (Hung & Subramanyam, 2007). Similarly, Fifield, Finningham, Fox, Power & Veneziani (2011) found that for Italy, but also for common-law countries such as the UK and Ireland, the profits of the companies under IFRS were greater than the profits reported under previous national accounting standards.

The key institutional players that have an effect on accounting practice and/or regulation in Greece and play a role in the diffusion of IFRS are the state and capital providers, such as banking institutions, the Athens Stock Exchange (ASE), and other investors. The state has traditionally played a major role in controlling financial reporting standard-setting and practice. The close link between financial accounting and determination of taxable income is characteristic of code law countries and means that companies are required by law to produce individual financial statements to be used as a basis for taxation. Therefore financial reporting is often reduced to compliance with detailed tax regulations set by the government (Ballas, Hevas & Neil, 1998) and the financial reporting policies of companies become a part of their tax-planning strategy aimed at reducing tax liability (Tzovas, 2006). After the adoption of IFRS, all listed companies continued to prepare statutory accounts for tax purposes along with IFRS financial reports.

The Greek state actively promoted the adoption of IFRS in public pronouncements as heralding a new era of transparency in the corporate sector (e.g., Naftemporiki, 2002). Listed companies were permitted to adopt IFRS in 2003, two years earlier than in the majority of other EU member states (Government Gazette, 2002). The early adoption of IFRS was considered a legitimation strategy, employed by the government in order to reduce criticism from public institutions, improve company credibility, and restore trust after the shock stock market downturn of 1999 and 2000 (Floropoulos, 2006). A shift to IFRS, however, also signals a shift in the underlying rationale of the financial reporting system towards a view of

[7] The regulation regarding the adoption of IFRS by subsidiaries varies significantly across different EU jurisdictions (PWC, 2014). The requirement of IFRS adoption by subsidiaries of listed companies and financial institutions that, in total, represent more than 5% of the consolidated turnover, or the consolidated assets, or the consolidated results applied only in the case of Greece.

[8] According to the Law N. 3604/2007, Art. 52, companies that have total assets less than €2.5 million, revenues less than €5 million, and less than 50 employees on average per financial year are exempted from audit (Government Gazette, 2007b).

accounting based on self-regulation, professional expertise, and less state intervention (Botzem, 2014).

Capital providers represent additional institutional constituents that exert influence over the financial accounting and reporting choices of companies. In Greece even listed companies rely heavily on debt financing by a limited number of bank institutions (Tzovas, 2006), due to the inactivity of the stock market and the lack of alternative sources of finance (Spathis & Georgakopoulou, 2007). Greek companies tend to have concentrated equity ownership and are mainly managed by an owner, or just a few major shareholders that are usually members of the same family, and banks develop close relationships with the incumbents and senior management. In some cases they even own part of a company's share capital (Ballas et al., 1998). For that reason, the credit criteria that guide the loan drawdown policy are not merely economic, and the provision of more private and detailed financial information is often required (Makridakis, Caloghirou, Papagiannakis & Trivelas, 1997).

The majority of accounting studies conducted in the Greek context examine the economic effects on markets of the mandatory adoption of IFRS by listed companies (e.g., Dimitropoulos, Asteriou, Kousenidis & Leventis, 2013; Iatridis & Rouvolis, 2010; Tsalavoutas, André & Evans, 2012). However, there are also a number of surveys on the adoption and implementation of IFRS by listed companies, which provide insights into the expected benefits from its adoption. According to these surveys users have a generally positive view of IFRS and believe that the standards have improved the quality of financial reports and their usefulness when making investment decisions. In particular, these users seem to reject GGAP in its existing form (Caramanis & Papadakis, 2008) and have expressed the view that IFRS improves relationships with the national and international customers and creditors of the companies, as well as providing useful information to the management teams (Ballas, Skoutela & Tzovas, 2010; Caramanis & Papadakis, 2008). According to Sykianakis, Tzovas & Naoum (2011), the great majority of the companies applied IFRS due to legal obligations rather than on a voluntary basis. However there are complexities and contradictions in the views of users about the motivations for, and benefits arising from, IFRS adoption. Additional in-depth analysis on the interplay between organisational actors and institutions that shape the decisions of local preparers in NLCs can further illuminate how IFRS is diffused nationally and internationally.

5. Research Methodology

This study uses interviews insights and survey evidence to gain a deeper understanding of what drives choices regarding financial reporting standards. Mixed methods research, which is increasingly employed in accounting studies (Dichev, Graham, Harvey & Rajgopal, 2013; Brown, Call, Clement & Sharp, 2015), is effective in combining the benefits of quantitative and qualitative methods, by gathering evidence among larger populations and by collecting more detailed insights on the actions of individuals (Kendall, 2008). The combination of questionnaires with close-ended questions and semi-structured interviews with open-ended questions, therefore, enhances inferences through triangulation and complementarity (Greene, 2008), neutralises the limitations associated with each method, and extends the findings beyond what is observable when using a single method (Modell, 2005). In this study, through an iterative data collection process between interviews and survey, we developed the questionnaire and formed the interview structure (Greene, 2007). In the first phase of the data collection, we conducted interviews to elicit general information about the motivations of NLCs to adopt IFRS. In the second phase, the survey questionnaire was designed based on the information gathered by the interviews. After collecting initial survey data on preparers' financial reporting decisions, we returned to interviews to re-assess the motivations of their decisions. In the third phase, after collecting additional survey data, we enhanced the interview questions in order to ensure that sufficient evidence was collected and the data collection process was completed when data saturation was reached. During data analysis,

interview evidence was integrated with survey results to clarify, support, and gain depth of insight into the survey results, as well as to report additional findings beyond the survey empirical evidence. The survey and interviews enabled us to ask specific questions and provide wider explanations for the multifaceted reasons that lie behind preparers' choice to adopt IFRS.

5.1. Survey design

The questionnaire survey was designed to identify the key reasons for the adoption of IFRS by NLCs and to evaluate the role of coercive and hegemonic forces affecting this decision, including constituents such as the state and financial institutions, along with the interests of preparers in shifting to IFRS. The survey data were collected between December 2009 and October 2011. The population of the survey consists of all companies incorporated in Greece that have adopted IFRS without being required to by EU regulation. Since there is no available archive of this type of company, we had to develop the sampling frame from the Hellastat database, which contains all Greek organisations and companies that are obliged by Greek commercial law, to issue financial statements. After excluding all listed companies, we identified a total of 25,343 NLCs, 947 of which used IFRS for the preparation of their financial statements.[9]

From this pool of 947 NLCs,[10] 113 email addresses proved to be defunct and 443 email addresses were not available in the database of Hellastat, so the questionnaires, with accompaniments, were sent out in a series of emails to the remaining 391 companies in the sampling frame. The email was sent directly to the chief financial officer (CFO), chief accountant, or senior accountant of each company. From these 391 companies, 80 usable completed questionnaires were received, reflecting an adjusted response rate of 20.5 per cent, which is a response rate that compares favourably with similar studies in the field of financial accounting (Smith, 2003)[11]. In addition, even though the sampling frame may exclude companies that actually belong to the survey's population, i.e. NLCs incorporated in Greece that use IFRS without being required to by EU regulation, the use of a mixed research method should have mitigated any survey coverage error. In addition, the use of Dillman, Smyth & Christian (2009) Tailored Design Method should have reduced the sources of survey error and have enhanced the overall survey design[12]. The classification of surveyed companies into

[9] In order to identify the NLCs that used IFRS we screened all NLCs on the Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) figure. According to the common practice in Greece, as confirmed by professional and chartered accountants, the EBITDA figure is not reported under GGAP. Therefore, every company that contained the EBITDA figure in its income statement was considered to have used IFRS for the preparation of its financial statements.

[10] For the calculation of the sample size, Cochran's (1977) random sampling techniques were used. Assuming i) confidence level of 95%, ii) margin of error of 5% based on literature's guidance for categorical data (see Krejcie and Morgan, 1970), and iii) population's standard deviation of 0.5, as per Bartlett, Kotrlik & Higgins's (2001) recommendation for categorical variables when a population's standard deviation is unknown, the required sample size is equal to 384 cases. However, since the required sample size of the 384 cases exceeds 5% of the population's total, the required sample size corrected for population size, using Cochran's (1977) correction formula, is equal to 273 cases. In addition, assuming a response rate of 25%, since 'response rates of 25% are common in accounting research' (Smith, 2003, p. 125), a minimum drawn sample size of 1,092 cases should have been be used. Following Cochran's (1977) procedures for sample size determination, the estimated minimum drawn sample size of 1,092 cases is above the population size, i.e. 974 firms. Therefore, a census of the population was carried out instead of random sample selection.

[11] The response rate also converges to the average response rate accomplished by email surveys (see Doving & Gooderham, 2008) and falls within the range of response rates achieved by surveys that target senior management and high-level executives (see DeTienne & Koberg, 2002; Neck, Meyer, Cohen & Corbett, 2004).

[12] Chi-square tests, ANOVA, and Kruskal-Wallis tests, which were conducted to test for the presence of bias among respondents, confirmed that the responses among the three types of job-titled respondents do not differ. Furthermore, the non-response error test was conducted using Armstrong & Overton's (1977) recommendations.

sectors of the economy is shown in section A.1 of the Appendix, a sample, which we believe, is representative of the Greek economy.[13]

5.2. Interview design

We have conducted between September 2009 and August 2011 a total of nine semi-structured interviews with senior managers of Greek NLCs that adopted IFRS (for more details, see section A.2 and A.3 of the Appendix).[14] Interviewees were carefully selected on the basis of their experience and managerial responsibilities, so they would be able to offer rich insights about their company's strategic incentives, accounting practices, and reasons for shifting to IFRS. Due to the ownership concentration of the companies, the CFOs, accountants and owner-managers were all considered equally knowledgeable and suitable for the aims of the study. The particular case companies were also selected so as to cover the different aspects and potential motivations for IFRS adoption identified in the accounting literature and our survey results, such as state-owned companies and subsidiaries of listed companies. The companies are large, which suggests that the evidence might be biased towards larger companies. However this bias is mitigated by the literature which suggests that these are the companies most likely to adopt IFRS (André et al., 2012). Companies operating in the secondary and tertiary sectors were approached because these are the main sectors of the Greek economy. Our interviews ranged in duration from 63 to 90 minutes, and all interview evidence was fully transcribed in Greek. Follow-up discussions were carried out by phone with some of the interviewees at a later stage, to rule out potential misunderstandings. The transcripts of the interviews were summarised and thematically analysed through a qualitative content analysis approach (Patton, 2002). Firstly, during the reading of the transcripts, notes were taken and ideas and relevant extracts were highlighted. The transcripts were coded using a relatively general coding scheme, containing some key views that appeared on the survey and were regarded as pertinent to the research objectives. Later, during analysis of the interview evidence, more specific themes emerged from the theoretical framework adopted. Key sections and sentences of the transcribed interviews were translated into English for presentation in the study. Consistent with the research focus of this study, the interview findings, as illustrated in the following sections, aimed to reflect a variety of perspectives rather than reporting on relative frequencies by stating percentage figures.

6. Findings

Here we report the results of the analysis of the survey augmented with interview evidence, enabling us to offer potential explanations of the quantitative results as well as to obtain further insights into the preparers' rationales and intentions for opting for the use of IFRS. We

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The chi-square tests for categorical variables, as well as t-tests and Mann-Whitney U tests for scaled variables, indicate no statistically significant differences between early and late respondents.

[13] The classification of companies is based on the classical three-sector categorisation of economies based on activity, that includes: the primary sector which relates to agriculture, forestry and fishing activities; the secondary sector which relates to the production of manufactured goods; and the tertiary sector related to the services sector (Central Bank of Greece, 2012). In Greece, as in all other EU countries, the tertiary (service) is the largest sector of the economy (70% of total workforce), followed by the secondary (18% of total workforce), while the primary sector contributes the least to the Greek economy (12% of total workforce).

[14] We recognise that during our main evidence collection period (2009–2011) the public debate on the potential role of IFRS in the financial crisis may have facilitated a particular context for evaluations of IFRS (Laux and Leuz, 2009; Barth and Landsman, 2010), but we do not consider this is significant for the main arguments in the current paper. The great majority of the NLCs under investigation adopted IFRS prior to 2008 and the beginning of the recession, and the variety of arguments and issues posed by the interviewees and the survey respondents did not differ significantly during the two-year period over which the study took place. This mitigates potential bias and limitations related to the generalisability of the evidence and insights, which can benefit researchers that study financial reporting decisions of companies under similar jurisdictional environments.

first present our findings by discussing how the size and the different types of institutional forces affect managerial decisions and then we discuss the interplay between managerial interests and the responses to these forces.

6.1. Size of companies

The size of the companies is related to the adoption of IFRS, as smaller companies are less likely to adopt IFRS voluntarily than larger companies, due to the limited resources available to smaller companies for providing accounting disclosures and for applying new financial reporting systems (e.g., Cuijpers & Buijink 2005; Gassen & Sellhorn 2006; André et al., 2012). In line with this literature, Table 1 shows that the majority of surveyed companies that have adopted IFRS in Greece are large or medium-sized in terms of the number of employees, while small and micro companies constitute only 19 per cent of the survey's data set[15]. The above results, due to the survey's data collection method, i.e. census, are considered to be representative of the population.

Table 1: Classification of surveyed NLCs as per their size

Class	Micro	Small	Medium	Large
No. of Employees	1–9	10–49	50–249	≥ 250
Percentage	3.8	15.2	29.1	51.9

Greek companies are in general smaller in size and annual turnover when compared to other European countries. Interviewees, therefore, highlight the fact that very few companies in Greece have the financial capacity or the informational need to implement IFRS, observing that even in the case of some family-owned listed companies IFRS-based accounting information is not more or less beneficial in comparison to GGAP-based information.

> 'The size of our NLCs that are considered large cannot be compared to the size of large NLCs in other European countries, let alone in the U.S. … Adopting IFRS makes no sense for small companies while the large NLCs that can benefit from IFRS-based information are few, almost non-existent … Most of the NLCs do not need IFRS in order to get high quality accounting information, they have other reasons for adopting IFRS.' [MA9][16]

6.2. The interaction between institutional pressures and organisational actors in the adoption of IFRS

The survey results on the reasons for adopting IFRS (see Table 2) show that a significant number of companies are required to adopt IFRS as subsidiaries of listed companies that apply IFRS. The next most common reasons are the aim to improve the quality of financial reporting information, the expectation to be listed on a stock exchange, and the improvement of company creditworthiness. Other determinants, which shape choices regarding IFRS adoption, are the need to prepare financial information based on a common accounting framework with foreign partner companies, and the aim to attract foreign investors. Less frequently mentioned reasons are a merger with a listed company, the expectation to report enhanced financial results, and to gain access to lending institutions. Only one senior manager identified the improvement of the company's image and legitimacy as the primary incentive to adopt IFRS. 'Other reasons' all relate to entities that are required by the Greek legislation (Law N3429/2005) to adopt IFRS, such as Greek state-owned companies and POEs.

[15] The factor used to determine the size of the companies is based on the European Commission's (2003) staff headcount criterion that defines SMEs.

[16] For anonymity the interviewees were allocated an MA identity. See section A.2 of the Appendix.

Table 2: Reasons for IFRS adoption by surveyed NLCs*

Reasons	Rank	Frequency	Percentage
Parent company	1	28	36.8
Aim to improve the quality of financial information	2	9	11.8
Expectation to be listed on a stock exchange	3	8	10.5
Improvement of company creditworthiness	4	7	9.2
Comparable accounting information with foreign partners	5	5	6.6
Aim to attract foreign investors	5	5	6.6
Other reasons*	5	5	6.6
Merger with a listed company	6	3	3.9
Expectation to report enhanced financial results	6	3	3.9
Improvement of access to lending institutions	7	2	2.6
Improvement of the organisation's image and legitimacy	8	1	1.3

*Note: in this question, respondents could only select one of the answers given.

A closer look at the survey results offers further insights into the nature of the means of institutional pressures exerted for the adoption of IFRS. It appears that over half of the companies adopted IFRS because it was required by the parent company, they were obliged under the law N3429/2005 as POEs (this relates to all five respondents who answered 'Other reasons'), and they were planning to be listed on the ASE. In the case of subsidiaries, even though not all of them are legally required to adopt IFRS,[17] they are significantly dependent in financial and controlling terms on the parent company and have to conform to the parent's internal reporting requirements. Companies that are planning to enhance their shareholding structure with third party investors following an initial public offering (IPO) are also legally required to adopt IFRS before being listed on the ASE. Similarly, even though it is not a legal requirement introduced by the EU IAS Regulation (EC, 2002), NLCs that are fully or partially state-owned are required by the Greek state to adopt the standards based on the nature of their business, size or number of employees. In attempting a finer grained analysis of the reasons for IFRS adoption and turning to the above dimensions, we find the following.

6.2.1. The role of the state and EU regulation

The endorsement of IFRS by the EU and the promotion of the standards by the Greek state played a key role in changing the financial reporting system of NLCs. The levels and progress of adoption by NLCs appears to be linked with the 2005 mandatory adoption for the group accounts of listed companies. Only 6.3 per cent of the surveyed NLCs adopted IFRS before 2004 (see Table 3)[18]. However, most of the companies, i.e. 73.8 per cent, implemented the standards during the period 2005 to 2007, while none of the surveyed companies has adopted IFRS after 2008.

Table 3: Fiscal year of IFRS adoption by surveyed companies

Adoption Year	2000	2003	2004	2005	2006	2007	2008
No. of companies	1	4	11	18	15	26	5
Percentage	1.3	5.0	13.8	22.5	18.8	32.5	6.3

[17] In Greece, the adoption of IFRS is legally required for subsidiaries of listed companies that represent more than 5% of the consolidated turnover or the consolidated assets or the consolidated results. Due to the difficulty to obtain financial information for NLCs, we were not able to identify the subsidiaries that fall under this category in our sample.

[18] The Greek state permitted early (i.e. pre-2005) adoption of IFRS.

Preparers highlight the significance of this chain of influence from the financial reporting of parent companies to that of subsidiaries after the mandatory adoption of IFRS:

> 'The adoption of IFRS does not only affect the reporting of the 320 companies that are listed but also the 3,500 subsidiaries that have to adopt them (IFRS) and all the associates that, in practice, are required to apply the standards in order to provide information to the parent companies … these companies must adopt the standards, there is no other way.' [MA8]

Regulatory pressures on listed companies have an indirect effect on the financial reporting practices of a large number of Greek NLCs, as these companies would probably not have adopted IFRS had it not been for these coercive regulatory pressures at the international level. Moreover, even though it was not part of the EU IAS Regulation, the Greek state required the adoption of IFRS by subsidiaries of listed entities located in Greece that represent more than 5% of the consolidated turnover or the consolidated assets or the consolidated results. This acted as another coercive pressure that forced NLCs to comply with IFRS. Also, subsidiaries that have been acquired by, or are controlled by and are largely financially dependent on, a listed company that uses IFRS have adopted the standards in order to simplify the appraisal and consolidation processes, as well as to facilitate the management and exchange of information within the group of companies. The importance of IFRS in facilitating this process is also shown in Table 4.

Table 4: Responses on the importance of IFRS adoption by subsidiaries to facilitate the consolidation of financial statements

Response	Frequency	Per cent	Valid Per cent
Strongly disagree	1	1.3	1.3
Disagree	1	1.3	1.3
Neither agree nor disagree	10	12.5	12.7
Agree	28	35.0	35.4
Strongly agree	39	48.8	49.4
Total	79	98.8	100.0

Similarly, preparers that were surveyed highlight the importance of stock market regulation and the requirement by the EU stock markets that companies seeking a premium listing need to adhere to IFRS (see Table 5).

Table 5: Responses to the statement: 'NLCs adopt IFRS to facilitate or enable their listing on the stock market'

Response	Frequency	Percent	Valid Percent
Disagree	6	7.5	7.7
Neither agree nor disagree	10	12.5	12.7
Agree	28	35.0	35.4
Strongly agree	39	48.8	49.4
Total	79	98.8	100.0

A manager that was interviewed also refers to this type of regulatory force that drives the adoption of IFRS by NLCs:

> 'IFRS may offer some more legitimacy [than GGAP] but it is not that important, since everyone knows that, practically, the reason for adopting IFRS is to get listed.' [MA9]

The prospect of being listed is, therefore, another important reason why some Greek NLCs switched to IFRS. One interviewee [MA6], explained that their company started preparing financial accounts according to IFRS with the aim of getting listed, but due to the unfavourable market conditions they decided against pursuing listed status. The interviewee explained that they keep preparing their financial accounts under IFRS in case the company decides to become listed when the economic conditions improve, and the stock market becomes a more attractive financing option. Referring to the wider group of NLCs, the second MA9 quote, above, also juxtaposes regulatory coercive pressures with legitimacy-seeking incentives.

Overall and in line with the survey results, interviewees highlight the importance of regulatory and other coercive reasons that lead to IFRS implementation. More specifically, they believe that the majority of NLCs would not adopt IFRS unless they were 'forced' to, due to the high cost of the transition and the ambiguous benefits expected from adopting IFRS.

> 'If IFRS were not legally required, companies would not adopt them because stakeholders that wanted extra information could get it independently of accounting. We used to prepare, for example, an Excel file with all the items they [mainly banks] wanted according to IFRS, without having to adopt IFRS.' [MA7]

> 'Here in Greece, they [companies] have to be obliged to do something. Very few NLCs use IFRS … Why should they? IFRS is costly to apply and, unless they have international investors and partners, IFRS has not much to offer them.' [MA1]

Compliance with IFRS seems to be the outcome of institutional pressures from actors that have financial and management control over NLCs, such as their parent companies (Oliver, 1991), and other actors such as international capital providers and partners. As another interviewee indicated:

> 'If NLCs are not the subsidiaries of an international company which applies IFRS, nor financed by foreign banks, they will not adopt IFRS … The parent exerts a high level of control over the subsidiaries.' [MA4]

This observation reveals that key capital providers are another category of key constituents that have not been adequately recognised as part of the institutional pressures on companies to adopt IFRS on a voluntary basis.

6.2.2. The role of financial institutions

Apart from state and other regulatory requirements, civil society institutions have an important role to play in the diffusion and establishment of IFRS internationally. Greek NLCs depend highly on banks for the provision of most of their capital. To illustrate the importance of debt capital for NLCs, a senior manager referred to banks as 'being an essential part of the company's capital' [MA6], while another one argued that 'banks are actually the shareholders of Greek companies' [MA5]. The survey evidence suggests that preparers consider IFRS to have facilitated their access to bank financing, especially at an international level (see Tables 6 and 7).

Table 6: Survey responses on the importance of IFRS adoption in improving the company's creditworthiness and access to domestic bank financing

Response	Frequency	Per cent	Valid per cent
Strongly disagree	3	3.8	3.8
Disagree	9	11.3	11.4
Neither agree nor disagree	25	31.3	31.6

Agree	25	31.3	31.6
Strongly agree	17	21.3	21.5
Total	79	98.8	100.0

Table 7: Survey responses on the importance of IFRS adoption in improving the company's creditworthiness and access to foreign bank financing

Response	Frequency	Per cent	Valid per cent
Disagree	4	5.0	5.1
Neither agree nor disagree	21	26.3	26.6
Agree	29	36.3	36.7
Totally agree	25	31.3	31.6
Total	79	98.8	100.0

Preparers who were interviewed recognise that IFRS adoption improves company access to debt capital and facilitates debt negotiation. According to the interviewees, financial reporting under IFRS is, sometimes, required formally as part of the debt contracts with the banks, but also can be required informally by national and international capital providers and banks. Domestic banks may request that companies prepare IFRS financial reports, but usually GGAP-based financial information is considered equally acceptable. As the majority of the interviewees highlighted, due to the small size and family-owned character of the majority of Greek NLCs, the collection of financial information by domestic banks is easier and more efficient. Even though debt financing depends on companies' financial results, the close ties that companies establish with lenders can be of equal importance and occasionally even more important, as the information gained through personal communication channels can be more reliable than financial performance indicators. Some interviewees also indicated that domestic lenders lacked training and technical knowledge of IFRS and this had an adverse effect on their ability to analyse and understand the IFRS-based financial information and the potential credit risk of loans. However, companies that have loan agreements with international banks, among other financial undertakings, are generally required to prepare their financial statements under IFRS. As a manager stated:

> 'The other reason [we adopted IFRS] was the banks; they were asking for financial reports under IFRS.' [MA3]

The preparation of IFRS compliant financial reports is generally considered to have improved the relationships between companies and banks, especially foreign ones, enabling those companies to drawdown new facilities and to protect themselves from loan acceleration. An interviewee, referring to a foreign bank, added:

> 'In the past the bank used to ask for our balance sheet [under GGAP], but it did not meet the bank's information requirements, it was not understandable. … the provision of IFRS-based information has certainly improved our relationship with the bank. [After the adoption of IFRS] phone calls for clarifications and further questioning have decreased.' [MA1]

It is interesting to observe that preparers attribute great importance to the adoption of IFRS for debt contracting purposes when other empirical research shows a decline in the use of accounting-based covenants, at least in formal written debt contracts, after the mandatory adoption of IFRS (Ball, Li & Shivakumar, 2015). The decline in accounting covenants is greater in countries whose pre-IFRS national standards differ more from IFRS, as in the case of Greece. However, since foreign banks lack, in general, access to domestic sources of information and tend to have less personal contact with the borrowers, they rely more on

public financial statements than domestic banks (Berger, Klapper, Peria & Zaidi, 2008). Similarly, the general feeling from the interviews was that the demands and/or expectations of banks for IFRS-based financial reports contributed considerably to the decision to adopt the standards.

Financial statements under IFRS are also seen as a 'passport' for companies that need to receive a credit rating by an agency in order to issue corporate bonds, or debt instruments, over the counter to institutional investors. The use of IFRS is thought to have enabled or improved the credit rating of companies by financial institutions and has, therefore, enhanced opportunities to attract debt capital internationally. It has been also argued that the preparation of financial reports, according to IFRS rather than GGAP, improves and facilitates communication with credit insurance companies that insure and collect outstanding indebtedness.

> '… it is now considered [by various financial institutions] that financial statements provide sufficient information in an accounting framework that is accepted and understood.' [MA3]

Similarly, other managers also felt that the requirement for IFRS reporting by banks and other financial institutions was primarily set due for comprehensibility reasons, rather than to ensure the relevance of the financial reporting information provided by companies. Even though IFRS accounting information is mainly required by international banks and creditors, the standards are considered to 'make a positive impression' on local banks as well, regardless of the fact that for local banks IFRS-based information has not had a significant positive effect on companies' financial information. The findings highlight that the role of these powerful constituents in the wider diffusion of IFRS is more important than is assumed by some frameworks that are based on institutional theory (e.g. Oliver, 1991).

In the discussion of the findings so far, we have identified the key institutional constituents that exert institutional pressures on NLCs and the means of the institutional pressures, i.e. coercive as well as non-coercive or hegemonic pressures, such as the requirement of IFRS-based financial reports by international banks, investors, and partners. In the next section, we discuss our findings in relation to the extent to which preparers accept the supremacy of IFRS, which is a key aspect in the decision to switch to IFRS, and how this decision also reflects other organisational interests.

6.2.3. The role of preparers' ideological consent and the alignment of IFRS with organisational interests

The coordination of coercive and hegemonic pressures from state regulation and civil society affect the beliefs of preparers as to what is deemed to be an appropriate financial reporting system. We found that the majority of surveyed preparers believe that IFRS contributes to enhancing company legitimacy compared with GGAP and improves their image in the market (see Table 8), although it may not have been the main reason for adopting IFRS. In particular, for managers who decided to adopt IFRS for reasons other than imposed regulatory requirements, the legitimacy and the wider diffusion of IFRS provide particularly important incentives to adopt the standards.

Table 8: Survey responses on whether the IFRS enhances the legitimacy and prestige of companies

Response	Frequency	Per cent	Valid per cent
Strongly disagree	3	3.8	3.8
Disagree	3	3.8	3.8
Neither agree nor disagree	14	17.5	17.7

Agree	34	42.5	43.0
Strongly agree	25	31.3	31.6
Total	79	98.8	100.0

The broader acceptance of IFRS is also evident in the survey responses showing that preparers consider the abolition of GGAP and the adoption of IFRS, or at least the convergence of the two accounting systems, as an appropriate future shift in accounting regulation (see Table 9).

Table 9: Survey responses on the wider IFRS diffusion and the necessity of IFRS adoption by companies in Greece

Response	Frequency	Per cent	Valid per cent
GGAP and IFRS should be converged	47	58.8	59.5
Keep GGAP unmodified	6	7.5	7.6
Completely abolish GGAP and adopt IFRS	26	32.5	32.9
Total	79	98.8	100.0

All interviewees were asked about whether they would consider the adoption of the IFRS for SMEs standard, but few were aware of the existence or the requirements of the standard. This was expected as adopting the standard is not currently an option for NLCs in Greece. Even though the preparers interviewed argued that they would consider the standard if it would result in decreased costs for their company, they were less optimistic about the voluntary adoption of IFRS for SMEs by the wider group of NLCs in Greece. They highlighted, again, that a general shift in the financial reporting of NLCs in Greece has to be legally enforced and required by the state. However, most of the interviewees agreed that the wider IFRS adoption is an inevitable development that it is increasingly accepted. One senior manager pointed out the importance of the effect of EU directives, the forces of globalisation, and the economic necessity of a single market that foster IFRS, and added:

> ‘As an EU country we have to adopt IFRS, this cannot change … IFRS is internationally accepted and the future of accounting.’ [MA6]

The above comment leads us to consider not only the coercive regulatory pressures on constituents at both the national and international level, but also the role of hegemony and the taken-for-granted assumptions of preparers that shape their motivations to adopt IFRS. Broadly diffused accounting practices become more legitimate and hegemonic (Greenwood, Oliver, Sahlin & Suddaby, 2008; Oliver, 1991), and thereby affect the response of companies that acquiesce to pressures to adopt IFRS voluntarily (Guerreiro et al., 2012). The interview evidence enables us to provide insights into the preparers’ motivations, which are broadly related to the legitimacy of IFRS, highlighting the role of hegemony in the diffusion of IFRS.

Legitimacy is a concept that is challenging to measure and the effect on performance is questionable; instead it is rather more appropriate to ask how companies acquire legitimacy responding to their interests and the environment (Suchman, 1995). According to the interviews, legitimacy is associated with the social acceptance of a company as a trustworthy and credible international trade partner, but primarily with the ability to attract international private investments, raise debt capital, and improve the company’s creditworthiness. For example:

> ‘IFRS is more legitimate than GGAP. … they are beneficial for foreign investors that are interested in a company. Legitimacy is a main benefit.’ [MA7]

However, other interviewees feel that the financial reporting system plays only a minor role in attracting international investors, and that broader economic policies and macroeconomic factors are more important. For example, the senior manager of a subsidiary of a listed company said:

> 'I don't think that IFRS has contributed drastically to the market position of companies or made them more export oriented. Few Greek companies have the size and turnover that will attract the interest of international investors.' [MA8]

The difficulty to explain the factors that make IFRS a more legitimate accounting system than GGAP was evident during the interviews. A senior manager pointed out:

> 'The whole IFRS mechanism is more credible in the eyes of investors. IFRS has legitimacy, **which does not mean that all users know the reason why** … but since IFRS is mainly used by large companies it is taken more seriously.' [MA2] [emphasis added].

The fact that some preparers may not be able to clearly identify the reasons why they believe IFRS is legitimate relates to Aldrich and Fiol's (1994, p. 648) observations that a practice achieves the highest form of cognitive legitimation when it is unquestioningly accepted.

On further questioning about the qualities of IFRS that preparers believe make it superior or more legitimate than GGAP, some preparers identified improved quality to be an important outcome. Higher quality of financial information compared with the local GGAP is a reason that was identified by some of the survey respondents (see Table 2), although it was considered as being less important than other motivations, such as the regulatory ones. However, when surveyed preparers were asked separately about their perception of the ability of IFRS to offer higher-quality information, we found that a great majority support this argument (see Table 10). We were, therefore, interested in understanding why preparers think that IFRS offers higher quality.

Table 10: Survey responses on whether IFRS enhances the quality of financial reporting information

Response	Frequency	Per cent	Valid per cent
Strongly disagree	3	3.8	3.8
Disagree	5	6.3	6.3
Neither agree nor disagree	14	17.5	17.7
Agree	38	47.5	48.1
Strongly agree	19	23.8	24.1
Total	79	98.8	100.0

Interviewed preparers had mixed views about the ability of IFRS to offer higher quality of information compared to the GGAP and, sometimes, it was challenging to define the properties of enhanced quality in concrete terms. Some interviewees argued that financial reporting under IFRS has improved the way accounting information is organised and has given preparers a clearer idea about their company's transactions and operations since more information is required in comparison to GGAP. In particular, the financial statements under IFRS are deemed to be more informative due to more disclosures and the detailed explanations in the notes. However, the provision of more detailed information and the perceived improvement in the quality of financial information has had little influence on the decision-making of preparers, and was not considered as an important motivation to shift to IFRS.

> ‘The adoption of IFRS has not changed the routine of the company and management’s daily tasks. The management has access to the necessary information for the administration of the company under both accounting frameworks.’ [MA3]

The main argument used by the interviewed preparers, though, was that the standards portray a more realistic ‘snapshot’ of the value of a company’s assets and provide a measure of profitability that better reflects (economic) reality. Interviewees described IFRS as capable of ‘doing justice’ to their company’s value in the eyes of capital providers, or providing more ‘trustworthy’ and ‘accurate’ information than GGAP.

> ‘The company adopted IFRS for a simple reason: to show in a more realistic way the financial image of the company.’ [MA2]

> ‘The most important weakness of GGAP is that it lies. It does not represent companies in a realistic way.’ [MA7]

An interesting point is that the more realistic representation was associated with expectation that the adoption of IFRS will improve the publicly reported financial results, thereby improving a company’s financial profile when it seeks to obtain loans. They were suggesting directly and indirectly that the transition to IFRS in many cases had a positive impact on the financial results of companies by reporting higher profits. IFRS appears to have added value to company balance sheets; for instance, due to the changes in the valuation of plant, property and equipment (IFRS 16), which could be readjusted according to market (fair) values instead of historical cost and thereby improve their book value of equity. In this respect, companies with considerable fixed assets would have a reason to adopt IFRS. Other accounting treatments that differed from GGAP and had an effect on the financial outcomes of the companies were related to leasing standards and the treatment of provisions for bad debts. The interviews do uncover some evidence of accounting choices made to enhance a company’s reported financial results by providing valuations that reflect ‘economic reality’:

> ‘We had no other choice than to adopt IFRS, because the previous accounting system [GGAP] did not reflect the real value of the company. After applying IFRS, fixed assets reflect their real value, their market value … the relationship between investments in assets and turnover presented an unfair picture of the company’s performance ... fixed asset investments take long to pay off. Under GGAP depreciation expenses were higher, undermining the balance sheet total.’ [MA4]

> ‘… IFRS increased the reported profits by 30 per cent.’ [MA5]

> ‘The company was willing to give IFRS information [to the banks] because the results were better than the ones under CBR[19]… This is an old company and there was hidden surplus value in existing items … The profit of the company according to CBR was €600,000 and according to IFRS €4.5 million.’ [MA3]

In short, the interviews suggest that the adoption of IFRS by NLCs, particularly those in capital intensive industries, had a substantial effect on their financial results. The use of fair values seems to have improved financial results and has motivated companies to shift to IFRS to improve their market position and enable them to access debt markets.

The implementation of IFRS in conjunction with GGAP (which must be applied for tax purposes) provides a further reason for the adoption of IFRS, since IFRS enables companies to report higher net income for all the company’s stakeholders, but a lower income for the tax

[19] The Code of Books and Records (CBR) is the legislation that regulates bookkeeping for tax purposes of unincorporated businesses and other forms of business enterprises in Greece (P.D. 186/1992 and N.3522/2006) (Government Gazette, 2006).

authority. With the introduction of IFRS alongside GGAP, the differentiation between the taxable income and the 'fair' recognition of net income became more distinct. Companies could report higher profits, mainly through different depreciation rates, while at the same time avoiding equivalent increases in tax payments. An interviewee recognised the importance of this:

> 'For smaller NLCs taxation is a more sensitive issue as they do not have accounting obligations related to the stock market, and they try to report financial results in a way that is more beneficial to them. Listed companies are more flexible with taxation issues.' [MA5]

Another incentive for preparers to adopt IFRS, which was aligned with the organisational goals, was flexibility and autonomy that the standards offered to preparers (Guerreiro et al., 2012). GGAP is considered to be more restrictive than IFRS and to offer less discretion to managers, and some managers were concerned about the rigidity and tax-orientation of the Greek standards rendering the financial reporting information less relevant to key stakeholders.

> 'If the GGAP could provide a relevant flexibility and more choices then ok, but the standards are focused on tax issues …' [MA4]

Alternatively, the inherent flexibility and the greater management discretion in the implementation of IFRS, combined with the lack of enforcement mechanisms and infrastructure, such as professionally qualified surveyors and valuers, could result in 'too much autonomy' [MA8]. This is also highlighted by another interviewee:

> 'There is the mentality that if a standard meets the interests of the company, the company uses the standard. Otherwise it ignores the standard. For example, we based our valuation of our buildings on a company that was making estimations and estimated the useful life to be 50 years. According to GGAP, we should have used a depreciation rate of eight per cent, which meant we should depreciate the building in 11 to 12 years. IFRS on the other hand, gave us complete freedom, no one looks at it. You say, "I am going to use the building for 50 years." No one would say no. Another example is shelves … There are no surveyors for shelves … According to GGAP, the depreciation rate was 20 per cent with a useful life of five years; according to IFRS it is ten per cent and the useful life is ten years.' [MA6]

Preparers, therefore, are not merely passive agents that conform to the institutional environment in order to signal their social appropriateness and gain legitimacy. They also work within the institutional environment in order to promote their organisational goals.

However, another factor that contributed to preparers' decision to adopt IFRS voluntarily is their support of the wider shift of the rationale of financial reporting in the country. The interviews provide clues as to what are these shifts in the wider assumptions about the purpose of accounting practices:

> 'State interventions in financial reporting should be restricted … Accounting has nothing to do with taxation …' [MA4]

> 'The main change with the adoption of IFRS is that accounting practice is not determined by government intervention, as was the case previously, but by the market. Namely, the market is now going to dictate the rules of the game ...' [MA1]

The preparers that were interviewed appear to consent to the principles-based, market-oriented approach of IFRS to financial reporting, yet are still not fully supporting the technical efficiency of IFRS over the local GGAP. However, IFRS is hegemonic and companies comply with institutional pressures as long as these pressures are consistent with,

and impose less discretionary constrains upon, the goals of the organisations (Oliver, 1991). At the same time, though, organisational goals are conditioned by hegemonic values and structures based on the dominant neo-liberal principles, such as a market-based approach to financial reporting that prioritises the information needs of capital providers. In particular, the diffusion of IFRS in companies that operate in a rules-based and tax-driven accounting environment requires a shift in the logic of financial reporting towards an accounting system that is based more on the exercise of professional judgment, less state interference, and prioritises the needs of key capital market participants.

6.2.4. Reflexivity of organisational agents

It is apparent that IFRS adoption is not always entirely voluntary, but rather induced by different forms of pressures—coercive and ideological, however, preparers are not passive recipients of institutional pressures. We find that they are reflective and are able to challenge the usefulness of IFRS for their company on issues such as the lack of understanding, due to the technical complexity and conceptual abstractness of IFRS, and the flexibility of IFRS that allows companies to manipulate their earnings. Moreover, the implementation of IFRS was a particularly costly process for individual companies, not only due to 'one-off costs' related to the replacement of accounting software programmes and training costs, but also due to the increased audit and consultation fees, charges for actuarial services and valuations by qualified independent valuers. But even though IFRS are more costly and the effect of the standards on the quality of financial information is not clear, it seems that the adoption of the standards was broadly aligned with the interests of managers. According to the survey results (see Table 11), managers strongly believe that the overall benefits of IFRS exceed the costs, a fact that suggests that legitimacy and the overall expectations of benefits outweigh the incurred costs.

However, when managers were asked about the suitability of GGAP for their company, more than 60 per cent of them thought that the Greek accounting standards were still suitable for the informational needs of the company (see Table 12). This suggests that IFRS adoption is not based purely on the technical superiority and appropriateness of the standards for companies and the majority of preparers appear to embrace accounting techniques that are accepted by the dominant market actors. The contradictory results in Tables 11 and 12, therefore, might also suggest that despite the individual costs for companies, IFRS, as a project, is responsive to their larger interests and the structurally defined legitimacy of IFRS offsets the costs.

Table 11: Survey responses on whether the benefits of adopting IFRS exceed the costs

Response	Frequency	Per cent
Yes	78	97.5
No	2	2.5
Total	80	100.0

Table 12: Responses to the question: 'Is GGAP appropriate for your company?'

Response	Frequency	Per cent
Yes	50	62.5
No	30	37.5
Total	80	100.0

We further examined the relationship between the different motivations of IFRS adoption and preparers' beliefs about the suitability of GGAP, by using cross tabulation between the dichotomous variables of suitability of GGAP and the type of reasons for IFRS adoption. As can be seen from the results of the contingency table reported in Table 13, 35 out of 46 respondents, who have adopted IFRS due to more coercive pressures, still consider GGAP suitable for their company. Nevertheless, 19 out of 34 respondents that adopted IFRS for 'all other reasons' view GGAP as unsuitable for their company. Given the fact that the Pearson Chi-Square statistic is 8.525 and statistically significant at the 0.01 level, there is a statistically significant difference between the variables. In other words, preparers who have adopted IFRS due to regulatory requirements or pressures exerted by the parent company seem to consider GGAP as suitable and appropriate for their companies. However, preparers who were not subject to these imposed institutional pressures deem that GGAP is not suitable for their companies. These results suggest that for managers of NLCs who consider GGAP a suitable accounting framework for their companies, coercive institutional pressures could play an important role in their decision to apply IFRS. Alternatively, managers who adopted IFRS due to other strategic reasons appear to be more convinced about the appropriateness of IFRS.

Table 13: Cross tabulation between perceived appropriateness of GGAP and type of IFRS adopter

			Reasons for IFRS adoption	
			Coercive/ Semi-coercive pressures[20]	'Hegemonic'/ non-coercive pressures[21]
GGAP	Suitable	Count	35	15
		Expected Count	28.8	21.3
	Unsuitable	Count	11	19
		Expected Count	17.3	12.8
Total Count			46	34

An accounting system, such as IFRS, cannot be established in the long run if the values and choices of individual and organisational agents are not aligned with, and are not acceptable to, capital providers. As preparers are reflective and capable of questioning the quality of IFRS-based information, this means that their views are not unchanging and consent to IFRS can be threatened if IFRS ceases to serve the interests of the companies.

7. Discussion

To illuminate how IFRS is diffused, we focus on the interplay between key actors and institutions that shape local preparers' financial reporting decisions. We find that key institutional actors exert power over companies through more transparent means, such as through regulatory forces, but they also work in a less prosaic manner that is often not recognised as a form of power, through private-sector mandates. These coercive and

[20] Based on the survey questionnaire these include: i) requirement by the parent company, ii) legal obligation under the law N3429/2005 for POEs, and iii) planning to get listed on the Athens Stock Exchange.

[21] Based on the survey questionnaire these include: i) improvement of access to lending institutions, ii) attraction of foreign investors, iii) merger with a listed company, iv) improvement of company's creditworthiness, v) preparation of comparable accounting information with foreign partners, vi) improvement of company's image and legitimacy, vii) improvement of quality of financial information, and viii) enhancement of financial results.

hegemonic pressures can overlap and operate in the national and international (EU) level, promoting the transformation of NLCs' financial reporting system.

In particular, our study suggests that the Greek state and stock market regulation are the means of coercive pressures legally requiring all POEs and certain subsidiaries of listed entities to adopt IFRS. Preparers that adopted IFRS due to regulatory pressures, however, consider GGAP to be an appropriate accounting framework for their accounting needs. The preparation of IFRS financial information, in general, has not improved the management of companies. Without the coercive and bureaucratic authority of the state (political society in Gramsci's terms), which is also shaped by the EU law, the adoption of IFRS by this type of company would be questionable.

We also find other forms of pressures leading to the establishment of IFRS that do not appear to be coercive, including professional norms and practices, such as bank loan covenants. Key institutional constituents, such as banking institutions with strategic resources and other forms of power, are part of the socio-economic mechanisms that regulate behaviour and set 'the rules of the game' (Greenwood et al., 2002; Lawrence, 1999), encouraging or imposing compliance to IFRS. The reasons and pressures to conform to institutional norms are fundamentally political as they are linked to power by producing an unquestioned right to command in a certain field of activity (Deephouse & Suchman, 2008; Lawrence, 2008). In our study, these hegemonic pressures are related to seeking capital, such as through the improvement of the creditworthiness of the companies, attracting foreign investors and partners by providing comparable accounting information, and by improving the relationship of companies with lending institutions. Even though the adoption of IFRS is not considered by preparers to have enhanced the opportunities for attracting loans from domestic banks—in some cases IFRS was thought to have an adverse effect on the understandability and reliability of financial information—the standards seem to grant legitimacy to companies' financial reporting. In line with recent quantitative studies (Balsmeier & Vanhaverbeke, 2016), we find that preparers opt for the adoption of the standards, as they feel that this has improved their funding opportunities. There is clear evidence in our study, that the pressure from international financial lending institutions (example of civil society institutions in Gramsci's terms) to report according to IFRS provides incentives to NLCs to shift to IFRS in order to improve their relationships with these institutions and international partners. It is less clear to preparers whether the preference of (international) capital providers for IFRS is due to the higher quality of IFRS-based financial information. Trading within the EU, where IFRS is mandatory for the group accounts of listed companies, provides another motivation to report in IFRS. Our findings confirm the importance of sources of *output* legitimacy that IFRS has gained through contractual recognition, legal recognition through EU law, and through large multi-national companies (Botzem & Dobusch, 2012). We argue that the acceptance of IFRS relies on coalitions including powerful civil society actors, such as credit rating agencies and banks, which are more important that is assumed by institutional studies in accounting.

The existence of coercive and hegemonic pressures to adopt IFRS does not mean that preparers did not recognise potential benefits from the adoption of the standards. Even though companies had to conform to institutional pressures, at the same time they have their own idiosyncratic strategic interests that they want to promote. Contract-driven motivations to apply IFRS have facilitated the processes of acquiring or maintaining capital, especially debt capital. In many cases, the application of IFRS improved the financial results of companies due to the different measurement methods applied, especially the use of fair values in the revaluation model for property plan and equipment. Even though FVA is found to decrease the reliability and verifiability of accounting measures and adversely affect the ability of lenders— the main capital providers of NLCs— to evaluate credit quality (Ball et al., 2015; Chen et al., 2015), we find that the potential positive impact of FVA on financial results has motivated voluntary adoption. Moreover, in a tax-driven accounting environment, as in the

case of Greece, the adoption of IFRS leads to the further detachment of financial accounting from tax laws and provides the opportunity to report increased net income without equivalent increases in tax payments. NLCs' motivation to adopt a new set of accounting standards is, therefore, modified by the jurisdictional and national institutional formalities in the business sector.

Ideological acceptance of IFRS as a superior financial reporting system is another important dimension of power, especially for preparers who were reporting based on a framework different to IFRS. We find that the voluntary adoption of IFRS, an accounting system that is more market-oriented than the GGAP, is motivated by preparers' acceptance of the neo-liberal rationale of IFRS. Even though IFRS have increased the costs for individual NLCs, preparers appear to support generally the wider diffusion of IFRS and believe that the overall benefits outweigh the cost of adoption. Preparers, who adopted IFRS but were not subject to coercive regulatory forces, appear to be more actively supporting a market-based approach to financial reporting and be more critical of the tax-oriented GGAP. Still, it is important to recognise that preparers' values and goals are determined, to a lesser or greater degree, by ideas that are dominant in their role as senior managers. Their choices are a product of an institutionalised way of seeing the world and shaped by dominant logics (Thornton & Ocasio, 2008) and institutional structures in which they find themselves, as well as the powerful normalising effect that (IFRS) institutionalisation exerts—whether embraced or imposed (Cooper, Ezzamel & Willmott, 2008). In the case of the adoption of IFRS by NLCs in Greece the adoption entails a shift towards a more principles-oriented and market-based accounting system. Therefore, in less economically advanced economies or in market economies that differ from the (neo)-liberal model, the adoption of IFRS may require to a greater extent the existence of institutional structures and discourse that promote wider market-oriented reforms.

8. Conclusions

This study investigates the factors motivating NLCs to adopt IFRS. Previous literature, drawing on archival data and focusing on listed companies, assesses the effect of IFRS on market efficiency to justify the adoption of IFRS. We argue, instead, that the diffusion of IFRS is not related primarily to the technical competence of the standards. Our findings reveal the important role of coercive, as well as non-coercive or hegemonic, institutional pressures at the local and international level that motivate NLCs to adopt IFRS.

The combination of streams of neo-institutional perspectives with a critical approach renders our study more politically engaged and highlights the importance of different forms of power when examining institutions and institutional change (Lawrence, 2008; Modell, 2015). The integration of Gramsci's work on hegemony (Gramsci, 1971) offers a framework that locates power not only in the resource dependency of companies but in the configuration of economic, ideological, and organisational forces that establish the dominance of IFRS. The mobilisation of power—through the state and civil society—plays a pivotal role in supporting the establishment of IFRS among NLCs. The institutionalisation of IFRS is largely the outcome of these power dynamics, as it requires the involvement of state and other elite agencies with the capacity to rely on force or hegemony to affect the organisations' actions (e.g., Lawrence, Winn & Jennings, 2001). These dynamics are not unchanging and independent but overlap within the broader context of extant institutional structures. Even though the adoption of IFRS appears to resonate with the organisational goals of companies in terms of improved financial reporting results, access to capital sources, and legitimacy in the market (during the early period of the crisis), our findings show that the potential improvement of the quality of information, or the normative content of IFRS (Botzem, 2014), are not perceived as the main reasons and drivers for IFRS adoption and diffusion.

Due to the lack of systematic study of the reasons behind the adoption of IFRS by NLCs, the findings presented herein need further investigation. NLCs are a diverse group and we have

only studied the financial reporting choices of larger entities in the group, which is the group most likely to benefit from IFRS adoption. Their diversity means that identifying a single appropriate form of financial reporting is problematic. This also means that coercive and hegemonic forces may precipitate the introduction of IFRS-based accounting, which may not be suitable for companies required to adopt it. The difficulty in getting access to and collecting evidence from NLCs that use IFRS may limit our ability to accumulate generalisable results; however, the use of a mixed research method has mitigated potential bias and limitations concerning the generalisation of the empirical evidence. Scholars are, therefore, encouraged to further investigate the adoption of IFRS by the wider group of NLCs and extend the study of the strategic reasons and institutional pressures for IFRS adoption by NLCs in different European countries with a stakeholder-oriented accounting system, along with companies that report using a framework similar to IFRS to enable comparisons between different EU jurisdictions.

Important theoretical insights and empirical evidence would also emerge from studying the reasons why organisational actors, in this case NLCs, choose to resist institutional pressures, or whether there are cases of interested agencies and organisations that compromise, avoid, or defy institutional pressures and control (Lawrence, 2008). As hegemony is not monolithic but suffers from contradictions and is challenged by active agents, changes in the broader socio-economic arena can change the dynamics between companies and institutional actors. The political and social forces involved in the diffusion of IFRS have become more evident during the current economic crisis (Bengtsson, 2011). Economic instability and market inefficiency may have an impact on the ability of IFRS to deliver the promised improvement of financial information and to serve the interests of NLCs. The extent to which the economic crisis in the EU and elsewhere hampers the adoption of IFRS by NLCs and their wider diffusion remains to be explored further.

The findings of this paper should be of interest to national and international policy makers, such as the European Commission, the IASB, and the accountancy profession. In particular, our findings could offer useful insights to interested parties involved in the future development of IFRS for SMEs, as an international accounting framework aiming at meeting the financial reporting needs of companies that have no public accountability. At a policy-making level, we suggest that the financial reporting change of NLCs to IFRS requires not only the compatibility of the standards with the organisational goals and strategies of the companies, but most importantly power and political mobilisation at a macro level in order to implement the change, such as through EU, banking, and state regulation. This means that the IASB will need to continue working on the acceptance of IFRS at the ideological level by reinforcing its hegemony though non-coercive means, such as establishing the standards as taken-for-granted by the financial institutions and other key economic actors in the international arena.

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Appendix A

A.1. Categorisation of surveyed companies according to economic sector

Sector	Percentage
Primary	2.5%
Secondary	34%
Tertiary	63.5%
Total	100%

A.2. List of interviewees

Code	Date	Job title	Economic sector	Size	Type of company	Duration
MA1	25-Aug-11	Financial director	Tertiary	Large	Non-listed company	65 min
MA2	9-Jan-11	Chief Executive Officer	Secondary	Large	Non-listed company	64min
MA3	09-Sep-09	Financial director	Secondary	Large	Non-listed company	83 min
MA4	28-Sep-09	Financial director	Secondary	Large	Non-listed company	63 min
MA5	20-Dec-10	Financial director	Tertiary	Large	Non-listed subsidiary of listed company	66 min
MA6	13-Apr-10	Accounting manager	Tertiary	Large	Non-listed company/ plan to issue an IPO	68 min
MA7	14-Apr-10	Accounting manager	Secondary	Large	Non-listed company	70 min
MA8	23-Jun-11	Accounting manager	Secondary	Large	Non-listed subsidiary of listed company	67 min
MA9	26-Aug-11	Accounting manager	Secondary	Large	Non-listed state-owned company	74min

A.3. Interview Guide

Note: initially, the interviews discussed conceptions of managers for the need of IFRS, which was followed by a discussion of the motivating factors for the adoption of IFRS by the companies. The broad and open-ended questions below were raised to guide the discussion and managers were encouraged to provide examples, where relevant. This is a general guide used for different interviewees and some of the questions were added while conducting the interviews, while the wording of the questions that were raised might have varied sometimes in order to maintain the flow of the discussion.

(1) Explain the purpose of the research and ask if there are any clarifications required. Collect some background information about the interviewee's profile.

- Description of the role in the organisation/company
- Professional background and experience with IFRS
- How often do you use financial statements in general and those prepared according to IFRS?
- How often do you get involved in the preparation or analysis of IFRS financial reports?

(2) Why do you believe Greek NLCs, in general, adopt IFRS?

(3) Why, in your opinion, did your company adopt IFRS? Potential probes:

- Pressures

- Legislation
- Managerial interests

(4) Discuss your experience of adopting IFRS and the transition period.
(5) How appropriate (or not) is IFRS, in comparison to GGAP, for the accounting needs of non-listed Greek companies?