Critical factors of IFRS adoption in the US: an empirical study

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Abstract

This paper examines behavioral attributes of accounting practitioners toward the possibility of early adoption of International Financial Reporting Standards (IFRS). Utilizing the Theory of Planned Behavior (TPB) and survey method, the authors empirically investigate a wide variety of relevant factors influencing the intention of early implementation of IFRS in the US. These factors include attitude, subjective norms, and perceived control. Our results suggest that subjective norm and perceived control significantly influence practitioners' intentions of early IFRS adoption.

Keywords: International Financial Reporting Standards, IFRS, Theory of Planned Behavior

Introduction

Over 100 countries have already adopted or on their way to embrace International Financial Reporting Standards (IFRS) in the near future. Recently, the closest political allies and most important US trading partners including Canada, Mexico and Japan also decided gradually to give up their national accounting standards in favor of IFRS. In fact, Canadian publicly traded companies and multi-national enterprises (MNEs) switched to IFRS on January 1, 2011. (http://www.cica.ca/IFRS/ Chartered Accountants of Canada). Mexico is planning to require IFRS for publicly listed companies starting in January of 2012. Nearly all major capital markets except those located in the US have adopted the IFRS. The United States is one of only few remaining countries that have not yet required application of IFRS for domestic publicly traded companies. Thus, in November of 2007, the SEC dropped its long-standing requirements for foreign issues traded in US capital markets to reconcile their financial statements with US GAAP.

For years practitioners, standard setters and regulators in the US have been talking about the possibility of securities issuers eliminating the use of US GAAP and moving to IFRS. The SEC subsequently made some moves to meet the growing challenges of IFRS acceptance around the globe. The two major accounting standards organizations IASB and FASB have been discussing and negating for several years to move the USA toward global rules. The SEC already allows foreign firms that sell stock in the USA to file their financial statements here using IFRS. A handful of U.S. multinationals already use IFRS for their foreign subsidiaries. (Iwata, 2009)

There are many indications that US is moving slowly toward adoption of IFRS. Some companies have already converted to IFRS and are making extensive use of its advantages. Others are laying plans or making preparations to convert. Some metric standards are being published, while the government of Canada is studying the implications of a change for non-public companies. As yet, no definite decision has been reached, and no national schedule for change has been established. Many Canadians are anxious to go forward with the change, but realize that, for economic reasons, they will have to be coordinate with their United States counterparts.

The objective of this paper is to employ Theory of Planned Behavior (TPB) (Ajzen, 1991) to empirically investigate the determinants of early adoption of IFRS in the United States. Specifically, the paper investigates whether attitude, subject norm, and perceived control of IFRS adoption significantly influences the intention of IFRS early adoption. The paper evolves as follows. In section two past and contemporary literature on spread of IFRS around the globe and attitude of the US practitioners toward IFRS is reviewed. Section three discusses the research model and hypotheses. Section four presents the methodology applied and data analysis. Section five is dedicated to the discussion and analysis of results and Section six presents research conclusions and possible routes for future research.

1. Literature Review

US practitioners have a very "mixed" feeling about transitioning to IFRS. According to the available data, as early as 2008 US accounting profession believed in inevitability of upcoming change to international standards. According to AICPA's survey distributed early that year, a majority of CPAs (55 percent of surveyed) "understand they need to begin to prepare for the switch" (U.S. CPAs Show Growing Acceptance of Change, 2008). One year later, according to a similar survey 47 percent of surveyed CPAs strongly favored delaying the proposed roadmap of adopting IFRSs in the US U.S. (CPAs Still Evaluating International Accounting Standards, 2009). Furthermore, the dominant majority of them (74 percent) had no idea about the cost of this transition (CPAs Still Evaluating International Accounting Standards, 2009). In 2010, according to the survey, 42 percent of CPAs supported mandatory adoption of IFRS for US public companies, but "only after more convergence" of U.S. GAAP with IFRS (AICPA Survey Shows, 2010). Interestingly, 18 percent of surveyed advocated accelerated adoption of IFRS and 6 percent supported the idea of IFRS not "to be mandated or allowed for use by U.S. issuers" (AICPA Survey Shows, 2010).

Former FASB chairman Robert Herz cautiously implied that there was a broad support for "a single set of high-quality international standards," yet "a variety of views were expressed regarding the state of readiness and the many system-wide infrastructure issues that would need to be addressed to ensure an orderly transition" (WebCpa, 2008). Ernest Almonte, Incoming Chair of AICPA sounded even more optimistic suggesting that accounting "profession is ready to shift to" IFRS (WebCpa, 2008). Furthermore, he gave "approximately three years to get all the training, research materials, educators and the CPA Exam updated" (WebCpa, 2008). Ken Bishop from National Association of State Boards of Accountancy (NASBA) pointed to a "disparate positions regarding the implementation and acceptance of International Financial Reporting Standards as a basis for financial reporting in the U.S" (WebCpa, 2008). However, he was very blunt in his assessment of "the proverbial horse" leaving the barn implying that "in spite of the passionate arguments for maintaining GAAP as the predominant standard, the reality of the globalization of the accounting industry dictates that a single accounting standard may be necessary as financial information is compared" (WebCpa, 2008).

Richard Jones from Hofstra University warns about important challenges that preparers and auditors would face when they finally move to a full adoptions of IFRS. Those challenges include limited guidance of IFRS and issues related to a possibility of applying rules from "other standard-setting bodies" including U.S. GAAP (Jones, 2010). While not discounting possible advantages of IFRS, Jones advises to investigate a wide range of issues related to the conversion to IFRS and "look beyond just IFRS/U.S. GAAP reporting differences" (Jones, 2010).

Edward Mata from USA Today also cautions against possible pitfalls of IFRS adoption in the US including high cost of conversion, significant differences "in business customs, financial regulations, tax laws, politics other factors" (Mata, 2009). However, he bluntly stresses the inevitability of IFRS arrival to the US "whether U.S. companies like it or not" (Mata, 2009).

In contrast to skeptical opinion about IFRS not been suitable for the US economic environment, Dahli Gray advocates the notion of US companies being ready that the "US accounting profession is ready for" conversion to international standards. (Gray, 2010). His assertions are based on his research in where he analyzed and compared financial statements of three MNEs that use IFRS (FedEx, GlaxoSmithKline and Shell) with 10Ks of companies still using US GAAP (UPS, Pfizer and Exxon Mobil). According to the results of his research, there are more similarities than fundamental differences between the two accounting systems. Therefore, according to his findings "the accounting profession is prepared and experienced in considering and reconciling differences" (Gray, 2010).

Lews Dulits presents a practitioners' point of view on possible IFRS in the US. He outlines several issues including possibility of being audited under several GAAPs "when neither IFRS nor U.S. GAAP can be used as the basis of accounting to meet statutory filing requirements" (Dulits, 2009).

From scholarly point of view, the primary interest of academic research is focusing on the possible relationships between economies dependant on foreign investment and IFRS adoption (Ramanna & Sletten 2009). Furthermore, the decision of IFRS adoption mainly involves "involves a cost-benefit tradeoff between (1) recurring, albeit modest, comparability benefits for investors, (2) recurring future cost savings that will largely accrue to multinational companies, and (3) one-time transition costs borne by all firms and the U.S. economy as a whole, including those from adjustments to U.S. institutions" (Hail, Leuz, & Wysocki, 2009).

While IFRS adoption is a hot topic in the accounting community, to our best knowledge, no empirical research in IFRS adoption has been reported. By applying the theory of planned behavior and survey method, this study empirically examines the factors that affect the adoption of IFRS in the US.

3. Research Model and Hypotheses

3.1 Theory of Reasoned Action (TRA)

The theory of reasoned action (TRA) (Fishbein and Ajzen, 1975) predicts behavioral intentions where behavioral intentions are a function of an attitude toward the behavior and subjective norms surrounding the performance of the behavior. Attitude toward the behavior is defined as the individual's positive or negative feeling about performing a behavior. It is determined by assessing one's belief regarding the consequences of performing the behavior. Subjective norm is defined as an individual's perception of whether people important to the individual think the behavior should be performed. These people may include supervisors, co-workers, community leaders, family members, friends, and other significant persons. According to TRA, if a person has the positive attitude toward the behavior and if he/she thinks his/her significant others want him/her to perform the behavior, then he/she will have higher intention to do so.

3.2 Theory of Planned Behavior (TPB)

While the TRA has been applied in many areas, it has limitation of assuming when people form an intention to act then they will be free to act. In practice, environmental constraints will limit the freedom to act. To overcome the limitation of TRA, the theory of planned behavior (TPB) was proposed (Ajzen, 1991). As an extension of TRA, TPB includes an additional variable -- perceived behavioral control, which is assessed by asking people how much control they have over performing a particular behavior. Therefore, TPB posits that a given behavior is directly influenced by behavioral intentions, which are in turn can be predicted by 1) attitude toward the behavior, 2) subjective norm regarding the behavior, and 3) perceived behavioral control. The attitude toward the behavior is an individual's belief of consequences of performing the behavior; the subjective norm refers to the perceived social pressures that an individual perceives regarding whether the behavior should or should not be performed; perceived behavior control refers to one's perception of the ease or difficulty of performing the behavior of interest. Numerous studies demonstrated the applicability of TPB to various content domains (Ajzen, 2001).

3.3 Research model and hypothesis

Drawing on the theory of planned behavior (TPB), we propose a research model for the determinants of IFRS adoption (see Fig. 1).

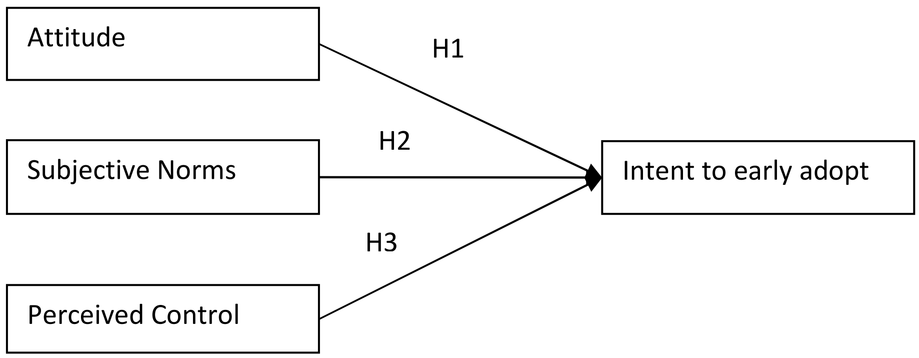

Figure 1. Research Model

According to TPB, a person's attitude toward a particular behavior is his/her positive or negative feeling about performing a behavior. IFRS is regarded as an international standard which is adopted or is being considered to be adopted by over 100 countries worldwide. There are many advantages of adopting IFRS when companies in the US conduct business internationally. Attitude will affect behavioral intention. The implications of IFRS "has been a hot topic in the US" especially after SEC allowed foreign issuers to use IFRS without reconciliation to US GAAP (Halyer, 2010). After that event, the sense of inevitable adoption of IFRS in the US has been accepted. Nevertheless, attitude toward IFRS ranges from a total opposition to broad acceptance and accelerated adoption. Therefore, first we want to test whether there is a relationship between general attitude toward IFRS in American accounting community and possible intent of early adoption in the US.

H1: Attitude towards the IFRS has a significant effect on the intention of IFRS early adoption.

The second factor influencing intention is subjective norm. It is determined by a person's belief of the significant others think the behavior of interest should or should not be performed. As discussed in the literature, there is no consensus about the adoption of IFRS. Nevertheless, some firms may want to adopt IFRS earlier to gain the possible competitive advantages. The peer pressure will have an effect on the intention of adopting IFRS. Furthermore, as CPAs and the broader accounting community in the US are becoming more and more aware of IFRS' global spread, they increasingly foresee a need to gain advanced or expert knowledge sooner rather than later. Therefore, our second hypothesis attempts to identify a possible impact of subjective norm on intention of IFRS early adoption.

H2: Subject norm about the IFRS early adoption has a significant effect on the intention of IFRS early adoption.

Perceived behavior control refers to someone's perception of the ease of difficulty of performing the behavior of interest. It is assumed to reflect anticipated impediments and obstacles. Adopting IFRS needs significant investment. Environmental limitations, such as money, computer system, and people skill, affect the behavior intention of IFRS adoption. A move to IFRS "encompasses a company's entire operations, including auditing and oversight, cash management, corporate taxes, technology and software." (Iwata, 2009). Furthermore, there is a significant price tag in converting to IFRS for individual companies. According to SEC data, "adopting IFRS will cost $32 million for each of 110 U.S. companies that may be eligible to use IFRS long before 2014." (Iwata, 2009). While multinationals might be able to absorb the costs, serious questions remain about the ability of small and midsize businesses to afford the conversion especially during the times of economic downturn. Thus, it is only prudent to investigate whether company's perceived control over IFRS conversion has any impact on actual adoption of IFRSs.

H3: Perceived control about the IFRS early adoption has a significant effect on the intention of IFRS early adoption.

4. Research Methodology and Data Analysis

A total of 138 accounting professionals participated in this study. They were accounting professionals from CPAs from major and regional accounting firms to stuff accountants in multinational enterprises. A survey (paper questionnaire) was administered to all of the participants who were present at work places or performing audit or other assurance services. The descriptive statistics are presented in the Table 1.

The questionnaire utilized a seven-point, Likert-type scale ranged from 1 = "extremely disagree" to 7 = "extremely agree." A list of the constructs used in this study along with the set of items/indicators used to measure each construct can be found in Appendix. Most of the measurements were adapted from previous research (for example, Liu et al., 2008). The items of measuring the constructs were carefully discussed in detail with accounting faculty members, then were given to several CPAs to review. Changes were made based on the feedback.

Partial Least Squares (PLS) regression was used for the data analysis due to the relatively small sample size. More specifically, the PLS software used was SmartPLS version 2 [Ringle, Wende, and Will 2005].

Table 1: Respondents' Profiles

Age	**Frequency**	**Percent**
20-29	36	26.1
30-39	39	28.1
40-49	21	15.2
50 and over	42	30.4
Gender		
Female	77	55.8
Male	61	44.2
Highest Degree Held (*5 missing)		
Bachelors	103	74.6
Masters and above	30	21.7
Years of Professional Accounting Experience		
Less than 10	69	50.0
10 and above	69	50.0
Type of Firm Affiliation (* 20 missing)		
National	2	.14
Regional	15	10.9
Over 10 people or professional staff	15	10.9
Private company	36	26.1
Public company	11	8.0
Non-profit	7	6.0
Other	32	23.2
Position (* 6 missing)		
Staff	29	21.0
Entry level	11	8.0
Senior/In-charge	14	10.1
Supervisor	5	3.6
Manager	26	18.8
Principal	12	8.7
Partner	5	3.6
Other	30	21.7

Table 2 reports statistics for the constructs. All individual item loadings exceed the 0.7 cut-off threshold. The Cronbach's Alpha and composite reliability are also above the recommended 0.7 level. The AVEs (average variance extracted) are all greater than the square of the correlations among the constructs. These results confirm discriminate validity, convergent validity, and the reliability of the scales.

Table 2. Reliability and Validity of the Constructs

Construct	No. of Indicators	Item Loading Range	Cronbach's Alpha (α)	Composite Reliability	AVE
Attitude	3	0.840-0.878	0.818	0.891	0.731
Subjective Norms	3	0.921-0.960	0.935	0.958	0.885
Perceived Control	4	0.706-0.875	0.807	0.874	0.635
Intent to Early Adopt	2	0.960-0.981	0.959	0.980	0.961

The model fit analysis is shown in Figure 2. The significance of the path coefficients is examined by analyzing the t-values of the parameters obtained using the Bootstrap resampling method.

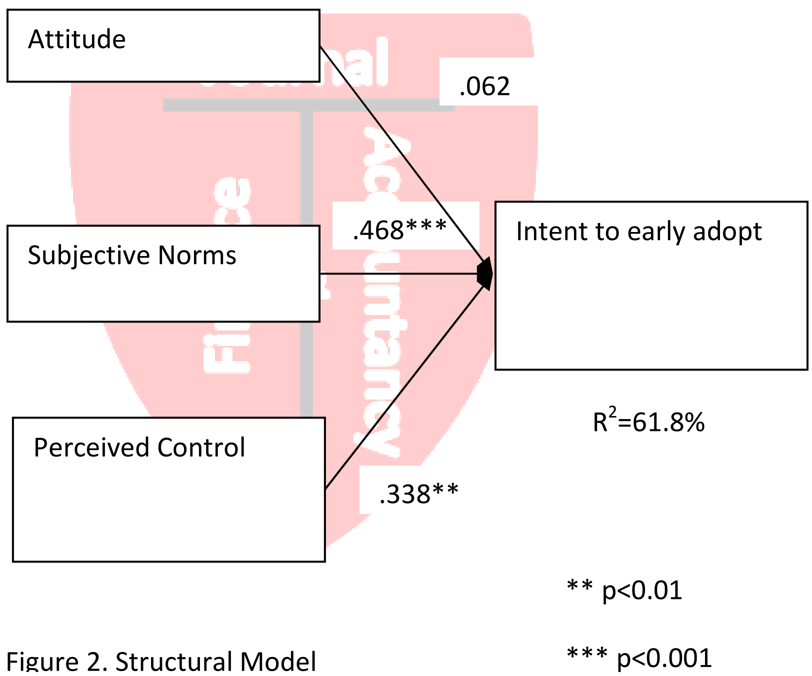

Figure 2. Structural Model

The R-square results show that the model explains a sizeable proportion of the variance in intent to early adopt IFRS (61.8%). Furthermore, all hypotheses, except H1, were supported. We find that, to accounting professionals, (1) the subject norm has a positive effect on the intent to adopt IFRS early; (2) the perceived control has a positive effect on the intent to adopt IFRS early. However, H1, attitude towards IFRS has a positive effect on the intent to IFRS early adoption, is not supported. This shows that subject norm and perceived control have a decisive power for the IFRS early adoption, especially in a relatively isolated local area. The more detailed discussion follows.

5. Discussion

Over 100 countries have already adopted or on their way to embrace International Financial Reporting Standards (IFRS) in the near future. There is a debate of IFRS adoption in the US. This study aimed at investigating the determinants of IFRS early adoption. We developed our research model based on the TPB, and conducted a survey of accountants perception about the IFRS adoption to test the hypotheses related to our model. We found that subjective norm and perceived control significantly affect the intention of IFRS adoption, but attitude's role is insignificant. Whether U.S. companies and accounting community accept it or not, "the new era of global accounting" appears to be unstoppable (Iwata, 2009). As it was mentioned above, there are 100-plus countries around the world that have moved to, or incorporated in some way, IFRS in their national reporting (Floyd, 2010).

The primary question on everybody's mind is when is the US going to make that final step and adopt IFRSs? In general, there is a wide diversity of views and as it looks, "the bigger the company, the more supportive of either moving immediately to IFRS or, in some cases, not mandating the use of IFRS but giving" an option of using those standards (Floyd, 2010). Overall, according to a recent survey conducted by the American Institute of Certified Public Accountants, "U.S. CPAs are gaining awareness about International Financial Reporting Standards and CPAs increasingly foresee a need to gain advanced or expert knowledge as the U.S. moves toward global accounting standards over the next three to five years. (AICPA Survey Shows U.S. CPAs Gaining in Awareness of International Financial Reporting Standards, 2010)

Attitude toward IFRS Adoption

A person's attitude toward a particular behavior is his/her positive or negative feeling about performing a behavior. IFRS is regarded as an international standard which is adopted or is being considered to be adopted by over 100 countries worldwide. There are many advantages of adopting IFRS when companies in the US conduct business internationally. According to TPB, attitude will affect the behavioral intention.
However, our model testing showed no significant relationship between attitude and intent to early adopt. One possible explanation is due to the nature of the IFRS adoption. This might be related to possibilities of further delay or other alternative scenarios been recently suggested. Thus, several prominent US scholars identified "several possible scenarios for the future of U.S. accounting standards, ranging from maintaining U.S. GAAP, letting firms decide whether and when to adopt IFRS, to the creation of a competing U.S. GAAP based set of global accounting standards that could serve as an alternative to IFRS". (Hail, Leuz, & Wysocki, 2009). The other two factors: subjective norm and behavioral control are very critical.

Nevertheless, attitude toward the IFRS adoption is a very important factor which will affect the other two factors. Therefore, more education is necessary. And, as data suggests, there is a growing recognition in the US accounting profession about acquiring "knowledge of international accounting standards even as the Securities and Exchange Commission revisits plans for adoption" (U.S. CPAs Still Evaluate International Accounting Standards, Recognize need to Learn IFRS, 2009).

The attitude of the US accounting profession is also influenced by the existing differences between IFRS and US GAAP. Thus, U.S. and global standards differ in key balance-sheet practices, from when to record a company's revenue to the use of so-called fair value accounting to record long-term assets and investments (Iwata, 2009). Therefore, CPAs will need the assistance and insight of their colleagues in order to implement IFRS. IFRS itself provides preparers many options to elect policies that best reflect the underlying business. Most importantly, "input from key stakeholders in the company is crucial for anticipating potential change in company practices and ensuring the proper elections are made" (Dulitz, 2009). Furthermore, global accounting also is characterized by significant "differences in business customs, financial regulations, tax laws, politics, and other factors. Research also shows that IFRS has boosted income, investment returns, and other financial measures for Europe-based companies. (Iwata, 2009).

In addition, a continued debate over whether IFRS principles-based accounting standards are better than the rules-based standards of US GAAP has significantly affected the attitudes of many accountants in the US. These discussions also influenced behavior of CPA's in their determination of moving to less-prescriptive standards. Therefore, for preparers it is important to understand auditor's interpretation of IFRS by reading "other large firm IFRS publications to see where there is diversity of opinion before making policy elections". (Dulitz, 2009)

Niemeier, a former SEC chief accountant and perhaps the strongest critic of IFRS among U.S. regulators, says the international standards are wide open to "multiple interpretations and a lack of uniform enforcement." (Iwata, 2009) Likewise, Ray Ball, a business professor at the University of Chicago, says it's unrealistic to think that the more than 100 countries embracing global accounting will use those rules in the same way (Iwata, 2009) "CPAs are still evaluating their business and client needs as they assess what international accounting standards are and whether and when the U.S. will move to a uniform international standard," said Arleen Thomas, AICPA Vice President for member competency and development. (U.S. CPAs Still Evaluate International Accounting Standards, Recognize need to Learn IFRS, 2009). Furthermore, according to Dulits the primary challenge in the US lies in the ability of practitioners to make a "fundamental shift" (Dulits, 2009). However, it is clear that moving to a new framework means preparers should challenge themselves not to view issues only through a U.S. GAAP point of view. The preparer should understand the substance of the transaction to leverage the principles-based framework of IFRS and then select the accounting conclusion that is most representative.

Like U.S. GAAP, once a company has established its accounting policies under IFRS, it must demonstrate prefer- ability when changing an accounting policy in future years. (Dulitz, 2009) Former IASB chairman, Sir David Tweedie, and other IFRS supporters say that the benefits of global principles-based accounting rules outweigh the obstacles. According to them "embracing global standards will save money for companies in the long run and will help them raise capital abroad" (Iwata, 2009). Furthermore, IFRS proponents claim this system "is more streamlined and less complex" by comparing 2,500 pages of IFRS standards with U.S. GAAP's 25,000 pages (Iwata, 2009).

Subjective Norm

Subjective norm is the social or peer pressures toward the behavior of interest should or should not be performed. As discussed in the literature, there is no consensus about the adoption of IFRS. Nevertheless, some accounting firms may want to adopt IFRS earlier to gain the possible competitive advantages. According to TPB, social or peer pressure will have an effect on the intention of a behavior. Our results confirm this relationship. Social or peer pressure significantly affect the intention of IFRS adoption. Increased business globalization has influenced US companies to familiarize themselves with IFRS. That itself pushed accountants working for foreign owned companies to recognize the need to learn advanced principles of international accounting. (U.S. CPAs Still Evaluate International Accounting Standards, Recognize need to Learn IFRS, 2009). Executives at Lenovo, the China-based global technology giant that bought IBM's personal computer business in 2005, are big proponents of global business practices and IFRS system. In his statement, one of the Lenovo business executives declared that IFRS is the "version of accounting" that fits them because they don't want to be "a U.S. company or a Chinese company"; they want to be "a world company" (Iwata, 2009).

In addition to pressures from rapid globalization of business practices, the "Security and Exchange Commission's proposed roadmap calling for U.S. adoption of international standards by 2014 is clearly getting people's attention, (U.S. CPAs Show Growing Acceptance of Change from U.S. GAAP to International Accounting Standards, 2008). According to Arleen Thomas, AICPA senior VP for member competency and development, AICPA data indicates that US accounting community are increasingly aware that international standards are coming and are starting to feel a real need to get training and gain expertise in this new area." (U.S. CPAs Show Growing Acceptance of Change from U.S. GAAP to International Accounting Standards, 2008)

President Obama's appointee SEC Chairwoman Mary Schapiro indicated during her Senate confirmation hearing that she intended to revisit the SEC's consideration of the IFRS adoption "roadmap" proposed by her predecessor (U.S. CPAs Still Evaluate International Accounting Standards, Recognize need to Learn IFRS, 2009). The US accounting profession immediately reacted on this statement. According to the survey, 47 percent of CPA believes that the timeline of the IFRS adoption roadmap should be delayed or changed (U.S. CPAs Still Evaluate International Accounting Standards, Recognize need to Learn IFRS, 2009)

Perceived Behavioral Control

Perceived behavior control refers to someone's perception or the ease of difficulty of performing the behavior of interest. It is assumed to reflect anticipated impediments and obstacles. Adopting IFRS needs significant investment. Environmental limitations, such as money, computer system, and people skill, affect the behavior intention of IFRS adoption. Our result shows that perceived behavioral control has a significant effect on the intention of IFRS adoption. Monetary costs affiliated with the conversion to IFRS remains to be one of the primary perceived impediments in the US. A 73 percent majority of CPAs working in companies don't know what the transition costs will be, and the SEC estimated the cost would be 0.125 percent of revenue for U.S. issuers. (U.S. CPAs Still Evaluate International Accounting Standards, Recognize need to Learn IFRS, 2009).

The other monetary cost is related to learning and applying IFRS rules in practice. According to the new survey, a 65.2 percent majority of CPAs say they have some knowledge of IFRS but need to learn more (U.S. CPAs Show Growing Acceptance of Change from U.S. GAAP to International Accounting Standards, 2008). The AICPA began helping CPAs become informed and knowledgeable about IFRS by providing training options for CPAs. Fear of the unknown also influences the perceived behavior since there are going to be a fundamental shifts in thinking, behavior, and interpretation of IFRS's guidance, as well as the consistency of application within the client. (Dulitz, 2009) IFRS has fewer rules than U.S. GAAP, so more judgment will be in the hands of preparers and auditors. Judgment allows the preparer the flexibility to improve the transparency of the financial statements but comes with the risk of inconsistency of application (Dulitz, 2009). Moreover, critics are warning that these practices could "unleash a legal and regulatory nightmare," and "add rampant corruption, poor financial practices and weak securities enforcement in many countries and it gets worse" (Iwata, 2009). They say that these scenarios can be exacerbated if US would rapidly moves and adopt IFRS system of accounting.

Limitations

Several limitations of our study and the instrument itself need to be acknowledged. First, the subjects were all from a local accounting community, which may limit the applicability of the results to other accounting communities. Second, the measurements were adapted from non-accounting research. While we carefully fit them into accounting context, there still may be rooms for the improvement of the measurements. Furthermore, the questionnaire was studied in a broad segment of accounting professionals. Further study is needed to assess the performance of this study measures only in CPAs. Because top management are in control of all fundamental decision making process including company's adoption of IFRS, incorporation of that segment may be even more useful in the research setting. These exclusions further limit generalizability to populations who typically carry a wider burden of responsibility.

Conclusion

The U.S. accounting profession increasingly believes that IFRS accounting will be implemented in the U.S. and is beginning to prepare for a change in standards. A growing majority of U.S. CPAs understand they need to begin to prepare for the switch. (U.S. CPAs Show Growing Acceptance of Change from U.S. GAAP to International Accounting Standards, 2008)

There are multiple benefits in harmonizing and converging accounting standards. According to Sir David Tweedie, former chairman of the International Accounting Standards Board in London "the growth of the global economy means" eventual evolution of "common system of regulation, auditing and accounting (Iwata, 2009). It also meant that "an investor can take financial statements and set them up against each other to compare" (Floyd, 2010).

This research successfully applied the theory of planned behavior to investigate the determinants of IFRS adoption. We found that an accountant's decision to adopt IFRS is a function of subjective norm and perceived behavioral control, which is consistent with the theory. However, attitude towards the IFRS adoption is not a significant factor, a possible explanation is that in IFRS adoption, social pressure and behavioral control play the major role, so that attitude doesn't matter too much.

Attributes of subjective norm and perceived behavior strongly influence the decision making process in the US. Thus, according to the survey, "a 55 percent majority of CPAs at firms and companies nationwide now say they are preparing in a variety of ways for adoption of IFRS". Most U.S. publicly-traded companies would phase in the use of IFRS beginning in 2014 until 2016. U.S. (CPAs Show Growing Acceptance of Change from U.S. GAAP to International Accounting Standards, 2008)

Recently, the IFRS roadmap has once again become a priority at the SEC. According to SEC Chief Accountant James Kroeker, IFRS roadmap once again becoming a priority at the SEC (First Missive from the New Chief Accountant: Get Ready to Roll with IFRS, 2009). He stressed that in part the financial crisis underscored the importance of global accounting rules. Furthermore, Kroeker said "that without a single authority over standards, the U.S. and Europe may get caught up in a "race to the bottom" to set accounting standards most favorable to banks and to the detriment of investors" (First Missive from the New Chief Accountant: Get Ready to Roll with IFRS, 2009).

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APPENDIX: CONSTRUCTS AND ITEM INDICATORS

Construct	*Item Indicators*
Attitude	IFRS are good for US companies/the economy.
	IFRS are good for the local economy.
	I feel positive about IFRS.
Subjective Norms	Our organization's top decision-makers, senior managers (partners) think that I/we/our firm should adopt IFRS early
	My immediate supervisors think that I/we/our firm should adopt IFRS early.
	My close friends at the workplace think that I/we/our firm should adopt IFRS early
Perceived Control	I/we/our firm would have necessary training to adopt IFRS early
	Adopting IFRS early would be entirely within my/our control
	I/we/our firm has the knowledge to adopt IFRS early
	I/we/our firm would have the necessary financial resources to adopt IFRS early.
Intention	I/we/our firm intends to adopt IFRS early.
	I/we/our firm intends to adopt IFRS as early as possible.