A Review of Literature on International Accounting Harmonization

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ABSTRACT: Unlike financial accounting, international accounting has been poorly documented. This lack of research interest in International Accounting Harmonization stems, relatively speaking, from the primacy of international accounting standard setting as the preferred research framework for academic research. The purpose of this paper is to question the contribution of research on the issue of International Accounting Harmonization. The paper aims to provide a synthesis of the literature on the actors, debates and theories of international accounting harmonization. A bibliometric search carried out on the google scholar and Social Science Research Network sites using the key words "international accounting harmonization” allows us to identify more than two hundred papers from 1995 to 2017. The content analysis of these papers allows us to select about thirty papers, on the basis of which four areas of interest are identified. The research suggests the supremacy of the harmonization of practiced work, which opens the door to fruitful research on the reconciliation of these four research streams. New evaluation measures and theoretical frameworks are also presented with a view of providing a fruitful framework for future research on international accounting harmonization. Ultimately, two International Accounting Harmonization solutions are emerging: the American solution and the European solution.

KEYWORDS: International Accounting; Standards Shopping; International Accounting Standards

Introduction

The objective of international accounting research is to highlight the connection between accounting institutions and the stakeholders practices of actors. Being a long standing technique, accounting triggers global economic competition. As a technique, it has turn to a technology; as such it is qualified as technoscience in a contemporaneous dynamic. As a result of its evolution, researchers increasingly agree on the terminology of "accounting science" (Colasse, 2012). The grounds for its status as a science were laid down by Lassegue on his pioneer work on the epistemology of accounting. Its attributes as social science is defended in seminal work of several authors (Watts & Zimmerman, 1978). The recognition of accounting as a science can be observed today through the creation of several journals classified in the discipline. The following journals can be a non-exhaustively be cited: The Accounting Review; Comptabilité-Contrôle-Audit (CCA). The total number of publications in accounting outnumbers neighbouring disciplines. From 1995 to 2015, CCA published 392 papers, of which 48% were in accounting, 40% in control, 10% in auditing, and 3% unreferenced discipline (Berland & al. 2015). Consistently, seven research issues identified in accounting research: accounting data management, gender in accounting, fair value and reporting, value control, accounting information system, accounting standardization and International Accounting Harmonization (IAH). From 1995 to 2005, only 23 papers\(^1\) were

\(^1\) The most cited authors in this field are Hoarau, 1995 and Barbu, 2004, Barker & Barbu, 2007.
identified in international accounting. That is 11.4% of papers in 10 years for an average of 2.3 papers per year. This low rate contrasts with the current debates in accounting practices. The accounting image is more than an image. Accounting models are modes of representation that allow nations to have a good assessment of their wealth (Hoarau, 1995). The questioning of the foundations of accounting complicates the issue of IAH (Simon & Stolowy, 1999). This justifies the need for a review of the IAH literature. The purpose is to address the need to analyze the various components and evaluate the research identified over time by identifying the available literature on IAH. We conducted an integrative literature review to synthesise previous knowledge (MacInnis, 2011). The first step was to identify and collect the most representative papers in the field, using the Google Scholar and Social Science Research Network search engines. The use of the keywords "international accounting harmonization" allowed us to select more than two hundred (200) papers. When the keywords do not appear in the title of papers, but the abstract contains an idea about our topic, we select them. This includes papers in academic journals; papers in non-academic journals; book chapters in accounting; and journal papers. The analysis of the broad scope of this literature allowed us to focus on French and English academic accounting journals from 1995 to 2017. The second step was to analyse their theoretical content. Papers that focus on the review of the IAH literature were privileged. From these, about thirty (30) relevant papers contributed to the renewal of previous works on this topic. These papers are used to structure the framework of this paper. The authors' contributions are not presented by an author rather in four (04) areas of interest. These areas of interest make it possible to identify the clash between the Anglo-Saxon and Francophone accounting models, the debate between the evaluation of standards and practices, and the traditional and renewed theoretical reading grids. The present review provides a new perspective on IAH issues (1) and proposes a theoretical framework grid in this field of research (2).

1. International accounting harmonization: the prevalence of the Anglo-Saxon model?

In 1962, Englemann and Jennings Pioneered work on IAH. Based on this ground work, four accounting models were generally identified in IAH. This diversity of accounting models created a contradiction between national accounting standards and the international standards of the IASC (Wyatt, 1992). Owing to the globalization of economies and financial markets, the IAH provides a framework for international comparability of financial statements and accounting standards (Colasse, 2012). Seemingly, IAH is marked by the domination of the Anglo-Saxon accounting model. A review of the literature on accounting models (1.1.) and on the evaluation of IAH accounting standards and practices (1.2.) contributes to a more consensual definition of this concept as well as its tools and theoretical frameworks.

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2 Comparisons between results expressed in terms of standards reveal a paradox in the case of Daimler Benz and France Telecom. The results are positive for national standards but negative for American standards. Several choices of standards remain possible: American GAAP (Generally Accepted Accounting Principles), International Accounting Standards (IAS), French and other international standards (Barbu, 2004).

3 The fundamentals of accounting that are not unanimously accepted by accounting researchers are: measurement in accounting, measurement of income, and determination of assets.

4 These accounting models are those of the United States, Great Britain, continental Europe and Latin America.

5 International Accounting Standards Committee (IASC) promotes greater international harmonization.
1.1. International Accounting Harmonization: towards a clash of accounting models?

IAH consists in reducing the multiple accounting choices in order to facilitate the comparability of financial statements of companies of different nationalities. The aim is to have a common language characterized by an absence of contradiction between accounting practices. Thus, IAH can be reasonably considered as the result of the shock between accounting models. In order to raise up this shock, it is appropriate to present its main actors (1.1.1.) before initiating a dialogue between the dominant and peripheral accounting models (1.1.2.).

1.1.1. International accounting harmonization: the main actors

Harmonization, from the Latin word *harmonia*, means a simple approximation of two or more legal systems in order to reduce or eliminate certain contradictions. Harmonisation is therefore a process. Harmonisation consists of the adoption of a standard leaving margins of appreciation to the addressees of the standard. It consists in bringing together legal systems of different (or even divergent) origin and inspiration in order to make them consistent with each other by reducing or eliminating their differences and contradictions (Wyatt, 1992). The aim is to achieve results that are compatible with each other and with the Community objectives soughted. Harmonisation thus examines the differences between process standards and sets limits to their degree of variation. In this sense, international accounting is used by more than a hundred countries to harmonize accounting. International accounting is a subset of accounting that takes into account international accounting standards when preparing accounts. It is organised around international rules for the valuation, recognition and presentation in financial statements of transactions carried out by groups. It’s necessary to have standards to help the work of accounting harmonization. Then, International Accounting Standards (IAS) is providing due to this effect. These standards cover a number of areas, including the background to the purpose of financial statements, the components of statements, and illustrations of the presentation of the statement of profit or loss and the statement of financial position. Several actors contribute to the development of accounting standards. Their presentation highlights the evolution and relevance of these standards. The main actors in IAH are the European Union (EU), the Financial Accounting Standards Board (FASB), the IASC and IOSCO\(^6\) (Colasse, 2000). In the process of developing standards, there is a kind of hierarchy of actors by the IAH (Hoarau, 1992). The two keys to the IAH refer to the attitude of companies towards IASC and the decisive attitude of the SEC\(^7\). These actors often proposed divergent solutions that can lead to the failure of the IAH (Simon & Stolowy, 1999). The main actors in the IAH are, on the one hand, the standardisation bodies and on the other hand governments. The latter have included input from the major international audit firms. In 2005, IAH in Europe is under the control of the International Accounting Standards Board (IASB) in association with the American FASB. These two regulatory bodies favour the convergence of standards (Colasse, 2004).

The regulatory bodies of several member of the Federation of European Accountants met in 1990 to improve accounting harmonization (Turrillo & Walliser, 2001). Efforts to promote the IAH began with the establishment of the IASC in London in 1973. IASC standards influence national standards. The IASC pursues the objective of enabling greater comparability and compatibility of accounting practices by developing international accounting standards. This

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\(^6\) *International Organization of Securities Commission (IOSCO)* is a political process aimed at reducing differences in accounting practices around the world in order to increase their compatibility and comparability.

\(^7\) *Securities and Exchange Commission (SEC)* is responsible for protecting investors, maintaining fair and functioning of the securities of markets and facilitating capital formation.
organization proposes harmonization as an alternative to bounded accounting methods options. The process of IASC improvement has followed three steps (Jones & Wolnizer, 2003).

From 1973 to 1988, the era of globalization of the economy, and then the globalization and the deregulation of capital markets justified the IASC process. There are multiple accounting options (Barbu & Piot, 2012). Adopted standards provided a wide range of options, including the possibility of recording for the same transaction differently while still complying with IASC standards. This is the reconciliation of accounting rules and international harmonization. This trend has been described as normative mutual recognition (Van Hulle, 1992). Mutual recognition of accounting standards between countries certainly facilitates international transactions, but it does not guarantee transparency and comparability of related accounts to investor’s protection.

From 1989 to 1993, a high degree of comparability between national and international standards was targeted. The principle of the hierarchy of standards results in the supremacy of the application of European directives over IASC standards. Thus the researchers emphasise on the discrepancies between the IASC standards and the 4th and 7th directives. An offensive strategy is being implemented to extend IAH. However, IOSCO rejects some of the IASC standards (Turrillo & Walliser, 2001). Despite its extreme slowness in a very dynamic economic and financial world, Harmonization through directives is flexible and does not impinge on the accounting sovereignty of member states (Colasse, 2012).

Since 1994, there has been a reduction in accounting options associated with the recognition and acceptance of International Accounting Standards (IAS) on the stock market. In 1995, the IASC and IOSCO agreed on the standards to be harmonized. The major role of the IASC was established from 1998 to 2000. The IASB, by developing accounting standards with an international dimension, is becoming the conductor of the IAH. Though the reduction of options, there are still accounting options worth to generate normative accounting vagrancy within the IASB framework. The result of this vagrancy and the creative accounting give risenow to converging debate on the contingency to fully adopt the IASC standards. The aim is therefore to achieve, if not eliminate, a lesser degree of accounting standards shopping.

Barbu (2004) studies annual reports of 100 company’s processes form historical, bibliographic and statistical approaches from 1973 to 2000. The author measures accounting vagrancy using the statistical method of vector norms for 100 French groups. The result of the research suggests that the large international groups in the European Union practice accounting standards shopping by choosing the standard best-suited to their needs but contingent to the target market. Two types of accounting standards shopping are observed. Type 1 accounting standards shopping consists of arbitration between several accounting frameworks. In this context, the impact of international standards is very low. Type 2 accounting standards shopping consists of choosing between several accounting options within the same framework.

The quest for accounting information that is useful for stock market investors’ decision-making is at the heart of the concerns of standard setters. To this end, we can add the undeniable contribution of the IOSCO. It is an institutional process that aims at the convergence of national accounting standards and practices in order to facilitate the comparison of accounting statements produced by companies in different countries (Colasse, 2000). However, IAH is sometimes perceived as an irreversible process and sometimes as an impossible or even useless dream.
The literature review on the choice of accounting standards shows that it is mainly the countries of the European Union that have attracted the attention of researchers. Three theoretical orientations can be identified from IAH literature: the illusion of the IAH, the impact of international standards and the legal obligation of IASC standards. Opponents of the IAH consider it to be a chimera of no use to users of financial statements. This view is put into perspective by researchers who study the impact of IASC standards. Finally, the legal requirement of IASC standards to be imposed on companies by governments seems to be the last resort to ensure adherence to international standards (Barbu, 2006).

Based on the application of four IAS in five European countries or to four European groups, the researchers found out the impact of the IASC standards is weak. However, the period observation lied before 1995. Some researchers concluded that before 1995, very few countries or groups of countries opted for American benchmarks. After 1995, the number of companies in the sample that opted for these benchmarks increased. According to these researchers, the impact of the IASC standards is sometimes weak and sometimes strong, depending on the period of observation. No details are given with respect to the motivations of companies for this mixed behaviour. Other researchers have taken this perspective by studying the transition to accounting standardization and the adoption of international standards in various African, European and Asian countries. Their findings suggested the existence of accounting vagrancy. The research conducted is extensive and refers to several countries from several continents. However, another limitation of this research is related to its scope mainly based on listed companies. Moreover, the open adoption of IAH by the companies included in this research is implicitly accepted.

The International Federation of Accountants (IFAC) emphasizes on ethics as the key to harmonise the behavior of actors who adopt offensive or defensive strategies. However, one research study found a contradictory result. Indeed, the latter are capable of restating accounts on the one hand, and issuing companies originally adopted US GAAP or IASC accounting standards and practices on the other. A typology highlights the variable contribution of harmonization: full harmonization, minimal harmonization and partial harmonization (Wallace, 1990).

International Financial Reporting Standards (IFRS) favours the adoption of general principles. The latter challenge the comparability of financial information (Hoarau & Teller, 2007). They also make it possible for managers to manage accounting data through interpretation. In addition, the governance of the IASB and its consideration of stakeholders in the harmonization process is strongly contested. The criticism concerns its lack of democratic legitimacy, which could lead to a conflict similar to IFRS 8 and IFRS 9. The IASB is an international body, initially without checks and balances (Barker & Barbu, 2007), but with the creation of the Monitoring Board in 2009, this situation has been improved.

IAH process was marked by three stages: mutual recognition, convergence, or standardization of practices (Turrilo & Walliser, 2001). Mutual recognition was based on the guidelines (4th, 7th, and 8th). IAH is following unification or standardization path not an absolute but a relative manner. The choice of US GAAP leads to American hegemony. In 1995, the more standards-neutral IASC framework received ambiguous and hesitant support from IOSCO.

1.1.2. International accounting harmonization: the domination of the American model?

There are several trends in the debate on IAH. These stem from the differences between accounting models (Colasse, 2004). In theory, for some authors, there are several accounting models. The evolution of capitalism leaves a few main models remaining internationally. In a dichotomous orientation, the dominant models can be classified into two blocks: the
"Continental" accounting models and the "Anglo-Saxon" accounting models (Richard, 1999). We could then speak of a "continental European" model and an "Anglo-Saxon" model (Colasse, 2012).

A presentation of the characteristics of these models is likely to shed light on their strong mobilization in IAH research. In this framework, managers are seen as agents, or even stewards, of shareholders. There is an asymmetry between the United States and other countries with regard to the access of foreign firms to financial markets (Hoarau, 1995). The supremacy of American standards, as the best standards, is preferred to others. Consequently, an adoption of international standards leads to a downgrading of companies.

The continental European model is implemented in countries where banks play an important role in the economy. In these countries, the rules of law are privileged to the detriment of economic realities. The company is a legal entity that gives priority to historical cost. The financial statements are geared towards a macro-economic or fiscal perspective. It is a socialist or "state" model. It is a macro-economic type of accounting system with government and fiscal influence. Several stakeholders can be identified. The accounting model in force helps to respect their interests within companies. The link between accounting and taxation is quite close. This static model enshrines the rule of the state. The room for interpretation left to accounting professionals is limited. Thus, accounting law, a set of standards linked to practice, is above all a right of evidence and not a right of information. In this model, the accounting truth varies. There is no single answer to a problem posed. This truth is shared by a set of stakeholders.

British accounting, American accounting, New Zealand accounting and Australian accounting have notable differences. However, in terms of their objectives and principles, there are several points of convergence that legitimate their association to the Anglo-Saxon model (Van Hulle, 1992). In this dynamic model, managers act as stewards of the shareholders. The accounting truth has an addressee: the shareholder-investor. The power of professional organizations is the main characteristic of this model. Unlike the continental European model, the primacy of economic reality over legal appearance is accepted. This economic pragmatism allows recording an asset held under the lease on the balance sheet (Colasse, 2012).

The balance sheets of companies following the Anglo-Saxon model differ in content and meaning from those of companies following the continental European model. The former emphasises on the economic and financial situation of companies, while the latter emphasises on the asset situation of companies. Despite its achievements, IAH is an unfolding perspective because the dichotomy between the continental European accounting model and the Anglo-Saxon accounting model remains a fact. Any accounting reporting system that is oriented towards national rules can be called general or continental accounting, whereas accounting reporting that refers to international standards is called financial or Anglo-Saxon accounting. The question of the convergence of continental accounting standards towards Anglo-Saxon standards seems interesting. The important texts that make it possible to assess this convergence are the 4th Directive, the 7th Directive and IAS 27, 28 and 31.

For researchers, IAH is influenced by the Anglo-American model. Apart from the late coming, there are marginal accounting models that attempt to position themselves in relation to the dominant models. There is no single model of harmonization. As such, the non-dominated peripheral models, like OHADA (Organisation for the Harmonisation of Corporate Law in Africa), make a trade-off between the differences observed within the dominant accounting models. These models result from the confrontation between the capitalist model and the socialist model. The problem of the positioning of peripheral accounting frameworks vis-à-vis the dominant models remains a concern within the scientific community. Few
studies have focused on peripheral accounting frameworks by placing them in relation to dominant accounting models. However, OHADA’s accounting system is rooted in both the continental European system and international standards. The problem of aligning African accounting standards with international standards is still acute, especially since African charts of accounts are most often a replica of those in metropolitan France. These charts of accounts are instruments historically dedicated to the exploitation of the resources of peripheral economies. African countries do not have the same level of business development as European countries. For these countries, IAH is neither a requirement nor an emergency. IAH research concludes that accounting systems in countries are influenced by economic, political and social factors. Economic factors are the most influential on the choice of accounting systems because they not only affect accounting directly, but also because they have indirect effects on other environmental factors. Research has been conducted on continental membership. The results show that when a country is part of Europe or America, its use of international standards will be more effective. Despite the wealth of this research, few studies have been conducted on the influence of cultural factors on the adoption of accounting standards. Countries influenced by the Anglo-Saxon tradition are more familiar with international standards and are more likely to adopt them. One study attempts to establish a link between cultural factors and other factors. The authors conclude that Egyptian companies select or reject favorable or unfavorable norms with the socio-economic factors of their country. Zeghal & Mhedhbi (2006) tried to identify the explanatory factors of IAS/IFRS adoption in 64 developing countries. According to these authors, Anglo-American cultural background is significantly and positively associated with the adoption of standards. By contrast to previous works, Damak-Ayadi & Salem (2012) identify the factors of choice of IAS/IFRS by focusing on the impact of cultural factors. They proceed to classify 101 countries according to the accounting standard setting strategy adopted. They came to realise that the geographical location of a country could influence the choice of international standards because of the predominant role played by culture. Accounting is not uniform in its practice. It is therefore necessary to establish harmonization rules in order to improve accounting practices. In fact, the IAH, based on IAS/IFRS, responds to the concern to develop a common language and a single measurement system on a global scale. The aim is to harmonize the language of business.

1.2. International accounting harmonization: a model for evaluating standards and practices

The process of internationalization of the economy and communications gives rise to the need for a common measurement tool: IAH (Colasse, 2000). The work on the degree of IAH analyses the standards in their common characteristic in order to determine the choice based on appreciation and standardization intentions.

Goodwill is an effective management tool, but it is capable of causing the smoothing of the accounting result. Its valuation is the subject of several theoretical and empirical researches. Some researchers emphasise the mandatory nature in national standards of goodwill amortisation, while others emphasise the one-time depreciation of international standards of goodwill. A study of financial statements in 2011 among 235 companies in 23 European countries reveals that more than a third of issuing companies recognise goodwill impairment that is not in line with IAS 36 (Barbu & Piot, 2012).

Cultural factors influence the use of international standards. There are four cultural variables that assess this influence: language, colonization, religion, and education level (Damak-Ayadi & Salem, 2012). Regarding language, findings converge on the fact that the English language
favours the adoption of international norms (Zeghal & Mhedhbi, 2006). On the other hand, countries under Anglo-Saxon colonisation are more likely to choose international standards. The country's main religion, usually Christian or Muslim, influences the choice of IAS/IFRS. The low level of higher education observed from the illiteracy rate is a barrier to the IAS process. Cultural factors do influence IAS/IFRS adoption, but the meaning of this remains mixed depending on the variable or combination of variables selected in the research, on the one hand, and culture is composed of several elements that are not always easy to measure on the other hand (Damak-Ayadi & Salem, 2012).

The differences in major practices between companies concern the methods of valuation of fixed assets. This involves choosing between historical costs and current value. Other different practices are also the focus of debate in harmonization: inventory valuation, revenue and expense recognition, accounting for leasing and foreign currency assets and liabilities, consolidation methods, and presentation and dissemination of accounting information (Wallace, 1990).

The degree of IAH is measured by the C-index and the Chi-square. The measure of national harmony is obtained from the H index of Van der Tas, 1992. As a result, authors arrive at the orientation of Australian firms in terms of US accounting practices more than those of the UK (Barbu, 2006).

Using the statistical method of vector standards on 100 French groups, a study measures accounting vagrancy. Barbu (2004) outlines an accounting vagrancy from 1985 to 2000 and after 2000, a quest for homogeneity of standards through the transition to IAS/IFRS. Research can be classified into two distinct categories: research on the harmonization of practices and research on the harmonization of standards (Van Der Tas, 1992). The results of IAH's efforts are not easily discernible because IASC standards are not binding or allow for a degree of flexibility. Statistical methods can be used to judge the success of IAS. These results have been measured by researchers through index calculation methods, outperformance and jure studies (Turrillo & Walliser, 2001).

Index calculation methods promote facto studies. A decisive research advances the research in the harmonization of practices by developing three indices (Van Der Tas, 1992): the H-index (Herfindahl), the C-index (Comparability) and the I-index (International). In this context, some researchers use I index to assess the impact of IAS and the 4th Directive in six European countries (France, United Kingdom, Germany, Japan and the United States). The authors conclude that IAH efforts have a weak impact on the practices of companies in these countries. Paradoxically, these efforts result in a de-harmonization of accounting practices. The protocol followed by these researchers is identical to that of others (Hermann & Thomas, 1995). However, the latter conducted research in eight EU countries. They arrive at the same result (disharmony). However, they specified the elements concerned: the valuation of inventories and translation differences. Another contribution of this research was the distinction of two categories of countries. These are countries with legal influence (Germany, Belgium, France, Portugal) and countries with economic influence (Denmark, Ireland, the Netherlands and the UK). The authors concluded that there is greater harmonization in countries with economic influence. Peill (2000) has also made a contribution to this line of research. The latter uses both the chi-square and the Van der Tas I index. He finds a high degree of harmonization in the valuation of inventories and the treatment of exchange rate gains and losses. This result is consistent with Herman and Thomas, 1995. In contrast to the latter, Peill (2000) found strong disparities in the valuation of fixed assets, the treatment of goodwill and inventories. He clustered companies by sector of activity. This classification is very original as it reveals a greater harmony of accounting practices between sectors than
between countries. The effect of the sector of the firm in international accounting should not be overlooked. The methods of calculating indices have been overtaken by events. Inconsistencies of the indices are highlighted by a study. The authors find equivalence between I and C indices when only two countries are studied. However, when the number of countries increases, these indices diverge and the C-index is superior due to its stability. Pierce & Weetman (2000) analysed the case of deferred taxes in Ireland and Denmark over eight years, from 1986 to 1993. They concluded that the value of the degree of harmony varies from one index to another depending on the absence of information. However, real data should be mobilised, not simulation data.

Generally, research on index calculations is of interest to standard setters if two items of the same value in the same index get similar attentions from them and have the same impacts on financial markets. However, this research can be challenged by the lack of a theoretical framework of reference. Therefore, it seems interesting to study IAH by going back to the source of differences in practices: norms. Research on the IAH can focus on jure studies. These studies are an alternative to facto studies. These studies start from accounting regulations. Harmonization of standards leads to harmonization of practices when there is a reduction in the number and alternative methods. The divergence of rules helps to explain the disharmony of practices observed. According to Turrillo & Walliser (2001), the harmonization of regulations seems futile in an attempt to harmonize practices. Another study examines the reasons why national regulations adopt an international standard. They find that standard flexibility is a factor in IAS compliance. However, paradoxically, a low degree of standard flexibility does not explain why a large number of countries do not adopt IAS. There are several national standards systems and associated accounting practices that impede the smooth functioning of national economies and increasingly interconnected financial markets. There are still discussions on bringing standards closer to national practices in order to facilitate the comparison of accounting statements produced by companies in different countries.

All the research work on IAH is mainly focused on private companies. The issue of public company frameworks is very important and requires special attention. Public companies must also harmonise their accounting practices in order to allow the comparability of the information produced.

Harmonization, normalization or standardization are synonyms when they refer to public accounting. Standardization is the situation between harmonization and standardization. Standardization is the ultimate goal of IAH in this process accounting choices do not exist. It is in fact the adoption of a single set of accounting rules with universal application. IAH issue for public companies is whether to adopt or reject IFRS. A specific international framework has been adopted, IPSASB. However, since 2008, there has been a convergence between IPSAS and IFRS. The harmonization of a public accounting system leads to the adherence to the accrual principle (Zevounou, 2017). There are several ways to harmonise public administrations (Caperchione & Mori, 2013): vertical harmonization (within a country between various countries), horizontal harmonization (between private and public enterprises in the same country), external or international harmonization (between various countries). Harmonization in public enterprises promotes high mobility of public servants between different economic sectors and between different levels of government as well as the diffusion of reforms.
2. What theoretical frameworks for international accounting harmonization?

According to Littleton, an observation of accounting practice over a long period of time allows the development of an accounting theory. Few theories are present in IAH research. A review of these theories allows us to group them into two blocks: the classic theoretical frameworks and the new theoretical frameworks.

2.1. Traditional theoretical frameworks in international accounting harmonization

The traditional theories that justify IAH are the neo-institutional theory and the agency theory associated with the positive theory of accounting. Neo-institutional theory, in particular mimetic isomorphism, is the basic explanatory foundation in IAH work. However, many studies only address it implicitly.

Most of the work associated with institutional theory is focused on public and community sector administrations. Isomorphism is a process by which organizations conform to environmental pressures. It is difficult for these organizations to resist coercive, mimetic, and normative pressures.

Barbu & Piot (2012) examine the reasons that led French listed companies to apply IAS/IFRS. The neo-institutional theory is used as a framework for interpreting the IAH. Thus, a strong coercive isomorphism, a significant mimetic isomorphism and a quest for legitimacy on the part of companies are observed in the face of deterministic factors: national or European influences.

Harmonization in Europe has led to harmonization in Africa through a mimetic effect. However, the inadequacies of the Common African and Malagasy Organization, then Mauritian plan have accentuated the divergences and put on the agenda the urgency of updating the accounting framework in French-speaking Black Africa.

The neo-institutional theory within IAH framework is unable to take action into account and is concerned with the environment. The view is too static and little attention is paid to changes and variations in institutional pressures. Their character is strongly deterministic. Yet, in the present framework, IAH has experienced a dynamic that cannot be confined to institutional pressures alone.

The agency theory is based on the divergence of interests between managers and shareholders with regard to the IAH. Managers tend to adopt the reference systems likely to allow them freedom of manoeuvre in terms of the choice and management of accounting data. Of course, accounting is a common language. But this language is used as an explicit weapon in the conflicts and negotiations of accounting figures. The latter are constructed and deconstructed by the interests involved in order to contest, cast doubt on and strengthen their position (Hoarau, 1995).

The Anglo-Saxon model refers to a mode of governance in which the managers manage in the interests of the shareholders. The financial theory of agency triggers the return of the shareholder. The positive accounting theory extends the reflection by trying to justify why one country adopts international standards and another country refrains from them. From 1995 to 2004, the most cited authors in IAH are Watts and Zimmerman, 1978. This approach focuses on the causes that influence the way accounting standards are established and determined. The emergence of this theory helps to clarify the discrepancies between the harmonization of standards and the harmonization of practices.
2.2. Towards a renewal of theoretical frameworks in international accounting harmonization

The new theoretical frameworks in IAH are based on Hofstede's cultural model and on evolutionary theory. Hofstede's cultural model measures the influence of culture in accounting. This model, combined with that of Schwartz, 1994, helps to explain the supremacy of cultural values over the law in terms of discrepancies between standards. One research attempts to explain the reasons for the diversity between national and international accounting systems (Damak-Ayadi & Salem, 2012).

Evolutionary theory has Darwin's seminal work as its anchor. The IAH process is marked by learning and routines, the evolutionary pathway, and the plurality of selection environments. This theory provides an endogenous explanation for the evolution of firms in terms of IAH, including path change. However, this theory is hampered by its optimistic attitude regarding the abstraction of the divergence of interests between shareholders and managers on the one hand and by the absence of real and systematic reflection on the notions of control and command implied by routines.

It helps to explain the fact that the organizations that survive are those that adapt and not those that are robust or intelligent. The theory of organizational evolution and organizational change puts forward the explanatory factors of evolution. A dualism of voluntaristic and deterministic principles remains central to this theory. Voluntaristic principles refer to the will of firms to achieve their goals, while deterministic principles are underpinned by market constraints.

Theoretical frameworks in IAH have several limitations when taken in isolation. Some are voluntaristic and others deterministic. Current work would benefit from combining several theoretical frameworks in order to bring together voluntarist and deterministic approaches in the same work. The aim is, in fact, to offer a new perspective of analysis that allows for a renewal of the IAH problematic. The cultural models of Hofstede and Schwartz will lead to a better understanding of the IAH process.

At the end of this article, it is appropriate to discuss the results of our work. The relevance of this discussion takes into account the authors who have also conducted literature reviews on the same research area. Three articles seem to address this concern: Simon & Stolowy, 1999; Barbu, 2004; Baker & Barbu, 2007.

Starting from a questioning of the foundations of accounting as a phenomenon of increasing complexity of the IAH problem, Simon & Stolowy focus on two elements, still uncertain, but which should have a determining impact on harmonisation: the attitude of large companies to the new IASC standards and the attitude of the SEC. Their paper highlights the relevance of mutual recognition of accounting standards between countries. However, the article remains focused on the actors of international accounting standards, ignoring the theoretical and methodological aspects involved. Barbu's article adds value to the field of IAH by integrating a new concept in the theoretical reflection: Standards Shopping. The author underlines the proximity between accounting harmonisation and shopping standards because of the possibility to choose between several accounting standards. There would be a shift from normative to attenuated standard shopping. However, the article remains focused on a single concept without really presenting the theories related to field of research. The Baker & Barbu article provides trend lines on IAH research through a literature review from 1965 to 2004. The authors classify the literature by topic and conclude that the majority of articles on IAH are not rigorous enough. However, the article remains focused on actors and methodologies. Its shortcoming lies in the absence of a presentation of the theoretical frameworks of IAH.
Our paper goes beyond the three articles by proceeding to identify actors, theoretical and methodological frameworks in a thematic and debate format. The usefulness of the researchers and legislators is thus satisfied in many respects.

**Conclusion**

Accounting is a medium that promotes dialogue between actors with divergent interests. It participates in the search for agreements and contracts between the parties. In fact, accounting is becoming a legitimising tool used by managers to find arguments to support the justification of their policies. Comparable reporting is not obvious. It may not be appropriate to impose uniform accounting standards because of institutional differences between countries. Two solutions are proposed by the accounting profession: the American GAAP solution or the European IAS/IFRS solution.

We are witnessing the evolution of debates from the IAH of private companies to the IAH of governments. Countries seem to have accepted the IAH of private companies; however, in public administrations the dynamics are slower probably because these countries have to forgo their sovereignties. Although IAH research has been conducted mainly in private companies, it should be noted that this issue is increasingly moving in the direction of public organisations. The need to take into account not only economic, social and political factors, but also cultural factors contributes to the renewal of the IAH issue. The debate in the work remains focused on the harmonization of standards and/or the harmonization of practices. Concerns related to the harmonization process leads to questions about the sincerity of published accounts and the disappearance of the spectre of financial scandals. These concerns are relevant and make this research program fruitful. This article has relevantly set itself the objective of taking stock of the IAH issue by emphasising the contributions of researchers in this field. This review of the literature could have been done in deep details. This way of proceeding has been discarded in order to avoid losing in understanding what would have been gained in extension. In the end, the IAH issue is fruitful for researchers. Research made on the obstacles to the adoption of IAS, on the actual practices of companies in the area of IAH and on the determinants of the adoption of international standards can be retained as fruitful for the researcher interested in the IAH issue. Perfect harmonization is a long-term process with an unlikely outcome. When the accounting framework changes, the financial situation and performance of the company also changes. Thus, a reflection on the impacts of the standard on the financial situation and performance of companies could convince managers to opt for IAH not by coercion or normativism, rather, by imitation.

**Bibliographie**


Zevounou L. (2017). "Les coulisses de l'harmonisation comptable européenne", HAL Id: hal-01630783