ECONOMIC IMPLICATIONS OF CORPORATE FINANCIAL REPORTING IN BRAZILIAN AND EUROPEAN FINANCIAL MARKETS

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1 Introduction

The main objective of this study is to determine how the people involved in the accounting process consider the role of accounting information in an economic environment where capital markets play a major role. The study is also aimed at determining whether International Financial Reporting Standards (IFRS) will help fulfill this role. To this end, we compare the perceptions of financial officers, financial analysts and auditors, using Europe as a proxy for a highly developed capital market environment and Brazil as a proxy for a less developed capital market environment.

Our research follows a recent wave of field studies in accounting[1] that aim to narrow the gap between academics and practitioners. Using a survey we want to identify whether producers of accounting data (i.e., financial officers), users of those data (i.e., financial analysts who are the main adviser of shareholders), and controllers of accounting information (i.e., auditors) share the same views on the usefulness and goals of the financial accounting process. We also want to assess if these views depend on their economic environment. Furthermore, as the development of financial markets during the last decades created the need for a universal set of common rules in accounting (ERNST & YOUNG and FIPECAFI, 2009; HOARAU, 1995), several countries have moved in this direction by implementing IFRS. The European Union (EU) adopted the IFRS in 2005, and other countries, Brazil for example, plan to do the same in a very near future (CVM, 2007). Our research is therefore also aimed at appreciating the relevance of these new accounting standards. Finally, by exploring the economic implications of accounting disclosure practices in emerging and developed markets, we will shed light on aspects that have been previously neglected by research accounting. As such, we will verify if the same rules can be used in different level of development in capital markets. This is particular

[1] Although most studies are focused on the United States and Europe (e.g., Barker and Imam, 2008; GRAHAM, HARVEY and RAJGOPAL, 2005; SAGHROUN, 2003; BARKER, 1998; ARNOLD and MOIZER, 1984; MOIZER and ARNOLD, 1984)

important due to the need for cross-country comparative studies leading to a better understanding of the financial decision-making process in different economic settings.

2 Research Question

There is much conjecture about manager, auditor and financial analyst views of the usefulness of accounting data because of the small number of exploratory studies done on the subject. This research aims to minimize part of these conjectures answering the following question:

Are IFRS expected to satisfy investors' information needs identically in both the EU (with developed capital markets) and in Brazil (with less developed capital markets)?

Answering this question requires to answer three questions, which will be the guidelines of the study:

What are the new needs of accounting information in economies with capital markets that have become increasingly important?

Are IFRS expected to better satisfy these needs?

Do these needs depend on the economic environment of firms and, notably, the size of capital markets where companies' shares are traded?

To answer these questions, instead of conducting empirical analyses, we built a questionnaire to obtain answers from providers, controllers and users of accounting information. Only public firms will be analyzed because IFRS adoption is not mandatory for private companies (CVM, 2007).

3 Motivation

The first motivation of the paper is to provide answers to the main questions of the financial accounting theory: How accounting information can help investor in their investment decisions? What is the role of voluntary *vs.* mandatory disclosures? What are the consequences of accounting manipulations? What are the characteristics of accounting quality? Our survey will help understand how producers, controllers and users of accounting information (i.e., CFOs, auditors and equity analysts) consider these questions. The second motivation is to determine whether and how IFRS can improve financial statements: Are accounting data complying with more informative than those complying with local GAAPs? Is fair value accounting relevant? What are the problems associated with the first application of IFRS? The third motivation is to

determine whether the "one size fits all" principle applies to IFRS adoption. Are IFRS likely to increase the quiality of accounting information in all countries whatever their economic environment and the accopunting rules and practices that prevailed before the adoption of IFRS.

Our survey includes 21 questions. It was created using the Graham, Harvey and Rajgopal (2005) research as a benchmark. Some of their questions were adapted: GHR's survey is based on twelve questions. We only use nine of them. Thirteen questions are peculiar to this research, two of them being inspired from Ball (2008) and Benabdellah (2008).

Our research differentiates from the one by Graham, Harvey and Rajgopal (2005) in three ways. First, GHR investigate three topics: the role of accounting information, the relevance of performance measures, earnings management. We study the same three topics but, in addition, we investigate the ability of IFRS to provide market participants with more accurate information. Furthermore, with regards to the third topic, we expand the analysis of earnings management by including questions on earnings quality. Second, instead of focusing on CFOs only, we survey three different agents involved in the accounting process (CFOs, financial analysts and auditors) to determine whether they all share the same views on the usefulness and goals of the accounting process. Third, GHR applied their questionnaire in the US only. We apply ours in several countries, notably Brazil and the EU, with different levels of capital market development.

The questions on IFRS are motivated by the switch from national GAAOP to IAS/IFRS in more than 100 countries in a short period of time. This switch is a unique and exceptional opportunity to analyze the relevance of strongly investor-oriented accounting rules. Raffournier (2007) and Hoogendoom (2006) state that the implementation of IFRS represents a transformation of accounting rules' philosophy. The switch also provides the opportunity to study the technical problems related to major changes in the accounting system. Thus, profiting of this transitional period, our research will focus on the disclosure of mandatory reports and the problems related with the first adoption of IFRS. These mandatory reports are important to all stakeholders and they provide information on the enterprise performance (GRAHAM, HARVEY and RAJGOPAL, 2005). These reports are largely releases, notably through companies' websites. Financial analysts use such reports to recommend companies (BAKER and IMAM, 2008; SAGHROUN, 2003; ARNOLD and MOIZER, 1984; MOIZER and ARNOLD, 1984). Auditors use them to investigate and to control firms (NELSON, ELLIOTT and TARPLEY, 2002).

Extending the study to several countries is aimed at determining whether and how the economic environment affects the respondents' views of accounting information. Emerging markets may serve as convenient laboratories for shedding a new light on the problems in accounting and finance known to be relevant to developed markets. Volatile economic conditions, less liquid capital markets, highly concentrated firm ownership, a non-negligible share of state-owned firms, inefficient and weak institutions, poor monitoring practices, financing restrictions, and large amounts of information asymmetry are among the many distinct features of such markets. Such imperfections exacerbate the issues that are thought to be important for

financial decision-making, and highlight the difficulties that may lie in the financial executive's path.

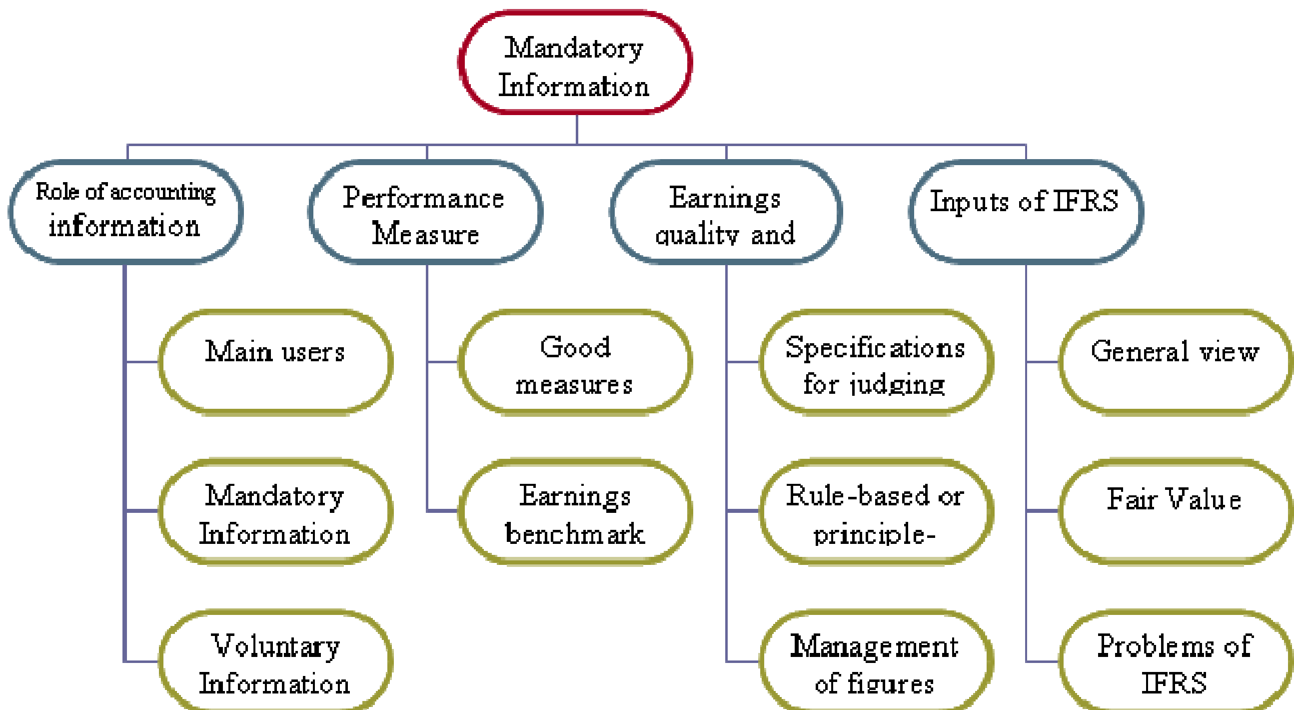
A final and important observation about prior research in this field is that there has not been a combined study of controllers/finance directors, financial analysts and auditors, despite the fact that the behavior of these groups will inevitably influence each other. The evidence in this research, therefore, will offer a unique opportunity to develop a grounded theory based on primary market information and on the evidence that comes from the interactions among each of the major constituent market groups.

This research will also contribute to the literature in several ways. First, it will explore the field study method in accounting, which, to this date, remains a relatively rare approach in this discipline. Second, it will focus on an emerging market context, which is even rarer in this field. Finally, by employing exactly the same questionnaire in two different markets, this study will highlight the similarities and differences between emerging and developed markets.

4 Theoretical framework and questionnaire design

This section describes the conceptual background of the questionnaire. The section is divided in four major sections just like our questionnaire. For all sections the focus is mandatory information. The first section deals with the role of accounting information. The second one introduces the performance measures based on accounting figures. The third one focuses on earnings quality and earnings management. The last one is devoted to the contribution of of IAS-IFRS and to the problems associated with their first application. Figure 1 shows the structure of this chapter and the structure of our questionnaire.

Figure 1: Theoretical and questionnaire structure.



4.1 Role of accounting information

In this research, and inconformity with the IFRS general framework, the main users of accounting information are market participants. They use accounting information intensively for their investment decisions and they have a strong influence on stock prices. Financial analysts (PIKE, MEERJANSSEN and CHADWICK, 1993; ARNOLD and MOIZER, 1984; BARKER and IMAM, 2008, SAGHROUN, 2003), institutional investors (DEEGAN, RANKIN and VOGHT, 2000, CUNHA et al. 2009), fund managers (GRAHAM, HARVEY and RAJGOPAL, 2005; BARKER, 1998; MOIZER and ARNOLD, 1984), employees, like managers (MACHADO et al., 2009; REBOUÇAS, 2009; GRAHAM, HARVEY and RAJGOPAL, 2005; BARKER, 1998), minority and majority shareholders (GONZAGA and COSTA, 2009; DEEGAN, RANKIN and VOGHT, 2000, CUNHA et al. 2009) and creditors (NOBES, 1998) are considered as the potential main users of accounting data.

The section dedicated to mandatory information explores the reasons why accounting disclosures must be regulated. Financial reports are used by shareholders and investors to monitor managers and directors (Hoarau and Teller, 2007), and therefore they have to minimize information asymmetry. Thus, managers would not tend to favor major investors and to ignore small ones. The standardization of mandatory disclosures reduces the processing costs of financial information (SAGHROUN, 2003) and makes more complete the analysts job because IFRS makes corporate reporting more informative and more comparable (DASKE, HAIL, LEUZ, VERDI, 2008).

The adoption of new accounting standard is not enough to guarantee better information. To guarantee this, the country needs more protection to shareholders, more incentives to disclosure and more enforcement and effective legal system. (BALL et al., 2000, 2003; LEUZ et al. 2003). In your study, Ball, Robin and Wu (2003) found that if the country has accounting rules with high quality and a poor institutional system their accounting reports are poor also.

The questions related to voluntary information are aimed at discussing the motives to release or to limit voluntary information. In this way, Barry and Brown (1985, 1986), Merton (1987) and Leuz and Verrecchia (2000) found that voluntary information can reduce the cost of capital and the information risk to investors because it promotes more transparent reports. Daske et al. (2008) found that it can increase stock market liquidity. French and Roll (1986) and Roll (1988) found that part of stock abnormal returns can be explained only because companies disclose more specific information and then, they conclude that voluntary disclosure can correct under-valued stock prices. Barker (1998) shows that fund managers analyze voluntary reports to know the skill level of managers. Barker and Imam (2008) observed that financial analysts use non-accounting information when performing financial statement analysis.

Using this literature, we asked to our respondents: What are the market participants that use accounting information intensively? What are the market participants who have the strongest influence on stock prices? Why must be accounting disclosures regulated? What are the reasons for communicating voluntary information not required by accounting standards? What are the motives to limit voluntary disclosure of financial information not required by accounting standards? How should be financial information disclosed?

4.2 Performance measures

This part describes the most important measures of firm's performance and the most relevant benchmarks for earnings. Thus we found that, cash flow, earnings and revenues are often used with performance measure to compare firms in the same sector and in different periods. The most important performance measures reported to outsiders are earnings and future cash flows (GRAHAM, HARVEY and RAJGOPAL, 2005; LEV, 2003). But Graham, Harvey and Rajgopal (2005) found that earnings have more information content about company value than cash flows.

Some research proposes that earnings benchmarks are a guide to enterprise in the stock market. Graham, Harvey and Rajgopal (2005) found that the main earnings benchmarks for firms in United States are quarterly earnings for the same quarter last year (85.1%) and the analyst consensus estimate (73.5%). In addition, they observe that CFOs believe that exist a rigorous market reaction if they don't have analyst consensus number. Others earnings benchmarks have been proposed in the literature (BURGSTAHLER and DICHEV, 1997; DeGEORGE et al., 1999; Graham, Harvey and Rajgopal (2005)), such as previous years' or seasonally lagged quarterly earnings, reporting a profit, previous quarter EPS. But, for Cornell and Landsman (2003), earnings aren't a good measure for analyzing the association between past financial

performance and the value of future growth options.

Dechow and Skinner (2000) and Graham, Harvey and Hajgopal (2005) found that companies try to meet earnings benchmarks principally to influence stock prices giving more credibility (e.g. maintain or increase stock prices or reduce volatility of then) and, for Farrell and Whidbee (2003) and Graham, Harvey and Hajgopal (2005), CEOs think that it helps to maintain the external reputation of the management team too. Watts and Zimmerman (1978, 1990), Healy and Wahlen (1999) and Fields et al. (2001) found also that firms look for earnings benchmarks because they receive incentives related to debt covenants, bonus of employees, credit ratings, good credibility and image to all stakeholders (customers, suppliers and creditors). Healy and Wahlen (1999) and Fields et al. (2001) found motivations related to the taxes and regulation also.

In spite of this, for Graham, Harvey and Rajgopal (2005), if management team missing an earnings benchmark, the market concludes that the firm probably will have problem in the next years and market can reduce the firm's stock price. Moreover, Graham, Harvey and Rajgopal (2005) found other consequences, like: investors might think there are previously unknown problems at the firm; a lot of time must be spent to explain why benchmarks are missed, rather than focus on future prospects; it increases the possibility of lawsuits; outsiders might think that the firm lacks the flexibility to meet the benchmark and it leads to increased scrutiny of all aspects of earnings releases.

Furthermore, Graham, Harvey and Rajgopal (2005) observe that there are some companies that are reducing or eliminating earnings guidance. These firms think that it is not necessary when the firm is stable and the manager team is able to meet or exceed the guided number. On the other hand, if an unstable firm misses earnings benchmarks, it is not a positive sign, because it means to analysts (stock market) that the executive couldn't get the number.

With these previous researches results, we asked four questions to our respondents: What are the most important measures of firm performance? What are the most relevant benchmarks for earnings? Why companies try to meet earnings benchmarks? Why are firms penalised when they miss an earnings benchmark?

4.3 Earnings quality and earnings management

In this section of our questionnaire we asked what quality means to our respondents and how they can increase this. In this way, earnings are common used by stakeholder to observe the enterprise performance and the quality of management (GRAHAM, HARVEY and RAJGOPAL, 2005; LEV, 2003). Lev (2003) investigates the reasons for the fragility of the accounting measurement of earnings. For him, there exist three moments: the first moment is the perspective of analysts, after the reports of firms and then the effective earnings per share. For Lev (2003, pp. 31), "a high earnings quality number is one which improves the prediction of future earnings or cash flows, thereby facilitating the valuation of assets." For Graham et al.

(1962, *apud* Sloan, 1996) the earnings power reflect the capacity of firm to maintain the same earnings for almost ten years (earnings consistently in the future).

Some studies (BARTH et al. 2008; BARTOV et al, 2005; LANG, RAEDY, WILSON, 2006; BRADSHAW; MILLER, 2008) investigate the quality of accounting information after the adoption of IFRS. Barth et al (2006) made a portfolio of measure items of quality in accounting information and they and other authors found: timeliness (BALL; KOTHARI; ROBIN, 2000; BALL; ROBIN; WU, 2003), earnings management (LEUZ; NANDA; WYSOCKI, 2003) and value relevance (ALFORD et al., 1993; ALI; HWANG, 2000; LAND; LANG, 2002).

Thus, financial executives try to increase the quality of earnings using a lot of mechanisms or information. Sloan (1996) found that the perseverance of earnings performance depends on the magnitude of accruals. For Watts (2002); Gibson (1989) and Needles et al. (1990), the conservatism[2] accounting principles in accounting figures is a positive signal to earnings quality. Another positive sign is the conservatism associated with the magnitude of reserves (WATTS, 2002; BRICKER, PREVITS, ROBINSON and YOUNG, 1995). And for Bricker, Previts, Robinson and Young (1995) the number of accounting methods allowed recognizing one event is positive also.

After, we have a question about smooth earnings. Graham, Harvey and Rajgopal (2005) found that firms preferred smooth earnings because it is perceived as less risky by. For Nelson, Elliott and Tarpley (2002) it is preferred when related with stock market because convey higher future growth prospects and it makes it easier for the analysts or investors to predict future earnings. And, when it is related with contracting and cash flow, it is favored because it increases bonus payments. In addition, Graham, Harvey and Rajgopal (2005) found also that smooth earnings reduces the return demanded by investors (i.e. smaller risk premium), and it achieves or preserves a desired credit rating (more private firms than public). Related with the risk premium idea, Graham, Harvey and Rajgopal (2005) observe that it gives to customers/suppliers the idea that business is stable.

And, the last part of this section we discuss about managing earnings. For Nelson, Elliott and Tarpley (2002) the main motivation for companies to manage accounting figures is to get a smooth pattern of earnings, during special occasions (i.e., IPOs, SEOs, bond issues) to attract investors and analysts and to maintain a high stock prices. For Bricker, Previts, Robinson and Young (1995) the conservative accounting principles is preferred by analysts, because the accounting principles offer flexibility allowing managers to release opportunistic accounting figures. They conclude also that there are problems to understanding accounting preferences of users for the reason that different cultures can have distinct meanings of same terms.

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[2] For Watts (2002, p. 2) “Conservatism is defined as the differential verifiability required for recognition of profits versus losses. In its extreme form the definition incorporates the traditional conservatism adage: ‘anticipate no profit, but anticipate all losses.’”

Thus, we demand to our participants six questions: What is the meaning of “quality” when it is applied to earnings? How can a company increase the quality of earnings? Why is a smooth earnings path preferred? How and what are earnings managed?

4.4 Inputs of IFRS

In this section we discuss about the general view, the fair value and the problems associated with IFRS, but all questions in our survey are related with the first application of IFRS. The global movement to unify the accounting rules made already more than 100 countries (DASKE et al. 2008) starts to adopt the IFRS for companies in the stock market.

The adoption of IAS/IFRS brings to firms direct and indirect consequences. We observe direct consequences when regulators organisms expected that these standards leads firms to release more easily comparable accounting figures, to improve corporate transparency and to made figures with higher quality (DASKE et al., 2008). Moreover, Rebouças (2009) found that the adoption of IAS/IFRS get more value relevant to accounting figures, figures of higher quality and more additional information (disclosures)[3]. In addition, for Dumontier and Maghraoui (2007) the adoption of IAS/IFRS brings additional disclosure to German firms. But for Hoogendoom (2006), the implementation of IAS/IFRS is a real challenge, and it is almost impracticable to wait for full or near-full comparability. Even for auditors or other specialists, IFRS are complex and difficult to understand, because the standards are unclear and unstable, and they are not ready.

Daske et al. (2008) found that mandatory adopters of IAS/IFRS had an increase in market liquidity than other countries which have not adopted them. They observe that the trading costs and the percentage of bid-ask spread of firms (as DUMONTIER and MAGHRAOUI, 2007) are reduced also. The adoption of IAS/IFRS can result in a more efficient monitoring of the company by shareholders or creditors, in a better protection of shareholder or creditors; and, in a decrease of information asymmetries between insiders (managers and directors) and outsiders (shareholders, creditors, suppliers, customers). However, Daske et al. (2008) found that the effect of IFRS are smaller for the countries, whose local GAAPs are closer to IAS/IFRS or already adopted a strategy to minimize the effects of IFRS adoption.

Hoogendoom (2006) made important commentaries about costs and benefits of IFRS. In the first one, he observes that to implement IFRS firms have to incur cost of compliance and a big involvement of auditors in preparing the financial statements, because the complexities of IFRS can bring problems with compliance. He found also that the security regulators pressurize the auditors to make their work in direction to a minimize the diversity of IFRS. And, in the second one, he detect that the adoption of IFRS brings the possibility of comparison between European firms because the lack between balance sheet and income

[3] Demaria and Dufour (2007) didn’t found strongly impact of the IAS/IFRS disclosure on stock prices.

statement formats were reduced; and, the fair value and impairment approaches in IFRS bring, more clearly, significant differences between firms.

All these results found in the literature are inquired to respondents in the survey instrument. In this topic we ask: What are the results of the adoption of IFRS? What can you say about Fair Value accounting? But we demand specifically for CFO and auditors (internal view) one question: Why was (is) costly the first application of IFRS? . And for analysts (external view) we ask two special questions: What do you think about your first analyze of financial statements complying with IFRS? What was changed with the switch to IFRS? . Thus, we can observe if the perception of the practitioners is the same perception of the academy.

5 RESEARCH DESIGN

5.1 Ethical Procedures

The research itself relies on the voluntary support of thirty two financial professionals, consisting of both academics and practitioners. Ten participants evaluated the Portuguese version of the questionnaire; ten judged the French version and ten the English version. Participants were assured that all information provided will remain confidential, and that it will only be used for scientific purposes. Moreover, any release of information will be anonymous, and in conjunction with other participants' answers. Finally, participants were assured that they will be exempted from any responsibility for the opinions expressed in any publication based on this research.

5.2 Methodological Procedures

This is not a conventional finance and accounting study. This is an exploratory research, and only primary data is be used.

CFOs target population was all the public corporations from the São Paulo Stock Exchange (Bovespa) directory, and all the public corporations from Euronext. This population consists of almost 8,000 enterprises and we sent our questionnaire to all companies that were registered in Thompson data base, but only 3,606 companies had the correct email address of their financial directors or equivalent. Until today we have 129 complete answers (3.6% return rate). All financial analysts that are registered in APIMECs in Brazil and in Europe and the auditors' members of four[4] big auditing enterprises in Brazil and in Europe will receive our questionnaire also. We found the contact of these two publics at Capital IQ data base. This population consists of almost 7,000 analysts and 500 auditors.

First, all firms[5] received an email directed to its Chief Financial Officer (CFO), or to the equivalent financial analyst or auditor, explaining the purposes of the survey, and with the link to the research website. Next, the participant will be contacted by telephone as a follow-up[6], if it's necessary. The usual confidentiality assurances will be given through a document to all participants.

CEOs are invited to participate in two successive waves. The first one started on March 1st, 2010 and the second one started on April 1st 2010. The CEO data collection ended on May 15th 2010. The auditors and financial analysts were also invited to participate in two successive waves. The first one started on May 1st, 2010, and the second one started on June 1st, 2010. The data collection from auditors and financial analysts will finish on July 15th, 2010.

The answers are controlled by a user and password[7] mechanism. Non-response bias will also be tested, and the difference between main responses of the firms in the first wave and those in the second wave will be observed and analyzed.

5.3 The instrument

The questionnaire has five sections. The first section has seven questions about the role of accounting information, to introduce the subject of accounting information and/or voluntary or mandatory financial reports to the respondents. The second section has four questions about performance measures, and the third section has six questions about earnings quality and earnings management. In both sections, the questions are based only on mandatory reports. The final theoretical section illustrates contributions that the IFRS can potentially make to accounting practices. In this section we have two different versions. One version to auditors and financial directors (internal view) and another version to financial analysts (external view). The questionnaire ends by asking for information about the respondent or firm. To answer our questionnaire the respondents need 20 minutes approximately.

Graham and Harvey (2001, p. 189) highlight the potential problems inherent in a survey approach: "*Surveys measure beliefs and not necessarily actions. Survey analysis faces the risk that the respondents are not representative of the population of firms, or that the survey questions are misunderstood.*". In this research, the same questionnaire, written in English, Portuguese and French will be used in each country, thus ensuring that the survey instrument carries the same meaning in both Brazil and the European Union.

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[4] Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers

[5] All public firms, the big firms of auditing and all associations of financial analysts will be included in this part.

[6] The biggest firms in Brazil and 500 in Europe, in terms of revenues, the big four auditing enterprises in each country and the president of each financial analyst associations in each country will be contacted in this part.

[7] Website: http://www.surveymonkey.com/s/accounting_reports user: IFRS password: IFRS.

5.4 Translation Procedures

The translation procedures employed are similar to those used by Vallerand (1989) in his research. According to this author, the cross-cultural use of questionnaires incorporates important methodological aspects of research and the translation of instruments must be carried out in a systematic manner. It must be taken into account that the instrument will be administered in a different setting, which includes differences in language, values, culture, customs, and social context. Therefore, Vallerand (1989) suggests validate the original instrument in the alternative language in the population of interest (in this case, Brazilian and French), according to its metric properties.

This research implements the Vallerand (1989) in three distinct phases so that the translated questionnaire may be used for international comparisons. The original English version was independently translated into Portuguese by two bilingual Brazilian, one of then official translator and the other one financial professor in Brazil. These two translated versions were then combined into a single translated version and this final version with the other two ones was validated in a committee of two persons. And, the original English version was independently translated also into French by two bilingual French, one of then official translator and the other one financial professor in France. These two translated versions were then combined into a single translated version and this final version with the other two ones was validated in a committee of two persons.[8] After the consolidation by a committee, the last version of questionnaire will be sent to judges (table 1), for content validity testing evaluation. They evaluated the language clarity and practical pertinence of all questions.

Table 1: Return of Evaluation Sheets.

	ENGLISH	PORTUGUESE	FRENCH	TOTAL
ACADEMICS	3	2	4	**9**
CFOs	0	2	1	**3**
ANALYSTS	2	1	1	**4**
AUDITORS	1	2	1	**4**
TOTAL	**6**	**7**	**7**	**20**

[8] We have relied mostly on academics throughout this research. We aggressively tried to obtain the cooperation of financial executives in the implementation of this research, but we were not as successful as we would have liked. One reason is that academics are more likely to comprehend the importance of academic research. We realize that this may induce a bias in the analyses that follow. In order to minimize this bias, we engaged several academics whose previous professional experience included executive and consulting positions.

In order to evaluate the content validity of language clarity and practical pertinence, we used the Content Validity Coefficient (CVC) proposed by Hernández-Nieto (2002). This coefficient measures the degree of concordance among the judges regarding each question, as well as for the survey instrument as a whole. This coefficient also evaluates the validity of content. After that we consider that the questionnaire was ready, we did a pre-test with our three publics to control the time and to verify if the web site woks well. After this evaluation, some questions were rewritten and some questions were deleted.

6 CONCLUSION: EXPECTED CONTRIBUTION

We will know the opinion of producers of accounting data (i.e., financial officers), users of those data (i.e., financial analysts who are the main adviser of shareholders), and controllers of accounting information (i.e., auditors) on the role of accounting information, the relevance of performance measures, earnings management and earnings quality, the inputs of IFRS and we will know if their perceptions of these attributes depends on of their economic environment.

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