

## **Professional Autonomy, Professional Confidence, And IFRS Harmonization: Evidence from the World Values Surveys**

*Dr. Jiahua Zhou*

Assistant Professor at the Broadwell College of Business and Economics,  
Fayetteville State University, USA

*Dr. Robert W. McGee*

Professor at the Broadwell College of Business and Economics,  
Fayetteville State University, USA

[Doi: 10.60154/jaepp.2024.v25n2p238](https://doi.org/10.60154/jaepp.2024.v25n2p238)

---

Submitted: 02 September 2024

Accepted: 02 December 2024

Published: 12 December 2024

Copyright 2024 Author(s)

Under Creative Commons CC-BY 4.0

OPEN ACCESS

---

*Cite As:*

Zhou J. & McGee W.R. (2024). *Professional Autonomy, Professional Confidence, And IFRS Harmonization: Evidence from the World Values Surveys*. Journal of Accounting, Ethics & Public Policy, JAEPP, 25 (2), 238. <https://doi.org/10.60154/jaepp.2024.v25n2p238>

---

### **Abstract**

This study examines how International Financial Reporting Standards (IFRS) align with the cultural characteristics of adopting countries, emphasizing the professional judgment required for IFRS implementation. Building on the cultural frameworks of Hofstede and Gray, the study highlights the importance of professional autonomy and confidence in adopting IFRS. The research identifies six key factors influencing IFRS adoption using data from the World Values Surveys. The findings highlight the pivotal roles of professional autonomy, with social trust emerging as a crucial element influencing autonomy. The study also addresses the challenges posed by political interference and recommends clearer regulatory frameworks to mitigate risks associated with professional judgment. Additionally, the paper emphasizes the role of professional confidence, supported by trust in the government and the justice system, in facilitating IFRS adoption. The study suggests that developing countries can enhance their alignment with IFRS by fostering trust, minimizing political interference, and improving societal well-being.

---

**Keywords:** IFRS Harmonization, Trust, Political Impact, Professional Autonomy, Professional Confidence, World Values Survey

## **I. Introduction**

This paper analyzes how professional autonomy and confidence interact and impact the adoption of International Financial Report Standards (IFRS). The adoption of IFRS is highly impacted by domestic political, economic, and cultural factors (Ball, 2016). Professional autonomy and confidence are derived from the World Values Survey (WVS) and represent domestic cultural and political factors. The existing literature demonstrates that cultural factors deeply impact professional judgment (Hofstede, 1980; Gray, 1988) and can influence IFRS adoption (Dima et al., 2015). We use a novel data science approach with the Structural Equation Model to develop professional autonomy (Dima et al., 2015) and professional confidence (Bogdan et al., 2017) with six factors selected from the 263 WVS questions. The study confirms that professional autonomy and professional confidence have a significant impact on the adoption of IFRS. The accounting “world culture” (Alon & Dwyer, 2014, p. 352) represented by IFRS has deep implications for transnational economic regulation harmonization.

The rationale for this paper is to observe the interaction and fitness of IFRS and the adopted country’s cultural profile. According to the highly profiled institutional theory, IFRS adoption requires cultural fitness no matter whether the adoption came from coercive, normative, or mimetic isomorphism (DiMaggio & Powell, 1991; Powell & DiMaggio, 2012). This study aims to extend the cultural frameworks of Hofstede (1980) and Gray (1988) from the perspective of the IFRS’s professional judgment content. IFRS is a principle-based accounting mechanism that requires a prominent level of professional judgment for its implementation. This orientation requires strong professional autonomy (Dima et al., 2015) and professional confidence. Countries can accelerate the adoption of the IFRS if the public can perceive both professional autonomy and confidence, which can be reflected in the World Values Survey (WVS) questionnaire.

This paper uses a Structural Equation Model to confirm the relationship between the adoption of IFRS and the adopted countries’ cultural profiles. The paper uses the third wave survey data (1995-1998) and the seventh wave data (2017-2022) to observe how the public perception of the survey questions that reflect as social values is related to the adoption of IFRS, and how the change in these two waves is related to the recent adoption countries. We apply a data science approach to reduce the 263 WVS data dimensions to 35 variables. Then we apply a principal component analysis to develop six cultural latent variables to fit the SEM model. The study demonstrates that professional autonomy and confidence can promote IFRS adoption, and IFRS implementation also enhances the adopted countries’ accounting professional autonomy and confidence. Our research contributes

to the literature on understanding which cultural factors can accelerate or enhance IFRS adoption.

The paper is arranged as follows. The following section is the literature review and assumptions development. In section 3, the study introduces the methodology and the WVS data. The paper presents the analysis and results in section 4. We conclude the paper in section 5.

## **II. Literature Review and Assumption Development**

IFRS adoption and harmonization need to consider the external factors of “social fitness” (Moll et al., 2006, p.186) — a fitness of the IFRS technique features and a country’s social values and cultural features, not only by economic objectives of cost-minimization and profit-maximization. DiMaggio and Powell (1991) improved the initial classification of the institutionalization process by re-classifying it into three categories: coercive isomorphism, normative isomorphism, and mimetic isomorphism. Coercive isomorphism is often reflected in rules and regulations that ensure accepted corporate behavior (Meyer & Rowan, 1977). The regulators often seriously consider public acceptance when they develop related laws and acts. The EU countries’ IFRS adoption is attributed to this type of institutionalization. Normative isomorphism is also known as attraction isomorphism. It entails the social norms that are developed by professions as the ‘rules of the game.’ This process needs highly developed professional autonomy. Lastly, memetic pressure is described as the force to adopt best practices to be more legitimate or successful. For example, the benefits of more trustworthy financial information from the IFRS attracted many developing countries to adopt this accounting system. Professional confidence acts as a crucial factor in this process.

All three forms of isomorphic pressures, coercive, mimetic, and normative, are predictive of IFRS adoption (Hope et al., 2006). Within these three forces, we can observe that social values and cultural differences act as essential functions to achieve this “social fitness.” This theoretical perspective was also reflected by the earlier culture theory; Hofstede's (1980) measurable cultural dimensions and Gray’s four accounting cultural features (1988) have meaningful explanations for how accounting systems need to be harmonized with their operating environment. Borker (2013b) suggests that cultural factors are determinants of IFRS adoption. Edeigba and Amenkhienan (2020) identified how cultural factors impact IFRS adoption among publicly accountable companies in Nigeria. Their findings add a specific case-based understanding of the factors inhibiting or enhancing IFRS adoption.

A degree of autonomy is one of the key dimensions of professionalization in an accounting system. Pressure on autonomy can come from both political and commercial powers. The balance of these pressures

generates and develops a country's accounting system (Baker & Barbu, 2007). Two contradictions characterize the process of the accounting profession's autonomy evolution. The first is the self-control relation. The accounting profession strives to develop financial standards and make them more transparent and accountable to earn the public's trust. The second contradiction comes from political regulation. When a government faces financial scandals, it loses the public's trust. It needs to respond to the professionals with new or more strict regulations to reboot professional development. The South Sea and the Enron scandals were remarkable events that led to more regulations from the regulators. Trust and political impact are the two primary pillars of accounting professional autonomy.

In the context of globalization, countries are encountering a growing array of pressures that lead to similarities in economic, political, and cultural ties across societies. Although extensive research has concentrated on these uniform pressures, internal factors specific to local contexts can impede the convergence process. Among these internal factors, national culture stands out as a significant contributor to variations in national accounting system selection. Specifically, nationalism, which is considered a dimension of national culture, is theoretically expected to influence the adoption of IFRS (Baker & Barbu, 2007). Borker (2013a) explained that a financial reporting environment with a professional orientation would be more successful in IFRS adoption than countries with statutory control (Borker, 2013b, p. 174).

One primary feature of IFRS is the significant application of fair value. The professional feature of fair value extends its flexibility for sovereign countries' adoption, but it is a significant requirement for professional autonomy and professional confidence (Brown & Thornton, 1993).

Based on the discussion above, we developed Hypothesis 1 as follows.

**Hypothesis 1: Professional Autonomy is strongly related to IFRS adoption.**

Professional autonomy needs high-level public trust. The accounting standards stakeholders will not allow national sovereignty to be affected by the IFRS without strong trust.

According to Gray (1988), conservatism versus optimism explains accountants' cautious professional judgment in financial measurement due to unknown future consequences. This behavior is consistent with Hofstede's (1984) uncertainty avoidance. Watts and Zuo (2016) and Watts and Zimmerman (1978) explained this professional behavior as the political cost and fear of the utility cost of assets. Trust can impact professional autonomy because of uncertainty avoidance and conservatism.

Measuring trust as a fundamental social value in accounting poses a considerable challenge. Numerous studies have previously associated religiosity with social trust. Dingemans & Van Ingen (2015) utilized data from

the 2008 European Values Survey, revealing that involvement in religious communities enhances trust, while greater religious diversity contributes to increased social trust. Building on earlier research, Traummüller (2011) examined the relationship between religion and social trust across 97 German regions. From an 'institutional perspective,' social trust is viewed as an outcome of institutional arrangements linked to a society's level of economic equality and equality of opportunity (Jen et al., 2010). The central argument suggests that universal social policies are more effective than selective ones in fostering both forms of equality and, consequently, social trust. Through the establishment of universal social programs, a government communicates crucial messages to its citizens, fostering solidarity and trust.

Religion is one raw source of social trust (Dingemans & Van Ingen, 2015; Traummüller, 2011), so we include religious questions in the WVS to develop a trust measurement.

Based on the discussion above, we developed Hypothesis 1.1 as follows.

**Hypothesis 1.1. Professional autonomy can be reflected in trust.**

Adopting or harmonizing IFRS means that countries need to persuade the public to sacrifice sovereignty regulation for this international accounting regulation. If social values have a high political impact, they can usually stop or slow down the adoption process.

Luther (1996) maintained that political factors were the primary reason for differences in accounting practices among countries. Conflicts exist between shareholders and other parties regarding the provision of accounting information, and so political influences on accounting standards-setting are inevitable. Thus, accounting standards-setting is a political process where the most powerful viewpoints often prevail. The political impact can cause anxiety and worry about accounting professional judgment. On December 6, 2005, the then Chairman of the FASB, Herz, talked about how and why the auditors' fear of lawsuits led to the rule-based GAAP in the US; it is easy to defend with clear and detailed rules. Thus, political impact can negatively influence professional autonomy and impact the adoption of the IFRS. The political impact is strongly connected to Hofstede's (1984) power distance cultural perspective.

Based on the discussion above, we developed Hypothesis 1.2 as follows.

**Hypothesis 1.2. Public perception of political impact negatively affects professional autonomy.**

Accounting professionals always commit to public accountability and transparency. This is a convenient mechanism for avoiding criticism and maintaining the power and privilege of delegated self-regulation (Canning & O'Dwyer, 2001). Professions identify self-regulation as one of the privileges

professions seek in exchange for making their knowledge and skills available (Willmott, 1986). Accounting professionals are considered as ‘integrated communities whose members undertake highly skilled tasks that are crucial for the integration and smooth operation of society’ (Willmott, 1986, p. 557). With this perspective, public support can be impacted significantly by their perception of the professional’s accountability to the government, the justice system, and some behaviors from large companies.

Based on the discussion above, we developed Hypothesis 2 as follows.

**Hypothesis 2. Professional confidence is significantly related to IFRS adoption.**

Professional confidence is intricately linked to social value in social wellness and achieving a balance between life and work (Alon & Dwyer, 2014). Alon and Dwyer's study highlights concerns regarding the potential lack of supportive infrastructure accompanying required adoptions such as IFRS. This not only affects the adoption of IFRS but also has broader implications for the diffusion of transnational regulations influencing the global business environment.

Social wellness and work-life balance emerge as critical factors in bolstering public confidence in accounting professionals. Social wellness, as evidenced by a culture that prioritizes economic development and social progress while valuing work and minimizing excessive emphasis on technology and competition, positively influences professional confidence (Hofstede, 2001).

The adoption of IFRS can trigger significant changes in the accounting profession, affecting societal norms and perceptions, which in turn contribute to role conflicts and impact professional judgment (Frame & Hartog, 2003). Diversity management plays a crucial role in bridging internal and external cultural differences, shaping public perceptions of the future, and fostering a sense of collectiveness and psychological comfort amidst uncertainties (Frame & Hartog, 2003). Work-life balance, which integrates diversity management with communitarian values, emerges as a shared social interest among individuals, organizations, and broader society (Frame & Hartog, 2003). It underscores the importance of "learning to practice" diversity management within the professional community.

The issue of work-life balance is further highlighted in studies that associate it with morality and professional judgment, as shown by Deloitte and Touche (Frame & Hartog, 2003). That study demonstrated that maintaining a well-balanced life is perceived as essential for upholding morality and enhancing professional judgment (Frame & Hartog, 2003). However, high-competition professions, driven by Anglo-Saxon ideals of productivity, often prioritize work at the expense of work-life balance (Bloom & Reneen, 2006).

This imbalance poses challenges across various professions, including accounting, law, and medicine, impacting professional confidence negatively.

Ultimately, balancing life and work is crucial for sustaining professional confidence. Individuals who lead unbalanced lives often experience diminished confidence, emphasizing the importance of integrating family, leisure, and social connections into the professional sphere (Bloom & Reneen, 2006). While hard work is valued for its potential to lead to a better life in the long run, the neglect of personal well-being can undermine professional confidence and overall satisfaction.

The literature underscores the intricate interplay between social wellness, work-life balance, and professional confidence within the accounting profession. Addressing these factors is essential for fostering a supportive environment conducive to sustained professional growth and fulfillment.

Based on the discussion above, we developed Hypotheses 2.1 and 2.2 as follows.

**Hypothesis 2.1. Professional confidence can be reflected in the perception of social wellness.**

**Hypothesis 2.2. Professional confidence comes from social values reflected by the balance of life and work.**

### **III. Methodology**

The World Values Survey (WVS) is an internationally organized research effort by many social scientists in many countries, the goal of which is to gather data on a wide range of economic, social, political, religious, and cultural values (Haerpfer et al., 2022). The first survey (Wave 1) was conducted in 1981. New surveys are conducted about every five years. The current survey data (Wave 7) were collected between 2017-2022. The survey instrument included hundreds of questions on a wide range of issues. Data were collected in face-to-face interviews in respondents' homes, either by paper questionnaire or by CAPI (Computer Assisted Personal Interview). Telephone interviews were conducted in remote areas. The sample size for each country was generally at least 1200. The WVS is a global research project that explores people's values and beliefs, how they change over time, and what social and political impact they have. It has been demonstrated over the years that people's beliefs play a key role in economic development, the emergence and flourishing of democratic institutions, and the extent to which societies have effective government.

Our study aims to explore the potential of the WVS data to understand how cultural differences impact IFRS adoption. This paper chooses the survey data of Wave 3 (1995-1998) and Wave 7 (2017-2022) to observe how the survey data are related to the adoption of the IFRS, and how the change

between these two waves is related to the recent adoption countries. We selected 200 value-related questions and used factor analysis to reduce the data dimensions to 35 questions to set up the Structural Equation Model. The analysis derived six factors that are highly related to the IFRS adoption. The result reflects and extends the four accounting cultural dimensions of Gray (1988).

## Data Description

The dependent variable is IFRS adoption. We use the data from the IFRS official website<sup>1</sup>. To assess the progress towards the global adoption of IFRS, the IASB monitors the application of those standards in each jurisdiction. Updates are made on an ongoing basis. IFRS adoption requires that IFRS accounting standards be required for domestic public companies and for listings by foreign companies. After matching with the data variables from the WVS, the selected countries are listed in Table 1.

**Table 1:** Country listing selected in the research

IFRS Adoption Countries:
Armenia, Australia, Austria, Azerbaijan, Belarus, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, Croatia, Cyprus, Czech Rep, Denmark, Dominican Rep, Ecuador, Estonia, Finland, France, Georgia, Ghana, Germany, Greece, Guatemala, Hong Kong, Hungary, Iceland, Iraq, Ireland, Italy, Jordan, Kazakhstan, Kenya, Kyrgyzstan, Kuwait, Latvia, Lebanon, Lithuania, Malaysia, Moldova, Mongolia, Montenegro, Myanmar, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Singapore, South Korea, Saudi Arabia, Serbia, South Africa, Slovakia, Slovenia, Spain, Sweden, Taiwan ROC, Turkey, Venezuela,.
IFRS Non-adoption Countries:
Albania, Algeria, Andorra, Argentina, Bangladesh, Bolivia, Colombia, China, El Salvador, Egypt, Ethiopia, Great Britain, Haiti, India, Indonesia, Iran, Israel, Japan, Libya, Macau SAR, Maldives, Mali, Malaysia, Mexico, Morocco, North Macedonia, Pakistan, Palestine, Philippines, Puerto Rico, Rwanda, Switzerland, Tajikistan, Thailand, Tunisia, Ukraine, United States, Uruguay, Vietnam, Zimbabwe, Trinidad and Tobago, Uganda, Tanzania, Burkina Faso, Uzbekistan, Yemen, Zambia.

## A Data Science Approach to Reduce Data Dimensionality

The WVS total database has 263 questions surveyed in 108 countries. It has seven waves with a total of 439,531 cases. This paper applies a data science dimension reduction approach (Fodor, 2002) with the following four steps. The analysis finally selected 35 questions for the final SEM data model (as listed in Table 2).

<sup>1</sup><https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/>

In the first step, the authors selected two waves of data in the study. Wave 3 (1995-1998) was before the creation of IASB in 2001<sup>2</sup>, and Wave 7 (2017-2022) was the most recent survey data. The authors aim to observe the changes in these social values in the countries that recently adopted IFRS. The transactions were reduced to 324,567.

In the second step, we deleted the cases that did not answer questions and the answers were “do not know.” The cases were reduced to 115,246.

In the third step, we ran a correlation analysis and only kept the variables that have 0.2 (or above) of the correlation coefficients with at least four other variables (survey questions). The variables were reduced to 46 and the transactions were reduced to 90,355.

In the fourth step, we ran a Principal Component Analysis (PCA) and kept six latent variables that had an eigenvalue 1.4 or above. We selected the variables that had a 0.17 or above eigenvector loading to develop the six latent concepts. The variables are listed in Table 2. The PCA analysis result is reported in Table 3.

**Table 2:** WVS Questionnaire and Latent Variable Description

WVS questions	Latent Variables	Questionnaire metrics
a001: Important in life: Family.	Work-Life Balance	1.- Very important 2.- Rather important 3.- Not very important 4.- Not at all important
a002: Important in life: Friends.	Work-Life Balance	
a003: Important in life: Leisure time.	Work-Life Balance	
a004: Important in life: Politics.	Politics Impact	
a005: Important in life: Work.	Work-Life Balance	2.- Not mentioned 1.- Important
a006: Important in life: Religion.	Trust	
a030: Important Child Quality: hard work.	Professional Autonomy	1.- Frequently; 2.- Occasionally 3.- Never
a040: Important Child Quality: Religious faith.	Trust	
a062: How often discusses political matters with friends.	Politics Impact	1.- Most people can be trusted 2.- Need to be very careful
a165: Most people can be trusted.	Trust	
a170: Satisfaction with your life.	Professional Autonomy	10-completed satisfied ...

<sup>2</sup> The International Accounting Standards Committee, formed in 1973, was the first international standards-setting body. It was reorganized in 2001 and became an independent international standard setter, the International Accounting Standards Board (IASB). Since then, the use of international standards has progressed.

		1-completed dissatisfied
a173: How much freedom of choice and control.	Professional Autonomy	10- a great deal ... 1-not at all
c006: Satisfaction with financial situation of household.	Professional Autonomy	10- satisfied ... 1-dissatisfied
e001: The aims of this country should be for the next ten years.	Social Wellness	1.- A high level of economic growth 2.- Strong defense forces 3.- People have more say about how things are done 4.- Trying to make our cities and countryside more beautiful
e005: Most important for your country: First choice.	Social Wellness	1.- A stable economy 2.- Progress toward a less impersonal and more humane society 3.- Progress toward a society in which Ideas count more than money 4.- The fight against crime
e015: Future changes: Less importance placed on work	Social Wellness	1.- Good thing 2.- Don't mind 3.- Bad thing
e016: Future changes: More emphasis on technology	Social Wellness	
e018: Future changes: Great respect for authority	Trust	
e023: Interest in politics	Politics Impact	1.- Very interested 2.- Somewhat interested 3.- Not very interested 4.- Not at all interested
e025: Political Action: Signing a petition	Political Impact	1.- Have done 2.- Might do 3.- Would never do
e026: Political Action: Joining boycotts	Political Impact	
e027: Political Action: Attending lawful/peaceful demonstration	Political Impact	
e028: Political Action: Joining unofficial strikes	Political Impact	
e036: Private vs state ownership of business	Social Wellness	1.- Private ownership of business should be increased ... 10.-Government ownership of business should be increased
e039: Competition good or harmful	Social Wellness	1.- competition is good ... 10.- competition is harmful
e040: Success: hard work vs luck	Work-Life Balance	1.- In the long run, hard work usually brings a better life ...

		10.- Hard work doesn't generally bring success - it's more a matter of luck and connections
e069_11: Confidence in government	Professional Confidence	1.- A great deal; 2.- Quite a lot 3.- Not very much; 4.- None at all
e069_13: Confidence in major companies	Professional Confidence	
e069_17: Confidence in the justice system	Professional Confidence	
e117: Political system: Having a democratic political system	Political Impact	1.- Very good; 2.- Fairly good 3.- Fairly bad; 4.- Very bad
f028: How often do you attend religious services	Trust	1.- More than once a week 2.- Once a week 3.- Once a month 4.- Only on special holy days 5.- Once a year 6.- Less often 7.- Never, practically never
f034: Religious Person	Trust	1.- A religious person 2.- Not a religious person 3.- An atheist
f063: Importance of God	Trust	1.- Not at all important ... 10.- Very important
g006: Proud of the nationality of this country	Trust	1.- Very proud 2.- Quite proud 3.- Not very proud 4.- Not at all proud 5.- I am not [nationality]

**Table 3:** The Eigenvalue Description of the PCA Analysis

Component	Eigenvalue	Proportion	Cumulative
Component 1 (Trust)	3.49	0.12	0.1
Component 2 (Political Impact)	2.69	0.08	0.20
Component 3 (Professional Confidence)	2.16	0.07	0.27
Component 4 (Professional Autonomy)	1.97	0.06	0.33
Component 5 (Social Wellness)	1.65	0.05	0.38
Component 6 (Work-Life Balance)	1.48	0.04	0.42

**Table 4:** The Eigenvector Loading of the PCA Analysis

Variables	Trust	Politics Impact	Professional Confidence	Professional Autonomy	Social Wellness	Work-Life Balance
a006	-0.38					
a040	0.27					
a165	0.17					
e018	0.16					
f028	-0.31					
f034	-0.32					
f063	0.38					
g006	-0.19					
a004		0.31				
a062		0.27				
e023		0.33				
e025		0.25				
e026		0.26				
e027		0.28				
e028		0.22				
e117		0.19				
a030				-0.23		
a170				0.42		
a173				0.34		
c006				0.38		
e069_11			-0.37			
e069_13			-0.24			
e069_17			-0.36			
e001					0.31	
e005					0.24	
e015					-0.22	
e016					0.17	
e036					0.34	
e039					0.48	
a001						0.28
a002						0.42
a003						0.46
a005						0.23
e040						-0.22

As Table 3 shows, the study selected the first six latent variables for the following SEM development. The minimum eigenvalue of the sixth latent variable is 1.48, which is higher than the often-used threshold of 1. These six latent variables can explain 42% of the total information.

Table 4 shows the eigenvector loadings for the six latent variables. Trust is composed of eight questions. Six of the eight questions are about religious trust and faith. It also includes the question of whether most people can be trusted and a question of great respect for authority. These questions

match the literature discussed above and can represent the concept of trust. The political impact perception is also composed of eight questions, including the importance of politics in life, how politics is involved in life, and how often respondents engage in political actions, like signing petitions and joining boycotts, and strikes. Professional autonomy is represented by four questions, like satisfaction with life and financial situation, and how much freedom of choice and control.

Professional confidence is represented by three questions about confidence in government, the justice system, and major companies. Social wellness is represented by six questions, including whether work and technology are important in future change, a question about whether competition is good or harmful, and the most important choice for your country in the future. The work-life balance is composed of five questions about whether family, friends, leisure time, and work are important in life.

### The SEM Model Development and Analysis

Tables 5 and 6 and Figure 1 demonstrate the SEM model and its analysis results. The fitness indices show that RMSEA is 0.052, which is smaller than the threshold, 0.06 (Steiger & Lind, 1980). SRMR is 0.059, which is also smaller than the threshold, 0.08 (Bentler, 1995). The structural model meets the acceptable criteria.

**Table 5:** The Analysis Result of the SEM Data Model

Variable			Coefficient
IFRS Adoption	Professional Autonomy		0.03***
	Trust	a030	0.056***
		a170	-0.87***
		a173	-0.50***
		c006	-0.65***
	Trust	a006	0.085***
		a040	-0.5***
		a165	-0.23***
		e018	-0.65***
		f028	0.64***
		f034	0.58***
		f063	-0.69***
		g006	0.15***
	Political Impact		-0.022***
	Political Impact	a004	0.13***
		a062	0.27***
		e023	0.25***
		e025	0.67***
e026		0.75***	
e027		0.81***	
	e028	0.77***	

			e117	0.13***
	Professional Confidence			0.06***
			e069_11	0.86***
			e069_13	0.4***
			e069_17	0.82***
		Social Wellness		0.09***
			e001	0.55***
			e005	0.52***
			e015	0.03***
			e016	0.12***
			e036	0.11***
			e039	0.14***
		Work-Life Balance		0.01
			a001	0.29***
			a002	0.55***
			a003	0.43***
			a005	0.18***
			e040	0.12*
	Cov (Social Wellness, Work-Life Balance)			0.11***

\*\*LR test of model vs. saturated:  $\chi^2(588) = 118653.72$ , Prob >  $\chi^2 = 0.0000$

**Table 6:** The SEM Model Fitness Test Result

Fit statistic	Value	Description
chi2_ms(588)	117298.27***	
RMSEA	0.052	
CFI	0.076	
SRMR	0.059	

According to the result, both professional autonomy and professional confidence can significantly impact IFRS adoption<sup>3</sup>. Professional autonomy is impacted by trust and perception of political impact. IFRS is a principle-based accounting standard, and it has extensive application of fair value. This accounting mechanism has a significantly high professional judgment requirement. Professional autonomy is the pre-condition that the adopted countries can offer accounting professionals to implement the IFRS effectively and fairly (Dima et al., 2015). Our results show that social freedom and financial satisfaction define one part of professional autonomy. This autonomy expects hard work and a fulfilled life.

The result shows that trust is one core part of professional autonomy, which is consistent with the findings of Hoeacht (2006). Trust impacts professional autonomy to achieve professional accountability. Our analysis provides convincing evidence to support the view that religion is a source of

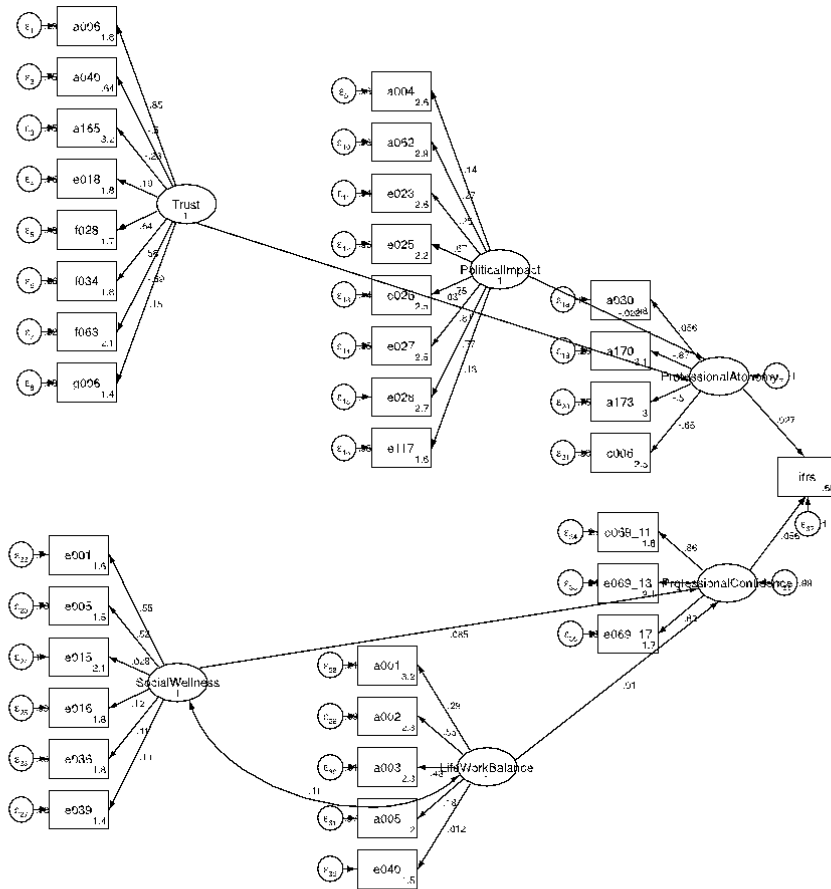
<sup>3</sup> Our study keeps the original measurement from the WVS database. Table 2 illustrates the measurements for each question. The various numerical measurements will impact the negative or positive coefficients.

social trust from another perspective (Traunmüller, 2011; Dingemans & Van Zngen, 2015). Social trust, keeping a prominent level, can boost the development of professional autonomy. The country's citizens usually feel proud and satisfied with their nationality and trust each other.

Political impact can negatively influence professional autonomy. When professionals are afraid of the involvement of political and trial bars, the legislative authority has pressures to set clear and detailed rules to avoid professional judgment. This fact explains why the US chose a rule-based GAAP to avoid large-scale professional judgment that potentially could result in a substantial number of lawsuits.

Professional confidence is another pillar that supports the adoption of IFRS. The three questions selected from the SEM model demonstrate a significant and comprehensive interpretation of how to define professional confidence. It is highly related to confidence in the government, the justice system, and major companies. Social wellness impacts professional confidence positively. The public can enjoy its social wellness if the culture prefers economic development and social progress. People like work and do not emphasize technology too much. Most people consider competition to be harmful. These cultural features are like Hofstede's masculinity vs femininity. They care more about social wellness.

We assume that balancing life and work can negatively impact professional confidence. However, the result of the analysis does not support this assumption. The potential reason is that the perspective of prior literature is from the professionals' self-reflection, not the public's reflection of these professionals. Unbalanced lives experience diminished confidence, emphasizing the importance of integrating family and leisure, does not impact professional confidence and the adoption of IFRS directly, but it has a high covariance with social wellness to impact professional confidence and the adoption of IFRS. The assumption is partially supported by the SEM analysis.



**Figure 1:** The SEM Structure Map and Its Analysis Result

### A Demonstration of the IFRS Cultural Index and its Close Description

As discussed in the previous section, international accounting harmonization regarding cultural influence is a challenging topic, and so many factors can impact decision-making. The literature showed mixed reflections on Gray's (1988) accounting cultural perspectives for a specific country. The authors do not want to validate our theoretical perspectives with the following test for a selected group of countries. The test wants to use the newly developed perspectives to have a close look at 18 countries, including 11 IFRS-adopted countries and seven non-adopted countries. These countries were selected from two WVS waves (1998 and 2022). We developed an IFRS adoption index and broke down this general index into five component indexes, including trust, political impact, professional autonomy, professional

confidence, and social wellness. These five components are validated in the previous section (Table 5 and Figure 1). We excluded work-life balance as a sub-index because it is not statistically significant in the SEM model.

The formulas used are illustrated as follows:

$$1. \text{Trust} = a006 * (-0.38) + a040 * 0.27 + a165 * 0.17 + e018 * 0.16 - f028 * 0.31 - f034 * 0.32 + f063 * 0.38 - g006 * 0.19$$

$$2. \text{Political Impact} = a004 * 0.31 + a062 * 0.27 + e023 * 0.33 + e025 * 0.25 + e026 * 0.26 + e027 * 0.28 + e028 * 0.22 + e117 * 0.19$$

$$3. \text{Professional Confidence} = e069_{11} * 0.37 + e069_{13} * 0.24 + e069_{17} * 0.36$$

$$4. \text{Professional Autonomy} = a030 * (-0.23) + a170 * 0.42 + a173 * 0.34 + c006 * 0.38$$

$$5. \text{Social Wellness} = e001 * 0.31 + e005 * 0.24 - e015 * 0.22 + e016 * 0.17 + e036 * 0.34 + e039 * 0.48$$

$$6. \text{WorkLife Balance} = a001 * 0.28 + a002 * 0.42 + a003 * 0.46 + a005 * 0.23 - e040 * 0.22$$

$$7. \text{IFRS Index} = 1000 * ((\text{Professional Autonomy} * 0.03 * ((\text{Trust} * 0.031) - \text{Political Impact} * 0.022)) + (\text{Professional Confidence} * 0.06 * (\text{Social Wellness} * 0.09 + 0.01 * \text{WorkLife Balance}) + 0.11 * (\text{Social Wellness} * \text{WorkLife Balance}))$$

Note: The IFRS index is too small, so we multiplied it by 1000 to make it more understandable.

We developed these indexes in three steps. The results are illustrated in Table 6. In the first step, we computed the six component indexes and the general index for each country. We expected that the countries with a higher value are more likely to adopt IFRS. In the second step, we calculated the general index and the component indexes for each wave (1998 and 2022 wave). In the third step, we took a Welch T-test to compare the difference between the two waves to observe the changes. The authors expected the IFRS-adopted countries to have a positive change from the 1998 wave to the 2022 wave.

The results are reported in Table 6. As we expected, six countries with high general index values or high positive change values are IFRS adopters. Peru, Romania, and the Philippines are IFRS-adopted countries with a high general index. Russia experienced a steep decrease, from 6.73 to 3.67, but it still has a high value on the general index. Australia and Brazil have small general index values, but these two countries have a high positive change from 1998 to 2022. The change in Brazil is 3.67 and Australia has a 0.99 change.

The Political Impact index change illustrates that six of the IFRS-adopt countries significantly changed from the 1998 wave to the 2022 wave. The countries include the Philippines, Chile, Australia, Germany, Brazil, and New Zealand. This group started the accounting harmonization in the early stage of the IASB's development. These regulators and professionals have strong motivations to decrease political impact to enhance professional autonomy. Theoretical perspectives can have a clear and sense-making interpretation of these swift changes. For non-adopters, it is understandable that three countries with low general index values did not adopt IFRS by the end of 2023. Bangladesh and Puerto Rico had a low index value, and Japan had a 0.91 decrease from 1998 to 2022.

As discussed in the paper, social values and cultural factors only partially explain the reasons for the IFRS adoption. Four countries need close investigation into how their fitness index deviates from the adoption policy. A potential explanation for Germany and Serbia is that they are European countries, and the EU policy can exert coercive isomorphism to push this IFRS implementation. Both Ukraine and Mexico have high general index fitness values, and the changes in the values keep increasing from 1998 to 2022, but these two countries still have not adopted IFRS. Political impact may dominate the adoption under some special conditions. The reasoning is similar to what Ball (2016) argued: sovereignty is one of several reasons why the FASB will most likely remain in place in the US.

**Table 7: IFRS Index Description and Its Breakdown**

Country ID	IFRS	General Index			Trust			Political Impact			Professional Confidence			Professional Autonomy			Social Wellness		
		Mean	Wave Mean	Wave Diff	Mean	Wave Mean	Wave Diff	Mean	Wave Mean	Wave Diff	Mean	Wave Mean	Wave Diff	Mean	Wave Mean	Wave Diff	Mean	Wave Mean	Wave Diff
Peru_98	1	5.57	4.43	1.82***	1.66	1.81	(0.24)**	5.27	5.2	0.11*	3.02	2.68	0.55***	7.71	6.83	1.41***	4.45	4.2	0.4***
Peru 22	1		6.25			1.57			5.31			3.23		8.24				4.6	
Russia 98	1	4.9	6.73	(3.66)***	-0.9	-1.39	0.99***	5.26	5.27		2.71	2.89	(0.37)***	6.06	5	2.13***	4.97	4.81	0.33**
Russia 22	1		3.07			-0.4			5.24			2.52		7.13				5.14	
Ukraine 98	0	4.43	3.98	1.28**	-0.5	-0.8	0.86***	5.16	5.17		2.65	2.52	0.35***	5.4	4.8	1.69***	4.49	4.27	0.63***
Ukraine 22	0		5.26			0.06			5.15			2.88		6.49				4.9	
Romania 98	1	3.05	3.18		1.16	0.93	0.43***	5.24	5.03	0.38***	2.77	2.72	0.1**	7.1	5.82	2.34***	3.84	3.31	0.97***
Romania 22	1		2.94			1.36			5.41			2.82		8.16				4.28	
Mexico 98	0	2.88	1.8	1.6***	1.36	1.36		5.28	4.86	0.62***	2.91	2.57	0.5***	8.71	8.73		4.88	4.34	0.8***
Mexico 22	0		3.4			1.36			5.48			3.07		8.7				5.14	
Philippines 98	1	2.77	2.85		2.44	2.54	(0.18)***	5.11	5.32	(0.39)***	2.04	2.17	(0.24)***	7.54	7.41	0.25**	5.22	4.98	0.45***
Philippines 22	1		2.7			2.36			4.93			1.93		7.66				5.43	
Argentina 98	0	2.44	2.41		0.51	0.88	(0.83)***	5.17	5.27	(0.22)***	2.85	2.84		7.67	7.2	1.06***	4.79	4.45	0.65***
Argentina 22	0		2.47			0.05			5.05			2.86		8.26				5.2	
Chile 98	1	2.32	2.45		0.54	1.19	(1.45)***	5.43	5.6	(0.38)***	2.54	2.43	0.25***	7.82	7.66	0.56**	5.3	5.28	
Chile 22	1		2.17			-0.26			5.22			2.68		8.02				5.32	
USA 98	0	1.84	1.04	1.17***	0.26	1.27	(1.49)***	4.17	4.37	(0.29)***	2.61	2.59		7.94	8.25	(0.45)***	3.73	3.71	
USA 22	0		2.21			-0.22			4.08			2.62		7.8				3.74	
Japan 98	0	1.81	2.98	(2.07)***	-1.39	-1.31		4.56	4.46	0.17**	2.34	2.41	(0.13)**	7.33	7.19		4.5	4.82	(0.56)***
Japan 22	0		0.91			-1.46			4.63			2.28		7.43				4.26	
Turkey 98	1	1.41	1.58		1.37	1.58	(0.37)***	4.98	4.93	0.08*	2.23	2.37	(0.25)***	6.73	6.19	0.94***	4.94	4.19	1.29***
Turkey 22	1		1.28			1.22			5.01			2.12		7.13				5.48	
Australia 98	1	1.36	0.9	0.99***	-1.23	-0.85	(0.8)***	4.33	4.45	(0.25)***	2.58	2.62	(0.09)***	8.15	8.14		4.22	3.99	0.5***
Australia 22	1		1.89			-1.65			4.2			2.53		8.17				4.49	
Serbia 98	1	1.34	1.02		-0.51	-0.89	0.74***	5.15	5.14		2.79	2.64	0.29***	6.54	6.18	0.69***	4.18	3.72	0.88***
Serbia 22	1		1.63			-0.15			5.16			2.93		6.87				4.6	
Germany 98	1	1.14	1.32	(0.43)**	-1.66	-1.75	0.21**	4.15	4.27	(0.29)***	2.62	2.76	(0.33)***	7.99	7.71	0.66***	4.35	4.15	0.46***
Germany 22	1		0.89			-1.54			3.98			2.43		8.37				4.61	
Puerto Rico 98	0	1.02	0.88		1.99	2.27	(0.56)***	5.19	5.14		2.63	2.36	0.53***	8.99	8.86	0.26**	4.66	4.73	
Puerto Rico 22	0		1.15			1.71			5.23			2.89		9.12				4.6	
Brazil 98	1	0.99	-0.87	3.67***	1.75	2.1	(0.68)***	4.85	4.93	(0.16)**	2.6	2.46	0.28***	7.76	7.45	0.61***	4.67	4.7	
Brazil 22	1		2.8			1.42			4.77			2.74		8.06				4.64	
New Zealand 98	1	0.69	0.97	(0.66)*	-1.62	-1.18	(1.01)***	4.09	4.17	(0.19)**	2.47	2.67	(0.46)***	8.44	8.45		4.05	3.97	
New Zealand 22	1		0.33			-2.19			3.98			2.21		8.43				4.16	
Bangladesh 98	0	0.53	1.35	(1.61)***	2.59	2.69	(0.2)***	4.93	4.41	1.01***	2	2.07	(0.14)***	7.86	7.34	1.02***	3.65	3.1	1.07***
Bangladesh 22	0		-0.26			2.49			5.42			1.93		8.36				4.17	

## Discussion and Conclusion

The IFRS has its professional characteristics and requires cultural fitness. The study underscores the pivotal roles of professional autonomy and confidence in shaping the adoption of International Financial Reporting Standards (IFRS). Professional autonomy, influenced by trust and political dynamics, is fundamental for effective IFRS implementation due to its reliance on nuanced professional judgment. Trust, particularly social trust engendered by factors such as religion and national pride, emerges as a critical driver of professional autonomy. Conversely, political interference poses a significant challenge to autonomy, necessitating clearer regulatory frameworks to mitigate risks associated with professional judgment. Moreover, professional confidence, rooted in trust in government, the justice system, and societal well-being, constitutes a supportive pillar for IFRS adoption. However, contrary to assumptions, the work-life balance does not directly impact professional confidence or IFRS adoption, though its correlation with societal well-being underscores its indirect influence.

Countries, especially developing countries, can benefit from fairness and high-quality accounting information. This study offers guidance on adapting cultural development to homogenize the sovereignty accounting system with IFRS. These cultural factors, like trust and political impact, can have a positive switch and add the fitness for the potential IFRS adoption. Policymakers are urged to prioritize trust-building measures, minimize political intervention, and foster societal well-being to bolster professional autonomy and confidence, thereby facilitating smoother IFRS adoption processes.

**Conflict of Interest:** The authors reported no conflict of interest.

**Data Availability:** All of the data are included in the content of the paper.

**Funding Statement:** The authors did not obtain any funding for this research.

## References:

1. AICPA. (2003). *AICPA, Summit: Career and Life in the Balance*, AICPA  
Website:[http://www.aicpa.org/Members/Div/career/wofi/2003\\_0512\\_summit.asp](http://www.aicpa.org/Members/Div/career/wofi/2003_0512_summit.asp) (May 12)
2. Alon, A., & Dwyer, P. D. (2014). Early adoption of IFRS as a strategic response to transnational and local influences. *The international journal of accounting*, 49(3), 348–370.
3. Alexander, D., & Jermakowicz, E. (2006). A true and fair view of the principles/rules debate. *Abacus*, 42(2), 132-164.

4. Baker, C. R., & Barbu, E. M. (2007). Trends in research on international accounting harmonization. *The International Journal of Accounting*, 42(3), 272-304.
5. Ball, R. (2016). IFRS – 10 years later, *Accounting and Business Research*, 46:5, 545-571, DOI: 10.1080/00014788.2016.1182710
6. Bloom, N., & Van Reenen, J. (2006). Management Practices, Work—Life Balance, and Productivity: A Review of Some Recent Evidence. *Oxford review of economic policy*, 22(4), 457-482.
7. Bogdan, V., Meșter, I. T., Gherai, D., & Scorțe, C. M. (2017). An analysis of the influences of individual optimism, risk taking and self-confidence on professional accounting judgment. *Accounting and Management Information Systems*, 16(3), 320-343.
8. Borker, D. R. (2012a). Accounting, Culture and Emerging Economies: IFRS in The BRIC Countries. *Journal of Business and Economics Research*, 10(5), 313-324.
9. Borker, D. R. (2012b). Accounting, Culture and Emerging Economies: IFRS in Central and Eastern Europe. *International Business & Economics Research Journal*, 11(9), 1003-1017.
10. Brown, G. A., Collins, R., & Thornton, D. B. (1993). Professional judgment and accounting standards. *Accounting, Organizations and Society*, 18(4), 275-289.
11. Canning, M., & O'Dwyer, B. (2001). Professional accounting bodies' disciplinary procedures: accountable, transparent and in the public interest?. *European Accounting Review*, 10(4), 725-749.
12. Dima, B., Dima, S. M., Nachescu, M., & Sacconb, C. (2015). Professional autonomy and IFRSs adoption. *Accounting and Management Information Systems*, 14(4), 627.
13. DiMaggio, P. J., & Powell, W. W. (1991). Introduction. In W. W. Powell & P. J. DiMaggio (Eds.), *The new institutionalism in organizational analysis* (pp. 1-38). Chicago: University of Chicago Press.
14. Dingemans, E., & Van Ingen, E. (2015). Does religion breed trust? A cross-national study of the effects of religious involvement, religious faith, and religious context on social trust. *Journal for the scientific study of religion*, 54(4), 739-755.
15. Edeigba, J., Gan, C., & Amenkhienan, F. (2020). The influence of cultural diversity on the convergence of IFRS: evidence from Nigeria IFRS implementation. *Review of Quantitative Finance and Accounting*, 55, 105-121.
16. Fodor, I. K. (2002). *A survey of dimension reduction techniques* (No. UCRL-ID-148494). Lawrence Livermore National Lab., CA (US).

17. Frame, P., & Hartog, M. (2003). From rhetoric to reality. Into the swamp of ethical practice: Implementing work-life balance. *Business Ethics: A European Review*, 12(4), 358–368. <https://doi.org/10.1111/1467-8608.00337>.
18. Gray, S. J. (1988). Towards a Theory of Cultural Influence on the Development of Accounting Systems Internationally. *Abacus*, 24(1), 9-11.
19. Haerper, C., Inglehart, R., Moreno, A., Welzel, C., Kizilova, K., Diez-Medrano J., M. Lagos, P. Norris, E. Ponarin & B. Puranen et al. (eds.). 2022. *World Values Survey Trend File (1981-2022) Cross-National Data-Set*. Madrid, Spain & Vienna, Austria: JD Systems Institute & WVSA Secretariat. Data File Version 3.0.0, doi:10.14281/18241.23.
20. Hoecht, A. (2006). Quality assurance in UK higher education: Issues of trust,
21. control, professional autonomy and accountability, *Higher Education*, vol. 51, no. 4: 541-563.
22. Hofstede, G. (1980). *Cultures Consequences: International Differences in Work-Related Values*. Newbury Park, NJ: Sage.
23. Jen, M. H., Sund, E. R., Johnston, R., & Jones, K. (2010). Trustful societies, trustful individuals, and health: An analysis of self-rated health and social trust using the World Value Survey. *Health & place*, 16(5), 1022-1029.
24. Luther, R. (1996). The development of accounting regulation in the extractive industries, an international review. *The International Journal of Accounting*, 31(1), 67–93.
25. Moll, J., Burns, J., Major, M., & Hoque, Z. (2006). Institutional theory. In *Methodological issues in accounting research: Theories and methods*. Spiramus Press. 183–206.
26. Powell, W. W., & DiMaggio, P. J. (Eds.). (2012). *The new institutionalism in organizational analysis*. University of Chicago press.
27. Steiger, J.H. (1989). EZPATH: A supplementary module for SYSTAT and SYGRAPH. Evanston, IL: SYSTAT.
28. Traunmüller, R. (2011). Moral communities? Religion as a source of social trust in a multilevel analysis of 97 German regions. *European Sociological Review*, 27(3), 346-363.
29. Willmott, H. (1986). Organising the profession: a theoretical and historical examination of the development of the major accounting bodies in the UK, *Accounting, Organizations and Society*, 11(6): 555–80.