

Perceptions and characteristics of financial statement users in developing countries: Evidence from Iran

Soheila Mirshekary^{a, *}, Shahrokh M. Saudagaran^{b, 1}

^a *School of Commerce, Faculty of Business and Law, Central Queensland University, Rockhampton, Qld 4702, Australia*

^b *Milgard School of Business, University of Washington, Tacoma, WA 98402, USA*

Abstract

We examine the perceptions and characteristics of users of corporate financial statements in Iran. We provide evidence based on a survey of seven different user-groups. Our results suggest that annual reports are regularly used as a basis for making investment and other economic decisions. As in many developing countries, users depend more heavily on information obtained from the published annual reports than on advice from stockbrokers and acquaintances or on tips and rumors. While respondents differed in their rating of the importance of different sections of the annual report, the overall results showed that they ranked the income statement, the auditors' report, and the balance sheet as the three most important parts of the annual report (in that order). There is a weak level of consensus among bank loan officers, tax officers, and auditor groups about the importance of several information items. Most users believe that a delay in publishing annual reports, lack of reliability of the information, and lack of adequate disclosure are the main concerns with corporate financial reports in Iran. The evidence on Iran is relevant to other developing countries in the Middle East and beyond.

© 2005 Elsevier Inc. All rights reserved.

Keywords: Financial reporting; Users' perceptions; Corporate disclosure; Developing economies; Iran

* Corresponding author. Tel.: +61 749309484; fax: +61 749309700.

E-mail addresses: s.mirshekary@cqu.edu.au (S. Mirshekary), shahrokh@u.washington.edu (S.M. Saudagaran).

¹ Tel.: +1 253 692 5633; fax: +1 253 692 4523.

1. Introduction

The literature on the attitudes and perceptions of users of corporate financial statements focuses largely on developed countries. The literature on users' perceptions also covers empirical studies that examine users' attitudes to the information items of financial statements and evaluates the consensus over the value of information items in corporate annual reports.

Financial reporting practices have evolved in each country based on the nature of its capital market, the level of economic development, tax regulations, legal systems, the regulatory enforcement regime, the level of inflation, political and economic ties, the status of the accounting profession, and the quality of accounting education, among others (Saudagaran, 2004). Much research has been undertaken into the quality of disclosure in corporate annual reports in developed countries. Although most researchers have emphasized the need for comprehensive disclosure for attaining different objectives, less is known about what should be disclosed to benefit user-groups. The literature about the information needs of several different user-groups can be divided as follows. Several studies used ratings by investors or financial analysts as a measure of corporate disclosure quality¹ (Adhikari & Tondkar, 1992; Botosan, 1997; Lang & Lundholm, 1996; Zarzeski, 1996). Some studies surveyed accountants' and preparers' views (Abu-Nassar & Rutherford, 1995; Chandra & Greenball, 1977; Firth, 1978) while others have focused on broader user-groups such as investors, financial analysts, managers, academics, tax officials, auditors, and regulators (Abu-Nassar & Rutherford, 1996; Ngangan, Saudagaran, & Clarke, 2005; Nicholls & Ahmed, 1995; Wallace, 1988). These studies examine how users of corporate annual reports view those reports. While most of these studies were conducted in developed countries, there is a growing interest in developing countries.

This paper reports on users' perceptions of financial reporting items that are currently disclosed in Iranian corporate annual reports. The research also provides evidence on the use of financial information, the degree of influence of different sources of information in users' decision making, users' views of the importance of different sections of corporate annual reports, and their opinion about the problems that restrict their use of annual reports. While there have been some changes in the accounting institutions in Iran since we collected the data for this study in 1997, the structure of the Iranian capital market has not changed in any significant way. Approximately 70% of the Iranian economy is still controlled by the government. The need for research to identify the needs of the main users of financial statements is recognized as an important gap in our understanding of the accounting environment in Iran (Akbarieh, 2004). This study is an effort to fill the void.

We believe that studying users' perceptions of financial reporting in Iran has relevance beyond just Iran. The Middle East has tremendous geopolitical significance, not the least, because a significant portion of the world's oil and gas reserves are in the region. Pourjalali and Meek (1995) cite four barriers to reconstructing the Iranian economy: (1) ideological and political divisions on economic priorities, (2) high unemployment and high population

¹ Other studies include Baker and Haslem (1973), Chandra (1975), Belkaoui, Kahl, and Peyrard (1977), Benjamin and Stanga (1977), Chenhall and Juchau (1977), Baker, Chenhall, Haslem, and Juchau (1977), Most and Chang (1979), Anderson (1981), Chang and Most (1981), McNally, Eng, and Hasseldine (1982), and Arnold, Moizer, and Noreen (1984).

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات