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Comprehensive Review of IFRS Research: A Text Mining-Based Approach

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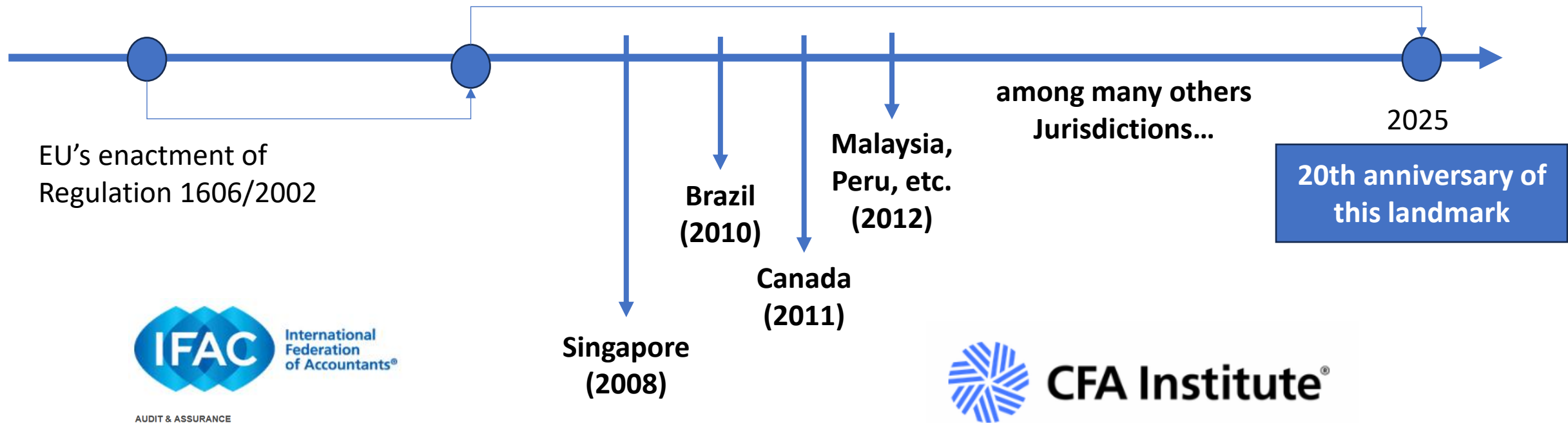
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1. Motivation

Beginning on or after 1 January 2005, all EU-listed companies (on regulated markets) must prepare consolidated accounts under IFRS.



What Have We Learned from the Experience of IFRS Reporting?

EU Adoption of International Financial Reporting Standards: Beneficial for Member States?

By Vincent Papa, PhD, CPA, FSA, CFA

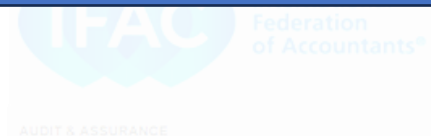


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Beginning on or after 1 January 2005, all EU-listed companies (on regulated markets) must prepare consolidated accounts under IFRS.



After years of worldwide IFRS adoption, what do academic studies truly reveal about it?



What Have We Learned from the Experience of IFRS Reporting?

Singapore
(2008)



CFA Institute®

EU Adoption of International Financial Reporting Standards: Beneficial for Member States?

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1. Motivation – Main Objective

We analyze a **comprehensive setting of 1,041 scientific articles on IFRS** published in **top-tier journals (ABS 4*, 4, and 3)** over the past **40 years**, using an unsupervised machine learning approach.

More specifically, we employ a Latent Dirichlet Allocation (Bayesian statistical topic model) in this **large IFRS research articles database**, in order to map the thematic landscape and identify hidden patterns and topics within the field.

2. Contextualization

- Since its widespread adoption, **IFRS has garnered substantial scholarly attention**, reflecting its profound implications on:
 - corporate reporting (e.g., Barth et al., 2008; Ball et al., 2003; Ahmed et al., 2013)
 - market behaviors (e.g., Leuz, 2003; Li, 2010; Barniv and Myring, 2015; Prather-Kinsey and Tanyi, 2015), and
 - regulatory compliance (e.g., Glaum et al., 2013; Brown et al., 2014).
- As the volume of research on IFRS continues to grow, so does the complexity of synthesizing and understanding these contributions.

Traditional literature reviews (e.g., Soderstrom and Sun, 2007; Pope and McLeay, 2011; Brüggenmann et al., 2013; De George et al., 2016; Leuz and Wysocki, 2016; Tsalavoutas et al., 2020; Becker et al., 2021; Vatis et al., 2023)...

While insightful, they are mainly focused on the broad effects of the change from local standards to international standards.

We build upon these studies and contribute to the IFRS literature by implementing a text-mining approach to provide a comprehensive review of IFRS research...

... aiming to map the thematic landscape and identify hidden patterns and topics within the field.

2. Contextualization – Contribution

- First, by employing an innovative, data-driven methodology, we provide not only a clearer picture of IFRS research through the identification of **hidden patterns and topics within the field** but also offer a **replicable framework** for conducting large-scale literature analyses in accounting and related fields.
- Second, given its large-scale perspective discussion, we provide an overview and discuss some research **topics on IFRS that were not yet well-analyzed in previous literature reviews** (e.g., IFRS versus US GAAP).
- Finally, we present an overall discussion on how the IFRS academic research under analysis **can contribute to some of the IASB's current working projects**, thereby helping to bridge the gap between academia and practice.

3. Design – Sample



Figure 1. Sample selection screening process

3. Design – Sample

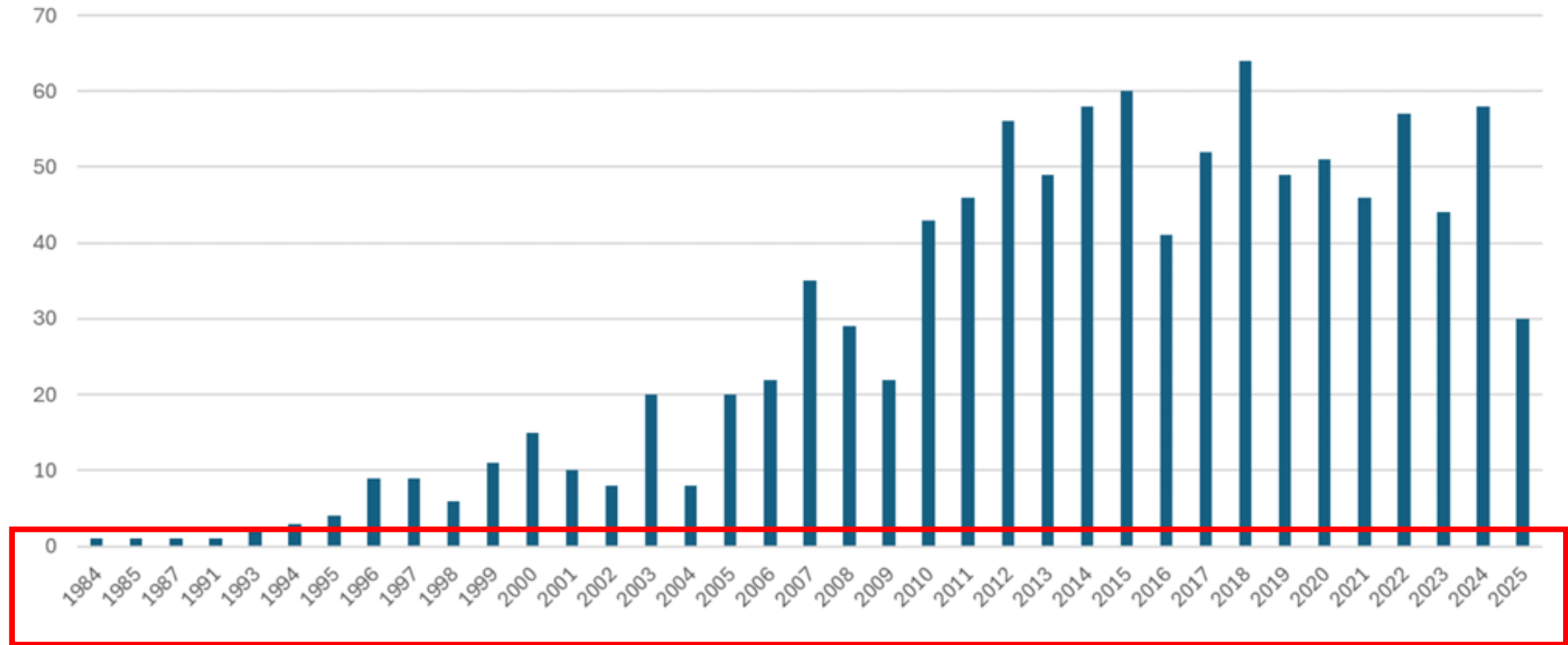


Figure 2. IFRS literature over time

Publication dates ranging from
1984 to 2025.

3. Design – Sample

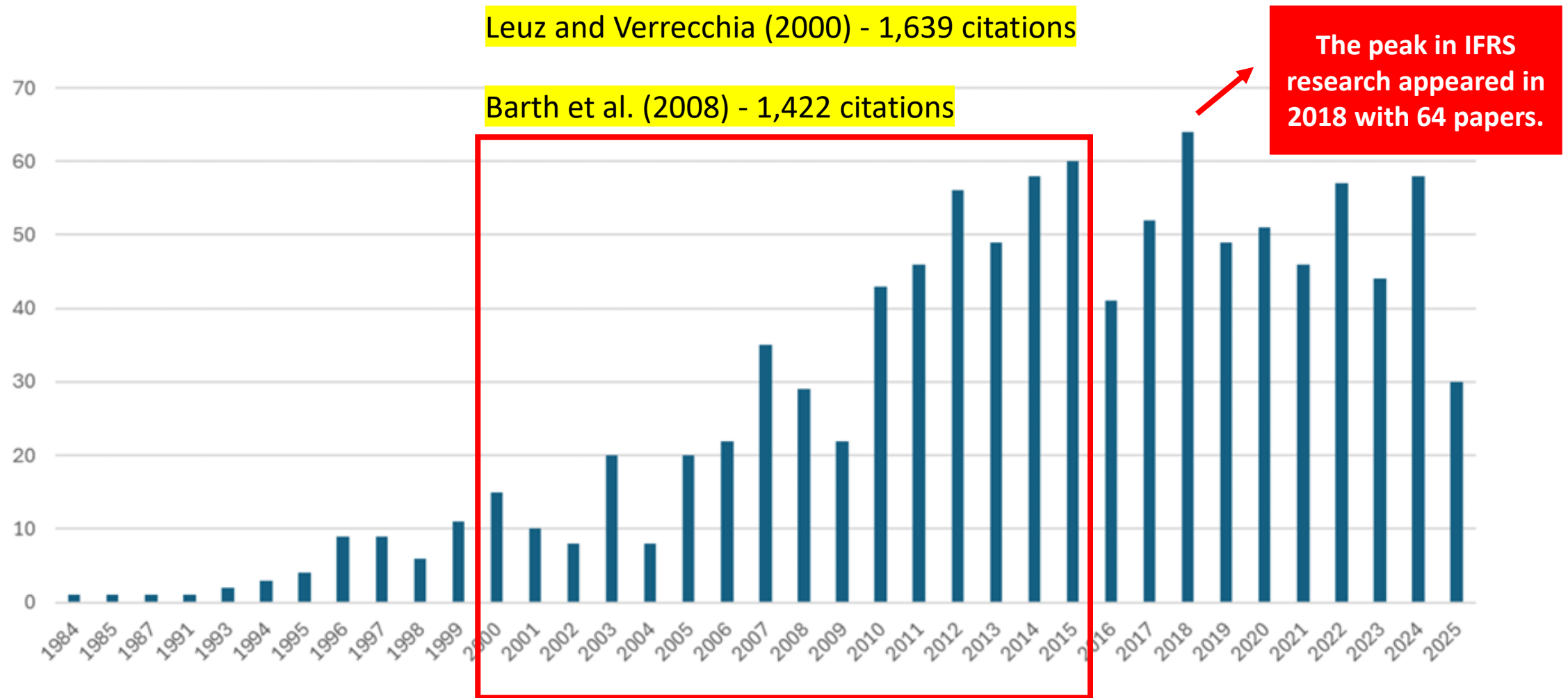
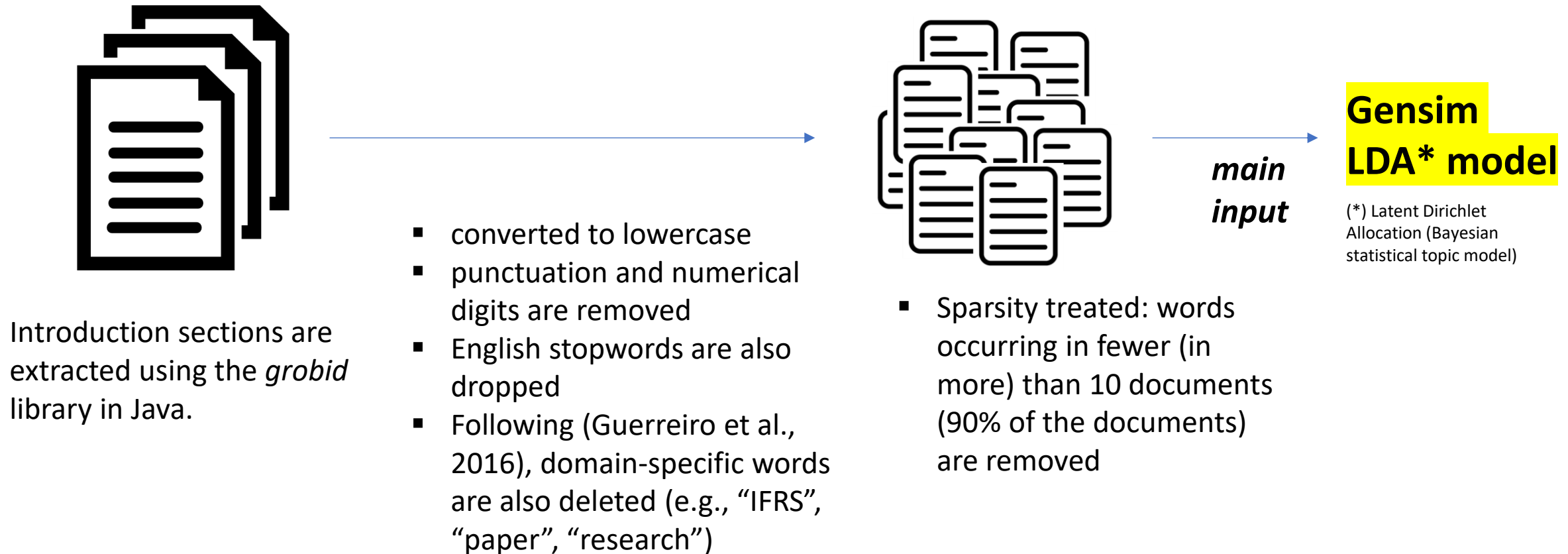


Figure 2. IFRS literature over time

3. Design – Text-mining approach



3. Design – Text-mining approach

- To select the **optimal number of topics (K)** for our LDA model, we evaluate multiple models using coherence scores and log-perplexity, and select the number of topics that **optimize these metrics (K = 10)**.

[T1] Economic and financial effects of IFRS adoption

[T2] Convergence and harmonization-related issues in IFRS

[T3] Value relevance aspects linked to IFRS

[T4] Due process of IFRS: legitimacy, politics and lobbying

[T5] IFRS and the banking industry

[T6] IFRS versus US GAAP

[T7] IFRS and themes on fair value

[T8] Earnings quality related-issues in IFRS

[T9] IFRS and global capital markets

[T10] The practice of IFRS: Implementation and discretion

4. Results

[T1] Economic and financial effects of IFRS adoption

[T6] IFRS versus US GAAP

[T8] Earnings quality related-issues in IFRS

[T10] The practice of IFRS: Implementation and discretion

Table 2. Top 10 most cited articles in IFRS literature

Authors	Year	Journal	Citations	Title
Leuz C.; Verrecchia R.E.	2000	Journal of Accounting Research	1,639	The economic consequences of increased disclosure
Barth M.E.; Landsman W.R.; Lang M.H.	2008	Journal of Accounting Research	1,422	International accounting standards and accounting quality
Ball R.; Robin A.; Wu J.S.	2003	Journal of Accounting and Economics	1,188	Incentives versus standards: Properties of accounting income in four East Asian countries
Daske H.; Hail L.; Leuz C.; Verdi R.	2008	Journal of Accounting Research	1,167	Mandatory IFRS reporting around the world: Early evidence on the economic consequences
Christensen H.B.; Hail L.; Leuz C.	2013	Journal of Accounting and Economics	469	Mandatory IFRS reporting and changes in enforcement
Li S.	2010	Accounting Review	452	Does mandatory adoption of international financial reporting standards in the European Union reduce the cost of equity capital?
Ahmed A.S.; Neel M.; Wang D.	2013	Contemporary Accounting Research	447	Does mandatory adoption of IFRS improve accounting quality? Preliminary evidence
Barth M.E.; Landsman W.R.; Lang M.; Williams C.	2012	Journal of Accounting and Economics	436	Are IFRS-based and US GAAP-based accounting amounts comparable?
Daske H.; Hail L.; Leuz C.; Verdi R.	2013	Journal of Accounting Research	424	Adopting a Label: Heterogeneity in the Economic Consequences Around IAS/IFRS Adoptions
Laux C.; Leuz C.	2009	Accounting, Organizations and Society	414	The crisis of fair-value accounting: Making sense of the recent debate

T1

T8

T1

T1

T1

T1

T8

T6

T1

T10

4. Results

Table 5. Descriptive statistics of citations by LDA topics

Topic	N	Min.	p25	p50	p75	Max.	Sum	Sum/N
T1	150	0	11	30	101	1,639	14,393	95.95
T2	153	0	12	33	69	367	8,419	55.03
T3	18	0	2	6	17	109	317	17.61
T4	263	0	9	19	43	268	9,194	34.96
T5	55	0	5	13	23	160	1,098	19.96
T6	75	0	10	24	54	436	3,252	43.36
T7	82	0	5	15	43	386	2,655	32.38
T8	90	0	5	12	50	1,422	4,780	53.11
T9	69	0	8	24	52	395	3,131	45.38
T10	86	0	3	15	38	414	3,058	35.56

Notes: T1 - Economic and financial effects of IFRS adoption. T2 - Convergence and harmonization-related issues in IFRS. T3 - Value relevance aspects linked to IFRS. T4 - Due process of IFRS: legitimacy, politics and lobbying. T5 - IFRS and the banking industry. T6 - IFRS versus US GAAP. T7 - IFRS and themes on fair value. T8 - Earnings quality related-issues in IFRS. T9 - IFRS and global capital markets. T10 - The practice of IFRS: Implementation and discretion.

greatest cumulative impact with 14,393 citations and the highest average (95.95 citations per article)

4. Results

Table 3. Top 20 prolific authors in IFRS literature

Panel A. Top authors with more production		Panel B. Top authors with more citations	
Authors	N	Authors	Citations
Street D.L.	18	Leuz C.	4,887
Gray S.J.	14	Hail L.	2,577
Nobes C.	14	Landsman W.R.	2,401
Walker M.	12	Barth M.E.	2,048
Craig R.	10	Daske H.	1,825
Lee E.	10	Verrecchia R.E.	1,639
Rodrigues L.L.	10	Verdi R.	1,591
Tsalavoutas I.	10	Hung M.	1,485
Leuz C.	9	Li S.	1,468
Tarca A.	9	Ball R.	1,441
Hellman N.	8	Lang M.H.	1,422
Kim J.-B.	8	Wu J.S.	1,299
Li S.	8	Robin A.	1,188
Stadler C.	8	Christensen H.B.	1,080
Stolowy H.	8	Street D.L.	1,075
Christensen H.B.	7	Jeanjean T.	1,048
Ding Y.	7	Stolowy H.	869
Hail L.	7	Nobes C.	826
Jeanjean T.	7	Tarca A.	797
Landsman W.R.; Li Y.	7	Walker M.	747

4. Results

Topic 1 – Economic and Financial Effects of IFRS Adoption

- IFRS adoption reshaped disclosure, transparency, and cost of capital.
- Strong effects depend on enforcement regimes and preparer incentives.
- Documented benefits: reduced information asymmetry, higher liquidity, improved investment efficiency.
- Broader macro-outcomes: productivity gains, reduced corruption, mixed results for default risk.

Topic 2 – Convergence and Harmonization-Related Issues in IFRS

- Examines national pathways toward IFRS alignment and institutional resistance.
- Harmonization as a negotiated process, not full uniformity.
- Persistent influence of local accounting traditions even post-IFRS.
- Highlights role of culture, regulation, and enforcement in shaping convergence.

4. Results

Topic 3 – Value Relevance Aspects Linked to IFRS

- Tests whether IFRS improves association between accounting numbers and market values.
- Evidence mixed: higher relevance for earnings, but context-dependent (enforcement really matter)
- R&D capitalization and financial instrument measurement strongly affect value relevance.
- Emphasizes need for robust econometric models and cross-country comparisons.

Topic 4 – Due Process of IFRS: Legitimacy, Politics, and Lobbying

- Investigates political and institutional forces shaping IASB standard setting.
- Lobbying by preparers and professional bodies remains debated.
- Legitimacy often challenged—due process seen as formal rather than substantive.
- Shows IFRS as a political compromise, not purely technical output.

4. Results

Topic 5 – IFRS and the Banking Industry

- Focus on IAS 39 vs IFRS 9: incurred vs expected loss models.
- IFRS 9 enhances loan-loss timeliness and predictive power of risk.
- IFRS 7 disclosures improve transparency and reduce market-based bank risk.
- Yet, regulatory effects and procyclicality remain critical concerns.

Topic 6 – IFRS versus US GAAP

- Compares reporting outcomes and market reactions under both regimes.
- Partial convergence achieved; key conceptual and enforcement gaps persist.
- Disclosure quality and comparability remain context-dependent.

4. Results

Topic 7 – IFRS and Themes on Fair Value

- Fair value: greater relevance and timeliness, but higher volatility and discretion.
- IAS 19, IAS 40, and IAS 41 central to empirical and conceptual debate.
- Recognition vs disclosure crucial for market perception and audit risk.
- Reliability and valuation hierarchy (Level 1–3) shape investor confidence.

Topic 8 – Earnings Quality-Related Issues in IFRS

- Mixed evidence on IFRS improving earnings quality across countries – methodological reasons?
- Improvements in persistence and predictability, but also more discretion.
- Enforcement strength, culture, and audit quality condition outcomes.
- Substitution between accrual-based and real earnings management observed.

4. Results

Topic 9 – IFRS and Global Capital Markets

- IFRS adoption reduces cross-border information frictions and home bias.
- Promotes foreign investment, comparability, and analyst forecast accuracy.
- Effects moderated by institutional quality and enforcement credibility.
- IFRS diffusion shaped by national politics and global regulatory pressure.

Topic 10 – The Practice of IFRS: Implementation and Discretion

- Examines how accountants apply judgment and exercise discretion in practice.
- Reporting accuracy influenced by experience, culture, and decision aids.
- Significant discretion under IAS 7, IAS 36, IFRS 3, and IAS 39.
- Highlights behavioral and cognitive dimensions of IFRS implementation.

4. Results – Implications for standard-setters

- We analyze the extent to which the IFRS academic research under analysis **aligns with the IASB's current projects**.
- These projects include the following six accounting-related standard-setting projects:
 - i) **Three projects related to financial instruments:** Amortized cost management (IFRS 9), Financial instruments with characteristics of equity (e.g., IFRS 7), and Dynamic risk management (IFRS 9);
 - ii) **Two projects related to consolidation issues:** Business combinations – disclosures, goodwill and impairment (IFRS 3), and Equity method (IAS 28);
 - iii) **One project on rate-regulated activities.**

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Topic 10 – The Practice of IFRS:
Implementation and Discretion

Topic 5 – IFRS and the Banking Industry

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- We analyze the extent to which the IFRS academic research under analysis **aligns with the IASB's current projects**.
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i) Three projects related to instruments with characteristics of debt and equity

Topic 3 – Value relevance aspects linked to IFRS

Topic 8 – Earnings quality related-issues in IFRS

ii) **Two projects related to consolidation issues:** Business combinations – disclosures, goodwill and impairment (IFRS 3), and Equity method (IAS 28);

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Topic 10 – The practice of IFRS: implementation and discretion

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Topic 3 – Value Relevance Aspects
Linked to IFRS

Topic 8 – Earnings Quality-Related
Issues in IFRS

5. Conclusion

- LDA analysis of **1,041 IFRS papers (1984–2025)** reveals **ten dominant** and coherent research themes.
- IFRS literature has matured but still shows a **lack of consensus on key adoption effects** and **institutional drivers**.
- Distinct clusters bridge empirical, conceptual, and critical perspectives, expanding prior reviews.
- Overall, the study provides a **systematic and data-driven map of IFRS scholarship**, clarifying its evolution and emerging frontiers.
- By mapping decades of IFRS research, this study strengthens the dialogue between academia and standard-setters, supporting evidence-based accounting regulation.

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Thank you for your attention. 😊

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