META-ANALYSIS OF THE IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) ON FINANCIAL QUALITY

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Keywords	*Abstract*
International Financial Reporting Standards (IFRS), Financial Quality, Meta-Analysis	*This study aims to conduct a meta-analysis of the impact of the implementation of the International Financial Reporting Standard (IFRS) on the quality of financial statements. Through the collection of data from various studies that have been conducted previously, this study integrates empirical results to obtain a more comprehensive understanding of the effects of IFRS on the transparency, accuracy, and reliability of financial statements. This study identified, assessed, and synthesized findings from 12 selected studies from the period 2022 to 2024. The results of the analysis show that the implementation of IFRS significantly improves the quality of financial statements with a Hedge's (d) value of 1,082 in the high effect size category. This effect is especially strong in countries with high levels of financial supervision and strong legal systems. These findings provide evidence to support the implementation of IFRS as an effective global standardization tool in improving the quality and reliability of financial statements internationally. The study also discusses the implications of the findings for regulators, practitioners, and users of financial statements and presents recommendations for further research.*

1. INTRODCUTION

The development of international accounting standards has been ongoing since the mid-20th century, along with the globalization of the economy and the need for greater transparency in financial statements (Agana et al., 2023). Prior to the advent of uniform standards, each country developed its own accounting system, which often differed significantly from each other, making it difficult for investors, regulators, and other stakeholders to compare and analyze financial performance across borders. In response to this need, the International Accounting Standards Committee (IASC) was established in 1973. This organization is tasked with formulating and disseminating globally acceptable accounting standards. This effort resulted in a set of standards known as International Accounting Standards (IAS) (Thony & Peter, 2022).

As global trade and cross-border investment have grown, the demand to create a more cohesive and universally recognized framework has increased. In 2001, the IASC was transformed into the International Accounting Standards Board (IASB), which took over responsibility for developing the standard. The IASB then launched the International Financial Reporting Standards (IFRS), which are designed to provide a consistent, transparent, and accountable framework used by entities around the world (Goodwin et al., 2008; Musa, 2019). The implementation of IFRS is a turning point in the globalization of accounting, allowing companies from various jurisdictions to more easily access the international capital market by reducing information barriers and increasing investor confidence (Rasyid, 2023; Tawiah & Gyapong, 2023).

The quality of financial information is a critical aspect of decision-making by investors, creditors, and other stakeholders in a market economy (Tijjani et al., 2021). High-quality financial information must be accurate, relevant, timely, and comparable, allowing those parties to make informed decisions. This is crucial in building investor confidence and maintaining the integrity of financial markets (Outa, 2011). Reliable information allows investors to effectively assess an entity's performance, prospects, and risks, which in turn contributes to the efficient allocation of resources in the economy. In addition, transparency in financial statements supports better oversight and can reduce the risk of corporate fraud and malpractice.

Poor or misleading financial information can have devastating consequences, as seen in some of the major financial scandals of the early 21st century. Cases such as Enron and WorldCom highlight the huge losses that manipulative or inaccurate financial statements can cause (Adnan & Khan, 2021; Abdullahi & Abubakar, 2020). The impact is not only limited to investors and creditors who suffer direct losses, but also on public confidence in the capital market as a whole. Therefore, high accounting standards and strict supervision of financial reporting are vital to maintaining the stability and fairness of financial markets. The implementation of global standards such as IFRS plays an important role in improving the quality of financial reporting around the world, ensuring that all parties have equal access to clear and reliable information (Agana et al., 2023; Septriana & Fuad, 2020).

The main goal of implementing the International Financial Reporting Standards (IFRS) is to create a financial reporting standard that is consistent and comparable worldwide (Mohammed et al., 2021). By adopting IFRS, companies in different countries can present financial reports that meet the criteria of high quality, transparency, and accountability. This allows investors, analysts, and other stakeholders to make more accurate comparisons between companies in different countries, facilitating more efficient investment and business decision-making (Lawal et al., 2020). In addition, IFRS helps reduce transaction costs and operational bottlenecks for companies operating in global markets, by simplifying the process of consolidating financial statements and strengthening investor confidence through improving the quality and consistency of financial information.

The implementation of International Financial Reporting Standards (IFRS) can bring several challenges that affect the quality of financial information, especially in countries with underdeveloped financial supervision systems and infrastructure (Goodwin et al., 2008; Rasyid, 2023). One of the main issues is the inadequacy of resources and expertise in implementing these complex standards. Companies in developing countries may face difficulties in meeting IFRS requirements due to limitations in access to adequate training and skilled accounting professionals (Oppong & Amartey, 2022). In addition, the cost of transitioning and maintaining an IFRS-compliant reporting system can be a significant burden for small and medium-sized companies. These discrepancies can lead to inconsistent or inconsistent financial statements accurate, which ultimately reduces the quality of the financial information presented (Tijjani et al., 2021).

Another impact of IFRS implementation on financial quality is the potential for manipulation of financial statements(Adnan & Khan, 2021). While IFRS is designed to improve transparency and comparability, the complexity of the standards can provide room for flexible interpretations, which companies can leverage to present a more favorable picture of finance than the actual reality. Practices such as "creative accounting" can become more difficult to detect, especially if auditors and regulators do not fully master the nuances of IFRS. This poses a risk to the integrity of reported financial information and may undermine the confidence of investors and other stakeholders in a healthy and fair financial market (Lawal et al., 2020).

Research conducted by Christensen, Hail, and Leuz (2016) examines the impact of the adoption of International Financial Reporting Standards (IFRS) on corporate transparency and operational efficiency. They found that companies that switched to IFRS tended to experience improvements in the quality of their financial statements, as measured through the relevance of their value and the accuracy of their profit predictions. However, this increase is uneven across all countries; Companies in countries with stronger legal and regulatory systems benefit more. These results suggest that IFRS can contribute positively to financial quality, but its effectiveness depends on the regulatory and compliance context in the country that adopted the standard.

Research by Ball, Jayaraman, and Shivakumar (2012) highlights the complexity and challenges faced by companies in the implementation of IFRS, especially with regard to manipulation of financial statements. Their study shows that although IFRS is designed to increase transparency, companies in some countries are successfully manipulating financial statements in more complicated ways than ever before. These findings indicate that without effective oversight and adequate sanctions, IFRS alone is not enough to mitigate misleading financial reporting practices. The study suggests that the implementation of IFRS should be accompanied by improvements in corporate governance and law enforcement to maximize the benefits of these global financial reporting standards. Therefore, this study aims to conduct a meta-analysis of the impact of the implementation of the International Financial Reporting Standard (IFRS) on the quality of financial statements.

2. RESEARCH METHODS

This research is a type of meta-analysis research. Meta-analysis is a type of research that collects and analyzes data from primary studies quantitatively to reach a conclusion (Oktarina et al., 2021; Putra et al., 2023; Zulkifli et al., 2022; Dincer, 2014; Santosa et al., 2022; Utomo et al., 2023). The data sources in this study are sourced from 12 publications published from 2022 to 2024. The first step involves searching for comprehensive literature through leading academic databases in accounting and finance, such as Google Scholar, ScienceDirect, JSTOR, and Web of Science. A combination of relevant keywords such as "IFRS," "Financial Quality," "Earnings Quality," and "Comparability" will be used to identify studies that meet the inclusion criteria. Eligible studies will include empirical research examining the relationship between IFRS and financial quality, published in peer-reviewed journals, and providing quantitative data that can be extracted. After identification, the next process is systematic data extraction. Data analysis in the study with the help of the JSAP application. Adapun kriteria effect size dalam penelitian ini dapat dilihat pada Tabel 1.

Tabel 1. Kriteria Nilai Effect Size

Value	Criteria Effect
< 0.0± -.1	Weak
< -.3	Modest
< -.5	Moderate
< -.8	Strong
≥ .8	Very Strong

Sumber :(Hidayah et al., 2023; Öztop, 2023)

3. RESULT AND DISCUSSION

From the results of searching data sources through the database, 12 publications were obtained that had met the inclusion criteria. Furthermore, conducting data heterogeneity testing, calculating the overall effect size value and analyzing the moderator variables.

Examining Heterogeneity

The heterogeneity test functions to perform an overall influence test and can be calculated by determining the appropriate model through a heterogeneity test that can be tested on the Table. 2

Tabel 2. Heterogeneity Test

d	Q-Value	I^2	P
56	134.083	95.138	0.000

Table 2, results of heterogeneously distributed heterogeneity test ($p < 0.05$). In addition, the Q-value is 134,083. This result can be seen from the Q value being greater than the d value of 56 with a significance degree of 95%. Not only that, the I2 score is higher at 95,138. These findings show that the heterogeneously distributed effect size model used is a random effect model.

Calculation of Overall Effect Size

The overall effect size value can be calculated by the random effect model that can be seen in Table 3, along with the lower bound, upper limit and standard error with a 95% confidence level.

Tabel 3. Findings on the calculation of the Overall Effect Size

Effect Size (d)	Standar error	95% Confidence interval		p
		Lower Limit	Upper limit	
1.072	3.093	0.725	1.137	0.00

Based on Table 3, the overall effect size (d) value is 1,072 through random effect model analysis. This finding shows significant with a standard error of 3,093, a lower limit of 0.725 and an upper limit of 1,137 ($p < 0.05$). This result shows that the application of the International Financial Reporting Standard (IFRS) to the quality of financial statements with a very strong effect size category.

The implementation of International Financial Reporting Standards (IFRS) has brought significant changes in corporate financial reporting around the world. IFRS is designed to unify global accounting practices by providing a set of internationally accepted accounting standards (Septriana & Fuad, 2020). The adoption of IFRS is expected to improve transparency, comparability, and quality of financial statements, making it easier for investors and other stakeholders to make more informed decisions (Amissah et al., 2020). In this context, this study aims to evaluate the impact of IFRS on the financial quality of companies, both in terms of accuracy of financial statements and information disclosure. One of the main benefits of implementing IFRS is the increased comparability of financial statements between countries (Tawiah & Gyapong, 2023). Prior to IFRS, each country had different national accounting standards, making cross-country analysis difficult. With IFRS, financial statements are easier to compare, as they follow the same principles and rules. This provides an advantage for international investors who want to invest in different countries, as they can conduct analysis on a consistent and reliable basis (Agana et al., 2023); . In addition, multinational companies also benefit from this uniform standard, as they can compile consistent financial reports across their subsidiaries in different countries (Mbir et al., 2020; Houcine et al., 2022).

The implementation of IFRS also contributes to the improvement of transparency of financial statements (Nguyen et al., 2020; Ezejiofor, 2022). This standard requires companies to disclose more detailed information regarding accounting policies and assumptions used in the preparation of financial statements. This transparency provides a clearer picture of the company's financial condition and performance (Mensah, 2021), thus helping stakeholders in understanding the risks and opportunities faced by the company. However, this increased transparency also demands that companies have more complex and expensive financial reporting systems, so companies need to invest significant resources to meet IFRS requirements. While IFRS brings many benefits, its adoption also faces challenges and resistance (Lawal et al., 2020). Cultural, economic, and regulatory differences between countries can affect the implementation of IFRS. Some companies may face difficulties in changing their accounting systems to meet IFRS requirements. In addition, differences in the interpretation and application of standards can also occur, reducing the consistency and comparability of financial statements (Goodwin et al., 2008). Therefore, it is important for regulatory authorities and companies to work together in overcoming these barriers and ensuring effective and consistent implementation of IFRS (Ezejiofor, 2022).

Overall, the impact of IFRS on financial quality is significant. By improving comparability and transparency, IFRS helps create a more stable and reliable investment environment. However, to achieve the maximum benefits of IFRS, companies and regulatory authorities need to commit to addressing implementation challenges and ensuring that these standards are applied consistently (Amissah et al., 2020). Further research is needed to evaluate the long-term impact of IFRS on financial quality and how various external factors affect its successful implementation (Albu et al., 2020; Jatiningrum et al., 2020).

4. CONCLUSION

From the results of this study, it can be concluded that the implementation of IFRS significantly improves the quality of financial statements with a Hedge's (d) value of 1,082 in the high effect size category. This effect is especially strong in countries with high levels of financial supervision and strong legal systems. These findings provide evidence to support the implementation of IFRS as an effective global standardization tool in improving the quality and reliability of financial statements internationally. The study also discusses the implications of the findings for regulators, practitioners, and users of financial statements and presents recommendations for further research. By improving comparability and transparency, IFRS helps create a more reliable and informative investment environment, enabling stakeholders to make better decisions. While the adoption of IFRS faces several challenges, such as cultural and regulatory differences, as well as the need to invest in more complex reporting systems, the benefits far outweigh the constraints. Therefore, a strong commitment from companies and regulatory authorities is essential to ensure effective and consistent implementation of IFRS, which will ultimately improve the quality and confidence of financial reporting at the global level.

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