

# Current Finnish Accounting Thought in Relation to International Financial Reporting Standards and Earlier Finnish Accounting Traditions: Results from a Survey of Finnish Accounting Professionals

The purpose of this study is to discover the nature of the accounting thought that exists in present-day Finland in relation to the International Financial Reporting Standards (the IFRSs) and earlier accounting traditions. Finland has had its own cultural characteristics in financial reporting, because Finnish accounting legislation passed between 1973 and 1997 was based on the expenditure-revenue theory of a Finnish

accounting professor, Martti Saario. The data for this study was collected in 2008 by means of a survey of Finnish accounting professionals. In total, 532 questionnaires were distributed by e-mail, and eventually 125 individuals responded to the survey by the deadline. The response rate was 23.5%. The questionnaire included structured statements and open questions. Based on the results, Finnish accounting thought is not regarded uniformly in the minds of accounting professionals. There still exist traces of traditional Finnish accounting thought, although the IFRSs are undoubtedly taking root in Finnish accounting. The ideas contained in the IFRSs, such as fair value, are becoming accepted mentally by a significant part of Finnish accounting professionals even if in general attitudes remain differentiated. It appears that differences in attitudes do not depend significantly on the various professional groups, whereas practical experience of IFRSs has a certain amount of influence in a critical sense. Based on the results of the factor analysis, it can be concluded that there are four different lines of accounting thought related to IFRSs and previous accounting traditions. The first line has been termed *IFRS enthusiasm*. This line is highly positive about IFRSs and it seeks to reject expenditure-revenue theory. It also actively seeks to forget the old traditions and to concentrate on new issues in financial reporting. The second line is *Fair value emphasis*. This line of accounting thought accepts some of the principles of the IFRSs, such as fair value, but it is not overwhelmingly enthusiastic about IFRSs, nor does it wish to reject expenditure-revenue theory. This line is also likely to be less passionate than the first line about financial reporting issues, although it appears that its adherents gradually come to accept the new issues in accounting. The third line

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of accounting thought has been termed *IFRS criticism*. This line is critical of IFRSs, which, for its part, may indicate a certain engagement in accounting matters. Finally, the fourth line is *Conservative prudence*, and this line generally demonstrates a preference for conservatism and prudence in accounting. This line also thinks

that the use of IFRSs tends to mean a big change in accounting. In financial reporting there also exists a highly significant matter of culture in addition to the practical and economic sides of accounting. It seems that accounting professionals tend to separate themselves into different groups in a cultural sense. ■