

Varazdin Development and Entrepreneurship Agency and University North
in cooperation with
Faculty of Management University of Warsaw
Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat
Polytechnic of Medimurje in Cakovec
Croatian Chamber of Economy



Economic and Social Development

7th ITEM Conference - "Innovation, Technology, Education and Management" and
67th International Scientific Conference on Economic and Social Development Development

Book of Proceedings

Editors:

Damira Djuec, Igor Klopota, Luka Burilovic



ISSN 1849-7535



9 771849 753006 >

Sveti Martin na Muri, 29-30 April, 2021

Varazdin Development and Entrepreneurship Agency and University North
in cooperation with
Faculty of Management University of Warsaw
Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat
Polytechnic of Međimurje in Čakovec
Croatian Chamber of Economy

Editors:

Damira Djukec, The Polytechnic of Međimurje in Čakovec, Croatia
Igor Klopota, The Polytechnic of Međimurje in Čakovec, Croatia
Luka Burilović, Croatian Chamber of Economy, Croatia

Economic and Social Development

7th ITEM Conference - "Innovation, Technology, Education and Management" and
67th International Scientific Conference on Economic and Social Development

Book of Proceedings

This esd Conference is part of the project “Centar održivog razvoja”/“Center of sustainable development”, co-financed by the European Union from the European regional development fund and implemented within Operational Programme Competitiveness and Cohesion 2014 – 2021 of the Republic of Croatia, based on the call “Investing in Organizational Reform and Infrastructure in the Research, Development and Innovation Sector”.

This conference is the final conference of the project “Centar održivog razvoja”/“Center of sustainable development”.

Sveti Martin na Muri, 29-30 April, 2021

Title ■ Economic and Social Development (Book of Proceedings), 7th ITEM Conference - "Innovation, Technology, Education and Management" and 67th International Scientific Conference on Economic and Social Development

Editors ■ Damira Djucek, Igor Klopota, Luka Burilovic

Scientific Committee / Programski Odbor ■ Marijan Cingula (President), University of Zagreb, Croatia; Sannur Aliyev, Azerbaijan State University of Economics, Azerbaijan; Ayuba A. Aminu, University of Maiduguri, Nigeria; Anona Armstrong, Victoria University, Australia; Gouri Sankar Bandyopadhyay, The University of Burdwan, Rajbati Bardhaman, India; Haimanti Banerji, Indian Institute of Technology, Kharagpur, India; Victor Beker, University of Buenos Aires, Argentina; Asmae Benthani, Mohammed V University, Morocco; Alla Bobyleva, The Lomonosov Moscow State University, Russia; Leonid K. Bobrov, State University of Economics and Management, Novosibirsk, Russia; Rado Bohinc, University of Ljubljana, Slovenia; Adnan Celik, Selcuk University, Konya, Turkey; Angelo Maia Cister, Federal University of Rio de Janeiro, Brazil; Mirela Cristea, University of Craiova, Romania; Taoufik Daghi, Mohammed V University, Morocco; Oguz Demir, Istanbul Commerce University, Turkey; T.S. Devaraja, University of Mysore, India; Onur Dogan, Dokuz Eylul University, Turkey; Darko Dukic, University of Osijek, Croatia; Gordana Dukic, University of Osijek, Croatia; Alba Dumi, Vlora University, Vlore, Albania; Galina Pavlovna Gagarinskaya, Samara State University, Russia; Mirjana Gligoric, Faculty of Economics - Belgrade University, Serbia; Maria Jose Angelico Goncalves, Porto Accounting and Business School - P.Porto, Portugal; Mehmet Emre Gorgulu, Afyon Kocatepe University, Turkey; Klodiana Gorica, University of Tirana, Albania; Aleksandra Grobelna, Gdynia Maritime University, Poland; Liudmila Guzikova, Peter the Great Saint-Petersburg Polytechnic University, Russia; Anica Hunjet, University North, Koprivnica, Croatia; Khalid Hammes, Mohammed V University, Morocco; Oxana Ivanova, Ulyanovsk State University, Ulyanovsk, Russia; Irena Jankovic, Faculty of Economics, Belgrade University, Serbia; Myrl Jones, Radford University, USA; Hacer Simay Karaalp, Pamukkale University, Turkey; Dafna Kariv, The College of Management Academic Studies, Rishon Le Zion, Israel; Hilal Yildirim Keser, Uludag University, Bursa, Turkey; Sophia Khalimova, Institute of Economics and Industrial Engineering of Siberian Branch of Russian Academy of Science, Novosibirsk, Russia; Marina Klacmer Calopa, University of Zagreb, Croatia; Igor Klopota, Medjimursko Veleuciliste u Cakovcu, Croatia; Vladimir Kovsca, University of Zagreb, Croatia; Goran Kozina, University North, Koprivnica, Croatia; Dzenan Kulovic, University of Zenica, Bosnia and Herzegovina; Robert Lewis, Les Roches Gruyere University of Applied Sciences, Bulle, Switzerland; Ladislav Lukas, Univ. of West Bohemia, Faculty of Economics, Czech Republic; Mustapha Machrafi, Mohammed V University, Morocco; Joao Jose Lourenco Marques, University of Aveiro, Portugal; Pascal Marty, University of La Rochelle, France; Vaidotas Matutis, Vilnius University, Lithuania; Daniel Francois Meyer, North West University, South Africa; Marin Milkovic, University North, Koprivnica, Croatia; Abdelhamid Nechad, Abdelmalek Essaadi University, Morocco; Gratiela Georgiana Noja, West University of Timisoara, Romania; Zsuzsanna Novak, Corvinus University of Budapest, Hungary; Tomasz Ochowski, University of Warsaw, Poland; Barbara Herceg Paksic, University of Osijek, Croatia; Vera Palea, Universita degli Studi di Torino, Italy; Dusko Pavlovic, Libertas International University, Zagreb, Croatia; Igor Pihir, University of Zagreb, Croatia; Damir Piplica, Split University-Department of Forensic Sciences, Croatia; Dmitri Pletnev, Chelyabinsk State University, Russian Federation; Mirosław Przygoda, University of Warsaw, Poland; Karlis Purmalis, University of Latvia, Latvia; Nicholas Recker, Metropolitan State University of Denver, USA; Kerry Redican, Virginia Tech, Blacksburg, USA; Humberto Ribeiro, University of Aveiro, Portugal; Robert Rybnicek, University of Graz, Austria; Tomasz Studzieniecki, Academia Europa Nostra, Poland; Elzbieta Szymanska, Białystok University of Technology, Poland; Katarzyna Szymanska, The State Higher School of Vocational Education in Ciechanow, Poland; Ilaria Tutore, University of Naples Parthenope, Italy; Sandra Raquel Alves, Polytechnic of Leiria, Portugal; Joanna Stawska, University of Lodz, Poland; Ilko Vrankic, University of Zagreb, Croatia; Stanislaw Walukiewicz, Białystok University of Technology, Poland; Thomas Will, Agnes Scott College, USA; Li Yongqiang, Victoria University, Australia; Peter Zabielskis, University of Macau, China; Silvija Zeman, Medjimursko Veleuciliste u Cakovcu, Croatia; Tao Zeng, Wilfrid Laurier University, Waterloo, Canada; Snezana Zivkovic, University of Nis, Serbia.

Review Committee / Recenzentski Odbor ■ Marina Klacmer Calopa (President); Ana Aleksić; Sandra Raquel Alves; Ayuba Aminu; Mihovil Andjelinovic; Josip Arneric; Lidija Bagaric; Tomislav Bakovic; Sanja Blazevic; Leonid Bobrov; Ruzica Brecic; Anita Ceh Casni; Iryna Chernysh; Mirela Cristea; Oguz Demir; Stjepan Dvorski; Robert Fabac; Ivica Filipovic; Sinisa Franjic; Fran Galetic; Mirjana Gligoric; Tomislav Globan; Anita Goltnik Urnaut; Tomislav Herceg; Irena Jankovic; Emina Jerkovic; Dafna Kariv; Oliver Kesar; Hilal Yildirim Keser; Martina Dragija Kostic; Tatjana Kovac; Vladimir Kovsca; Angelo Maia Cister; Katarina Marosevic; Vaidotas Matutis; Marjana Merkac Skok; Daniel Francois Meyer; Natanya Meyer; Josip Mikulic; Ljubica Milanovic Glavan; Petar Misevic; Guenter Mueller; Ivana Nacinovic Braje; Zlatko Nedelko; Gratiela Georgiana Noja; Zsuzsanna Novak; Alka Obadic; Claudia Ogrian; Igor Pihir; Najla Podrug; Vojko Potocan; Dinko Primorac; Zeljka Primorac; Sanda Renko; Humberto Ribeiro; Vlasta Roska; Souhaila Said; Armando Javier Sanchez Diaz; Tomislav Sekur; Lorena Skufflic; Mirko Smoljic; Petar Soric; Mario Spremic; Matjaz Stor; Tomasz Studzieniecki; Marko Sundov; Lejla Tijanic; Daniel Tomic; Boris Tusek; Rebeka Daniela Vlahov; Ilko Vrankic; Thomas Will; Zoran Wittine; Tao Zeng; Grzegorz Zimon; Snezana Zivkovic; Berislav Zmuk.

Organizing Committee / Organizacijski Odbor ■ Domagoj Cingula (President); Djani Bunja; Marina Klacmer Calopa; Spomenko Kesina; Erlino Koscak; Tomasz Ochowski; Mirosław Przygoda; Michael Stefulj; Rebeka Danijela Vlahov; Sime Vucetic.

Publishing Editor ■ Spomenko Kesina, Mario Vrazic, Domagoj Cingula

Publisher ■ Design ■ Print ■ Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia / University North, Koprivnica, Croatia / Faculty of Management University of Warsaw, Warsaw, Poland / Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat, Morocco / Polytechnic of Medimurje in Cakovec, Cakovec, Croatia / Croatian Chamber of Economy, Zagreb, Croatia

Printing ■ Online Edition

ISSN 1849-7535

The Book is open access and double-blind peer reviewed.

Our past Books are indexed and abstracted by ProQuest, EconBIZ, CPCI (Web of Science) and EconLit databases and available for download in a PDF format from the Economic and Social Development Conference website: <http://www.esd-conference.com>

© 2021 Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia; University North, Koprivnica, Croatia; Faculty of Management University of Warsaw, Warsaw, Poland; Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat, Morocco; Polytechnic of Medimurje in Cakovec, Cakovec, Croatia; Croatian Chamber of Economy, Zagreb, Croatia. All rights reserved. Authors are responsible for the linguistic and technical accuracy of their contributions. Authors keep their copyrights for further publishing.

CONTENTS

BULGARIAN PROSECUTOR'S OFFICE – PROTECTION ACTIVITIES TO THE PROSECUTOR GENERAL	1
Venelin Terziev, Marin Georgiev, Stefan Bankov, Ivan Ivanov	
WELL-BEING AND HEALTHCARE CONCERNS CHANGES DURING COVID-19 PANDEMIC	13
Andreea Orindaru, Maria-Floriana Popescu	
THE INFLUENCE OF ACCOMMODATION STRUCTURE AND AFFILIATION TO THE INTERNATIONAL HOTEL CHAINS ON PERFORMANCE OF TOURISM DESTINATIONS ON THE CASE OF CROATIAN COASTAL DESTINATIONS.....	24
Branko Bogunovic	
EXAMINING FACTORS INFLUENCE INDIVIDUAL BEHAVIOUR TO CONTINUE USE OF MOBILE SHOPPING APPS WITH THE INTEGRATION OF TECHNOLOGY ACCEPTANCE MODEL AND BRAND AWARENESS.....	35
Samar Rahi, Mehwish Ishtiaq, Waqas Farooq, Feras Alnaser	
EMPIRICAL ANALYSIS OF PUBLIC DEBT AND CREDIT ACTIVITY IMPACT ON ECONOMIC GROWTH IN THE REPUBLIC OF CROATIA	46
Damira Dukec, Damira Kecek, Matej Lazic	
THE MOROCCAN ECONOMIC DIPLOMACY AFTER COVID-19.....	53
Nechad Abdelhamid, Bahha Meryeme	
CAPITAL MARKET VS. REAL ESTATE MARKET – INVESTMENT ASPECT	60
Dean Uckar, Manuel Benazic, Adam Vukelic	
LIMITATIONS OF LIABILITY FOR DAMAGE CAUSED BY ACTS OF PUBLIC VIOLENCE.....	68
Dejan Pilipovic	
NASCENT CONSUMER BEHAVIORS IN THE PLATFORM ECONOMY DURING COVID-19 PANDEMIC	80
Abulfaz Hasanbayli	
DOMESTIC AND INTERNATIONAL CHALLENGES IN HIGHER EDUCATION ..	88
Venelin Terziev, Marusya Lyubcheva, Marin Georgiev	
PROCESSES OF GLOBALIZATION - NEGATION OF IDENTITY	98
Marija Valcic, Ernest Vlacic, Martina Vukasina	
CIRCULAR ECONOMY - A BUSINESS MODEL WHICH LEANS TOWARDS A COHERENT LOW-CARBON ECONOMY FOR BATTERY WASTE FROM ELECTRIC CARS	107
Goran Sabol, Sebastijan Trstenjak	

THE TRADE-OFF BETWEEN INTERNATIONAL ACCOUNTING CONVERGENCE AND IFRS IN-COUNTRY ADJUSTMENTS	117
Alexandra Fontes, Ana Paula Silva, Humberto Ribeiro, Sandra Raquel Alves	
DATING PLATFORM TINDER AT THE TIME OF THE COVID 19 PANDEMIC .	127
Josko Lozic	
DEVELOPMENT OF THE PUBLIC RELATIONS MODEL.....	137
Kresimir Lackovic, Katarina Potnik Galic, Mirjana Radman-Funaric	
THE PRINCIPLE OF GOOD FAITH AS LEGAL AND MORAL STANDARD.....	147
Magdalena Zeko, Blazenka Novak, Martina Sobocan	
ENERGY CRISIS MANAGEMENT IN THE 21ST CENTURY.....	156
Maria-Floriana Popescu, Andreea Orindaru	
IMPACT OF MACROENOMIC VARIABLES ON PRIVATE EQUITY INVESTMENTS IN CROATIA	164
Marija Simic Saric, Ljubica Maric	
ANALYSIS OF TOURISM MOTIVES AND PREFERENCES CHARACTERISTICS OF GENERATION Y	171
Daniela Gracan, Marina Barkidija Sotosek, Nikolina Seric Honovic	
A PROPOSAL OF SPECIALISED PORTFOLIO ALLOCATION MODELS AT THE VOLUNTARY PENSION FUNDS IN CROATIA.....	177
Hrvoje Volarevic, Mario Varovic, Marko Peric	
PARTICIPANTS' ATTITUDES ABOUT AUGMENTED REALITY AUGMENTATION OPPORTUNITIES IN ORIENTEERING.....	186
Nevenka Breslauer, Tomislav Hublin, Nenad Breslauer, Ivana Zeljko	
THE INTRODUCTION OF A CIRCULAR ECONOMY IN THE COMPANY AND THE SOLUTION OF LEGAL DILEMMAS.....	194
Stefan Sumah, Jure Naglic, Tilen Sumah, Jure Pecnik	
MODELLING TIME-SERIES COMPONENTS OF ENERGY CONSUMPTION.....	201
Domagoj Sajter	
BLENDED LEARNING ENVIRONMENT: WEAKNESSES AND OPPORTUNITIES	211
Tina Smolkovic	
INVESTIGATING THE EFFECTS OF CELEBRITY AND INFLUENCER ENDORSEMENT ON ATTITUDE TOWARD PERFUMES AND BUYING INTENTION.....	218
Tural Aliyev	
REGIONAL DEVELOPMENT THROUGH CREATIVE INDUSTRY – CREATIVE AND EDUCATIONAL CENTRE MURAI.....	228
Filip Zivaljic, Mirjana Trstenjak	

THE TRADE-OFF BETWEEN INTERNATIONAL ACCOUNTING CONVERGENCE AND IFRS IN-COUNTRY ADJUSTMENTS

Alexandra Fontes

REMIT; ESTG, Polytechnic Institute of Viana do Castelo,
Viana do Castelo, Portugal
afontes@estg.ipvc.pt

Ana Paula Silva

CEOS.PP; ESCE, Polytechnic Institute of Viana do Castelo,
Valença, Portugal
apaulasilva@esce.ipvc.pt

Humberto Ribeiro

GOVCOPP; ESTGA, University of Aveiro, Portugal
hnr@ua.pt

Sandra Raquel Alves

CEOS.PP; ESTG, Polytechnic Institute of Leiria, Portugal
raquel.alves@ipleiria.pt

ABSTRACT

The problem of reaching international accounting convergence has enticed voluminous research, and evidence suggests that adoption of International Financial Reporting Standards (IFRS) or IFRS-based accounting models, per se, may be insufficient. Institutionalists underline the possibility of decoupling. This has motivated the preparation of this longitudinal and qualitative study using Portugal as an exemplar, to assess the perceptions of tax officials towards the International Accounting Standards Board (IASB) model and, more particularly, the perceived need to adjust IFRS to different national contexts and cultural traditions. Interviews with nine tax officials were conducted at two strategic moments: in 2009, just before formal adoption of an IFRS-based model in Portugal, in force from 1 January 2010 onwards; and in 2017, one year after the IFRS model adopted had already undergone a second round of in-country adaptations. The results obtained in this study suggest high receptivity towards IFRS adjustments when applied to the Portuguese accounting system, despite some individuals surveyed acknowledged a negative impact on the convergence of national standards with IFRS. The perceived need to overcome important national constraints on the adoption of IFRS in Portugal appeared to overpower the pursuit of an ideology of de facto convergence, which is, arguably, compatible with the phenomenon of decoupling.

Keywords: Harmonization/Convergence, International Financial Reporting Standards (IFRS), Portuguese Accounting System, Accounting Change, Perceptions

1. INTRODUCTION

The IASB leading role in the current landscape of international accounting convergence was reinforced by the change in the European Union (EU) accounting harmonization strategy – outlined in 1995 in Communication 95(508) entitled “Accounting Harmonization: A new strategy vis-à-vis international harmonization.” This set the EU a more interventionist role in the International Accounting Standards Board’s (IASB) harmonization process. This cooperation process between the IASB and the EU culminated in the release of EU Regulation 1606/2002, requiring all EU listed companies to prepare their consolidated financial statements in accord with ‘EU-endorsed IFRS’, from 2005 onwards.

Portugal has not been divorced from the trend towards international convergence (Fontes *et al.*, 2005). Following these developments, in July 2007, the *Comissão de Normalização Contabilística* (CNC - Portuguese accounting standards setter) approved a new accounting standardization model entitled “*Sistema de Normalização Contabilística*” (SNC - Accounting Standardization System) based on the IASB model adopted by the EU, in force from 1 January 2010 onwards. The SNC is an adaptation of IAS/IFRS to Portugal being compatible with IASB standards (Isidro & Pais, 2017). It should be adopted by unlisted companies. While international accounting convergence is pursued, there is literature claiming that adoption of IFRS or IFRS-based accounting models *per se* may prove insufficient to reach improved, fully harmonized, reporting (Ball, 2016; El-Helaly *et al.*, 2020; Fuad *et al.*, 2019; Isidro *et al.*, 2020). It has also been claimed that differences in the national environments justify and require the existence of different accounting standards (Tyrrall *et al.*, 2007). The primary objective of this study is to examine tax officials’ perceptions regarding the need to adjust IFRS at destination (IFRS in-country adjustment). Despite the willingness of the CNC to implement IFRS at the national level, it is commonly accepted that the IASB accounting model is of Anglo-Saxon accounting origin and, therefore, its adoption represents a substantial detachment from the traditionally Portuguese Accounting System (PAS), which is based on the Continental European tradition (Caria & Rodrigues, 2014; Guerreiro *et al.*, 2012). Indeed, the development of financial reporting in Portugal has been mainly influenced by the tax system requirements, which motivated selection of tax officials to be interviewed. Both the interviewed professional group and the country on which this study is based upon, remain under-researched (Silva *et al.*, 2021). The timing of this longitudinal survey is particularly relevant. The first round of interviews took place in 2009, just before formal adoption of an IFRS-based model in Portugal. A second round of interviews was conducted in 2017, one year after the IFRS model adopted in Portugal had already undergone a second round of in-country adaptations. Our core phenomenon does have echoes in prior management change and institutional literature. The gap often found between the formal and the actual organizational structure, has been named metaphorically by the institutionalists as ‘decoupling’ (Meyer & Rowan, 1977). Since the emergence of the thesis suggesting that the national accounting systems are a product of the environment found in different countries, a growing body of research in international accounting is related to the identification and examination of the environmental factors influencing accounting development (e.g. Albu *et al.*, 2011, 2014, 2020; Gray, 1988; Nobes, 1998; Silva *et al.*, 2021; Zeghal & Mhedhbi, 2006). There is a wide consensus that the following environmental factors influence the development of a country’s accounting system: the legal system; sources of external finance; the influence of tax laws in financial reporting; importance of the accounting profession; and culture. This paper proceeds as follows. The next section reviews relevant literature and provides an overview of the Portuguese IFRS-based accounting system. This is followed by the research methodology. Then, there is the results section, and, finally, the conclusion ends the paper.

2. ISSUES REGARDING IFRS-BASED ACCOUNTING SYSTEMS ADOPTION

As discussed in earlier research (Silva *et al.*, 2020), the adoption of IFRS-based accounting systems is challenging and may not be enough to achieve global accounting harmonization. Oliver (1991) posited that, when an organization foresees that conformity to institutional pressures will result in economic and legitimacy benefits, it will probably adopt the most passive resistance response (i.e., acquiescence). Accordingly, more favourable perceptions towards the adoption of the new accounting system are expected if individuals believe that its adoption will result in economic and legitimacy benefits, since under these circumstances, they are less likely to develop resistance feelings. In contrast, when organizations anticipate that conformity will result in low legitimacy and economic benefits, they will possibly adopt more

active resistance strategies, such as “attempt to compromise on the requirements for conformity, avoid the conditions that make conformity necessary, defy the institutional requirements to which they are advised to conform, or manipulate the criteria or conditions of conformity” (Oliver, 1991, p.161). In turn, this may result in “*de-coupling*”: organizations say that they are complying with the imposed requirements, but they may be adopting a kind of ostensible compliance (“*window-dressing*”) (Rodrigues & Craig, 2007, p. 753). The concept of isomorphism (a key element of *institutional theory*), as described by Rodrigues and Craig (2007) in the context of accounting research to understand the developments in international accounting, can be used to reflect the intrinsic and affective benefits components of the perceived value of IFRS and the new accounting model. Indeed, this concept posits that organizations adopt certain practices in order to achieve legitimacy and social acceptability from other organizations - regardless of their actual usefulness. Based upon the perspectives of the *new* institutional theory, Rodrigues and Craig (2007) suggested that international accounting standards are chosen not just on efficiency grounds, but often to improve the reputation of an organization for being rational, modern, responsible, and legally compliant. It follows that users and preparers may also support the adoption of IFRS if they perceive that these standards are widely accepted and that they will confer legitimacy to the Portuguese accounting system and, consequently, to Portuguese companies. It is generally argued in the accounting literature that the main significant barriers to IFRS adoption are the lack of technical accounting expertise (*e.g.* Chand, 2005; Kılıç & Uyar, 2017; Sellhorn & Gornik-Tomaszewski, 2006; Zeghal & Mhedhbi, 2006) and the accounting culture (*e.g.* Rodrigues & Craig, 2007; Vellam, 2004; Zeghal & Mhedhbi, 2006). Indeed, the lack of professional expertise will require significantly more efforts by the users and preparers to adopt, to implement and understand the new accounting standards. Similarly, if users and preparers are familiar with the underlying principles of IFRS, the cultural shock will not be as big, and, therefore, its adoption will not require such a substantial effort. Hence, the users and preparers’ preparedness, as well as their commitment with accounting traditions, may affect their perceptions regarding the IFRS adoption. Furthermore, the experience of many countries suggests that IFRS are too complex and costly for SMEs (Kılıç & Uyar, 2017; Rodrigues & Craig, 2007).

3. THE PORTUGUESE IFRS-BASED ACCOUNTING SYSTEM

Despite the IASB issued the IFRS for SMEs in 2009 to respond to the idiosyncrasies of the smaller, the Portuguese SNC is based upon the full set IFRS. Yet, the Portuguese IFRS-based accounting system is characterized by the existence of different levels of standardization. Larger entities must adopt 28 standards, all of which except one are tightly based upon EU-endorsed IFRS/IAS – the so-called ‘general regime’. Furthermore, there is another standard tailored for small entities, which is a simplified adaptation of the different themes addressed in the general regime. In turn, micro entities may choose to adopt an even further simplified standard. For further details of the SNC accounting system see, for example, Isidro and Pais (2017). To align the SNC with the EU Directive No. 2013/34, Decree-Law No. 98/2015 of 2 June 2015 brought some amendments to SNC, in force from 1 January 2016 onwards. Changes implemented include the following: new models of financial statements; reduction in the disclosures required by standards, especially regarding micro entities which were discharged from the preparation of the Annex; extension of the mandatory adoption of the permanent inventory system to small entities; mandatory amortization of goodwill from business combinations; alteration of the thresholds that define the different categories of entities, particularly, enlargement of the thresholds of a small entity. Upon adoption of SNC in 2010, a small entity was one that did not exceed any two of the following limits: 1.5 million euros for balance sheet; 3 million euros for turnover; 50 employees.

Since 2016, the balance sheet threshold was enlarged to 4 million euros, and the turnover ceiling was increased to 8 million euros. The number of employees' limit remained unchanged. As a result, since 2016 many more entities in Portugal could report under the simplified standard for small entities.

4. RESEARCH METHODOLOGY

This is a qualitative study aimed at presenting in-depth contextually rich analysis of tax officials' perceptions regarding the need to adjust IFRS at destination, using Portugal as an exemplar. Therefore, at the outset the leading objective of this research was to generate detailed insights to the detriment of any quest to generalize the perceptions gained. The evidence reported in this paper is part of a comprehensive longitudinal research, which involved semi-structured interviews with tax officials, of an average length of around 50 minutes in 2009 and in 2017. The first round of interviews took place during the year before formal adoption of an IFRS-based model in Portugal. Follow up interviews were conducted in 2017, one year after the IFRS model adopted had already undergone a second round of in-country adaptations. To analyse how perceptions evolved according to the stage of the SNC implementation process, interviewees were the same in both years of analysis. Theoretical saturation (Strauss & Corbin, 1998) delivered a final sample size of nine in each of the years of analysis. For anonymity, tax officials (TO) are identified by the order of their interviewing, followed by the year of the interview. Hence, for example, TO1_2009 stands for tax official number 1, as interviewed in 2009. Sampling of interviewees was non-probability as it was intended to interview knowledgeable and experienced tax officials to foster extraction of rich data. As a result, they all held a bachelor's degree or above, and in 2017 all but one had more than 15 years of inspecting experience. In 2017, the dominant age group was 35-44 years (n=6), and all but one were male.

5. DISCUSSION OF RESULTS

Respondents were asked to indicate whether they agreed with the need to adjust IFRS when applied to the PAS. Responses are summarised below in Table 1.

	Agreement		Disagreement		Undefined		Total
	Frequency	%	Frequency	%	Frequency	%	
Prior to adoption	5	56	2	22	2	22	9
After adoption	8	89	1	11	0	0	9

Table 1: Perceived need to adjust IFRS at destination

Overall, tax officials supported the need to adjust IFRS at destination to account for national environmental specificities. Evidence gathered should be interpreted considering that interviews after adoption took place in 2017, when the IFRS model adopted in Portugal had already undergone a second round of in-country adaptations in the year before. So, we may infer that the experience with in-country adjustments influenced positively the perception of their adequacy (n=5_2009; n=8_2017). The single tax official who did not agree with IFRS adjustments in 2017 invoked their negative impact on international comparability and reasoned that adjustments made were the outcome of the misfit of SNC with the national context:

"If the idea was to achieve the highest degree of comparability, then we should keep what's out there, period! And put it to work in here! If people don't adapt, then it's because the new standards don't really make sense." (TO4_2017)

In the same manner, two other respondents, despite being generally favourable to IFRS in-country adaptations upon initial adoption, shared the view that additional simplifications introduced as of 2016 represented a retrocession in the harmonization. They regarded initial resistance and early obstacles to be time bridgeable:

"...it was a matter of time; people should be told to come to their senses and move forward." (TO2_2017)

"It remains to be seen if the POC [the previous Portuguese accounting system] would be better than the overly simplified SNC!" (TO6_2017)

Notwithstanding, early pleas for IFRS adjustments before SNC adoption, were vividly emphasised in 2017:

"I do not agree with minor adjustments, but rather with substantial changes." (TO 7_2009)

"There is insufficient simplification of the financial instruments standard." (TO2_2017)

"In many instances, an automatic translation of concepts was made, while they should be adjusted to our reality, which was not considered. For example, the term "perdas por imparidade" [impairment losses] here in Portugal does not make much sense; if you ask experts the origin of the term, they can't associate it with Portuguese." (TO3_2017)

Translation issues had already been invoked as problematic modifications prior to adoption:

"The translations of international standards to Portuguese are made with terms that you read and realize that they do not convey the intended idea, the spirit of the standards." (TO1_2009)

"I have some concerns in terms of terminology... we know of the difficulties that the Portuguese face when translating Anglo-Saxon expressions. And so, sometimes we take the risk if we are not careful and accurate enough in this translation attempts ...it creates some noise, some disturbance in the interpretation of words. This causes me some worries - that the users, the agents involved, cannot make appropriate interpretations of the expressions. Therefore, I clearly share the view of some people who point out paths towards the perfection of language to be employed, in an attempt to use the Portuguese words which may better reflect the reality that you want to convey.... But, I think that these disputes are salutary, as they lead us to think that one needs a rigorous terminology for consistent interpretation of the same reality.... it makes sense to worry ourselves with all of this [the terminological aspects]. And I do not know to what extent this has been given thorough reflection." (TO5_2009)

This evidence is supported by some authors' concerns (e.g., Nobes, 2006; Zeff, 2007) that the accuracy of IFRS national translations may impair global convergence and comparability. In this regard, Nobes (2006, p. 237) noted that: "Under the EU Regulation 1606, the various translations of IFRS into European languages have legal status in their various countries. As in any field, there is a risk that the process of translation will change or lose meaning from the original version, in this case English". On the other hand, these observations contrast with Tyrrall *et al.*'s (2007) findings, whose respondents pointed out the lack of national language translations of IFRS as one of the problems of IFRS implementation in Kazakhstan. Similarly, the study of Abd-Elsalam & Weetman (2003) showed that the lack of official national translations increases the likelihood of non-compliance with unfamiliar IFRS requirements.

Likewise, Alp & Ustundag (2009) reported that one of the key challenges in the adoption and implementation of IFRS in Turkey included the IFRS translation issue. The chart of accounts was an in-country adaptation present in all interviewees' spontaneous rhetoric in 2009 and addressed impromptu by only three tax officials in 2017. Furthermore, while in 2009 most of the tax officials disagreed with the maintenance of the chart of accounts, this adaptation was welcomed by the few tax officials who still recalled it in 2017. Early interview evidence gathered in 2009 brought into light several drawbacks attached to the maintenance of the chart of accounts. It was said that it may favour decoupling; (ii) it may limit the spirit of the international accounting standards; (iii) it may hinder the occurrence of a cultural change; and (iv) it may restrict the development of the accounting profession. On the other hand, the tax officials who welcomed the preservation of the chart of accounts in 2017 reasoned it assured less disruption with the previous accounting system and culture (TO2, TO3), and it allowed a better fit with the objectives of financial statements in Portugal (TO8). The following are illustrative statements:

"Since we've always been used to coding, i.e. we've always used the code and the account designation, I think it [the maintenance of the chart of accounts] was very well done." (TO3_2017)

"It [the maintenance of the chart of accounts] seems to me a good decision considering the stakeholders in our country, that is, those who are the main recipients of financial information. Whether we like it or not, for the great majority of our companies, say 90 to 95% of our companies, the main recipients of financial information are the banks, which are the main financiers, and then the tax authorities. Therefore, these are entities that need codes of accounts in order to be able to treat the information in a standardized manner. And this is an example of an adaptation to the realities proper to our country, that is, the financing of our companies that make great use of banking, and the issue of taxation that is very important whether we like it or not." (TO8_2017)

Importantly, arguments put forth by interviewees after adoption to support the chart of accounts as above described, provide support to that its preservation may hinder the occurrence of a true cultural change to implement the true spirit of the international accounting standards, as anticipated by tax officials in 2009. Consistent with this view, arguably, the fact that in 2017 only three tax officials recalled spontaneously the preservation of the chart of accounts reflects a well ingrained, taken for granted, adaptation. One of the adjustments interviewees liked the most prior to IFRS adoption was the existence of different levels of standardisation within SNC. Consistently, on being asked to speak freely about the recent changes as of 2016, the enlarged thresholds for small entities was the most often spontaneously cited 2016 change (TO4; TO5; TO7; TO9; 44%). Such tax officials welcomed the possibility of many more firms being able to abide by the standard for small entities rather than the full set of standards in that it represented an important burden-relief for the resource-constrained smaller firms. Some other amendments made to SNC that became effective in 2016 were spontaneously recounted: (i) small entities (as redefined in 2016) ceased to be exempt from the permanent inventory system (TO8, TO3), and (ii) micro entities were discharged from preparing the Annex (TO4, TO3). The former aspect was seen by both tax officials who cited it as an absolutely disproportionate requirement given the dimension of the companies involved. One of the tax officials even argued it is a misfit with the cost-benefit balance endorsed by the Conceptual Framework.

This is illustrated by the following quotations:

"I think the limits are far too low for the mandatory permanent inventory: it is unthinkable, today, that a company that exceeds those two limits of the three (700.000 euros for turnover, 350.000 euros for balance sheet, and 10 employees) is required to keep a permanent inventory: if we think, a company that sells 700.000 euros will reach 350.000 euros of balance sheet very quickly just on the basis of its inventories and receivables; if the company is a services provider, then it will also easily fall outside the thresholds of a micro entity, not because of the balance sheet but rather on account of the number of its employees. So, we are talking about very small companies, with no business structure at all! I know several of them making 700.000 euros, where there are only two persons there! They struggle to issue invoices in a computerized system, let alone running a permanent inventory!.. That is, in the issue of inventories, I think this is a total aberration!" (TO3_2017)

"If we take into account the universe of companies that are covered by the permanent inventory system, it is completely disproportionate, it makes no sense; the big problem, in my opinion, of the Accounting Standardisation System and these recent amendments, is the question of the relationship, which is written in the Conceptual Framework - the balance cost-benefit: there is still a lot of cost for little benefit in my opinion." (TO8_2017)

Reflecting a quest for IFRS detailed implementation guidance, the SNC also received criticism for not setting any guidelines as to the appropriate periodicity for reporting the cost of goods sold and inventories:

"Under the permanent inventory system, supposedly at any time you must know the cost of goods sold or materials consumed; well, it is not clear how often it is "any time", how often, for example, you must conduct inventory counts in the warehouse; it is so unclear that, recently, the Tax Administration itself had to rule on this, and it defined a monthly periodicity. Now what do we have? The Tax Administration to define the periodicity with which the permanent inventory is to be made because the CNC says nothing about it." (TO8_2017)

The two tax officials who recalled the Annex exemption for micro entities were divided in their views: one tax official welcomed this change by arguing micro entities' businessmen see their information needs amply fulfilled from the balance sheet and income statement alone; another tax official viewed this change as mere window-dressing, not representative of a true burden relief in that the Annex had never been true disclosure, consistent with the claimed relative unimportance of financial reporting to management:

"But this [the Annex discharge for micro entities] does not represent any reduction of effort for companies because it is a mirage, it is a mirage, it is a falsehood someone, beginning with the certified accountants, who are the executors of this, saying that they have ever prepared the Annex decently so to speak ... There was a formal requirement of disclosure ... but then in practice no one did it! So, in practice, having taken away the Annex is inconsequential, truly, because in practice I already had no such company information!" (TO4_2017)

Finally, the SNC's internalization of the standard for micro entities (TO4) and the compulsory amortization of goodwill from business combinations (TO3) were also spontaneously recalled as recent in-country adaptations, in both cases welcomed.

6. CONCLUSION

As far distant as seven years after formal adoption of SNC, an IFRS-based model in Portugal – a country formerly classified as Continental European – our findings are compatible with the concepts of resistance to change and decoupling. Particularly, evidence gathered suggests tax officials' commitment towards the accounting reform to have been hampered by country-specific factors (institutional contradictions), including, but not limited to, the Continental European accounting cultural background. Such inference, reiterating the role of the existing national culture, clearly conforms to the institutional theory emphasis on the embedded rules and values in a social system as a source of resistance to change. Consistently, IFRS in-country adjustments were mostly welcomed, both just before SNC adoption in 2009, and most evidently, seven years after adoption, in 2017, when a second round of in-country adaptations had already been implemented in 2016. Despite adjustments made, interviewees still perceived instances of what they considered to be IFRS insufficient adaptation to Portugal as there were pleas for further amendments. These amendments were regarded as a strategy to manage IFRS in-country adequacy. Thus, our evidence signs some calls and proposals to adjust the IASB standards to the needs and limitations of the national reality. However, such response is close to one of the manipulation tactics pointed by Oliver (1991) – the influence tactic – as it might mirror an attempt to shape institutional processes, and thereby signal partial conformity to institutional rules (Campbell, 2004; Scott, 2010). Undertaking in-country adjustments as a strategy to overcome institutional contradictions might generate adverse consequences for the adoption and implementation of IFRS or IFRS-based accounting systems, such as: (i) the decoupling - namely, the maintenance of the caution and secrecy approach, and the linkage between taxation and accounting; (ii) the manipulation risk; and (iii) poor adjustment to change. This study remains exploratory in nature. An avenue for future research could be to compare the experience of different countries with IFRS adoption to investigate whether institutionalization outcomes are any different depending on the extent and types of IFRS in-country adaptations. Insights thereof would be of utmost importance to inform national standard setters.

LITERATURE:

1. Abd-Elsalam, O. H., & Weetman, P. (2003). Introducing International Accounting Standards to an emerging capital market: relative familiarity and language effect in Egypt. *Journal of International Accounting, Auditing & Taxation*, 12, 63-84.
2. Albu, N., Albu, C. N., Bunea, S., Calu, D. A., & Girbina, M. M. (2011). A story about IAS/IFRS implementation in Romania. *Journal of Accounting in Emerging Economies*, 1(1), 76-100.
3. Albu, C. N., Albu, N., & Alexander, D. (2014). When global accounting standards meet the local context—Insights from an emerging economy. *Critical Perspectives on Accounting*, 25(6), 489-510.
4. Albu, N., Albu, C. N., & Gray, S. J. (2020). Institutional Factors and the Impact of International Financial Reporting Standards: The Central and Eastern European Experience. *Accounting Forum*, <https://doi.org/10.1080/01>.
5. Alp, A., & Ustundag, S. (2009). Financial reporting transformation: Experience of Turkey. *Critical Perspectives on Accounting*, 20, 680 - 699.
6. Ball, R. (2016). IFRS – 10 years later. *Accounting and Business Research*, 46(5), 545-571.
7. Campbell, J. L. (2004). Institutional change and globalization. New Jersey: Princeton University Press.
8. Caria, A.A., & Rodrigues, L.L. (2014). The evolution of financial accounting in Portugal since the 1960s: A new institutional economics perspective. *Accounting History*, 19(1-2), 227–254.

9. Chand, P. (2005). Impetus to the success of harmonization: the case of South Pacific Island nations, *Critical Perspectives on Accounting*, 16, pp. 209-226.
10. El-Helaly, M., Ntim, C. G., & Soliman, M. (2020). The Role of National Culture in International Financial Reporting Standards Adoption. *Research in International Business and Finance*, 54. <https://doi.org/10.1016/j.ribaf.2020.101241>
11. Fontes, A., Rodrigues, L., & Craig, R. (2005). Measuring the Convergence of National Accounting Standards with International Financial Standards, *Accounting Forum*, 29(4), pp. 415- 436.
12. Fuad, F., Juliarto, A., & Harto, P. (2019). Does IFRS convergence really increase accounting qualities? Emerging market evidence. *Journal of Economics, Finance & Administrative Science*, 24(48), 205–220.
13. Guerreiro, M.S., Rodrigues, L.L., & Craig, R. (2012). Factors influencing the preparedness of large unlisted companies to implement adapted International Financial Reporting Standards in Portugal. *Journal of International Accounting, Auditing and Taxation*, 21(2), 169–184.
14. Gray, S.J. (1988). Towards a Theory of Cultural Influence on the Development of Accounting Systems Internationally. *ABACUS*, 24(I), 1–15.
15. Hope, O., Jin, J., & Kang, T. (2006). Empirical Evidence on Jurisdictions That Adopt IFRS, *Journal of International Accounting Research*, 5(2), pp. 1-20.
16. Isidro, H., Nanda, D., & Wysocki, P.D. (2020). On the Relation between Financial Reporting Quality and Country Attributes: Research Challenges and Opportunities. *Accounting Review*, 95(3), 279-314.
17. Isidro, H., & Pais, C. (2017). The role and current status of IFRS in the completion of national accounting rules–Evidence from Portugal. *Accounting in Europe*, 14(1-2), 164-176.
18. Kılıç, M., & Uyar, A. (2017). Adoption process of IFRS for SMEs in Turkey: Insights from academics and accountants. *Accounting & Management Information Systems / Contabilitate Si Informatica de Gestiune*, 16(2), 313–339.
19. Meyer, J.W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *AJS*, 83(2), 340–363.
20. Nobes, C. (1998). Towards a general model of the reasons for international differences in financial reporting. *ABACUS*, 34(2).
21. Nobes, C. (2006). The survival of international differences under IFRS: towards a research agenda. *Accounting and Business Research*, 36(3), 233-245.
22. Oliver, C. (1991) Strategic Responses to Institutional Processes, *Academy of Management Review*, 16(1), pp. 145-179.
23. Rodrigues, L.L., & Craig, R. (2007). Assessing international accounting harmonization using Hegelian dialectic, isomorphism and Foucault, *Critical Perspectives on Accounting*, 18(6), pp. 739-757.
24. Scott, W. R. (2010). Reflections: The Past and Future of Research on Institutions and Institutional Change. *Journal of Change Management*, 10(1), 5-21.
25. Sellhorn, T., & Gornik-Tomaszewski, S. (2006). Implications of the 'IAS Regulation' for Research into the International Differences in Accounting Systems, *Accounting in Europe*, 3, pp. 187-217.
26. Silva, A.P., Fontes, A., & Martins, A. (2021). Perceptions on the implementation of the IFRS model in Portugal and Brazil, *Journal of International Accounting, Auditing and Taxation*, (in press).

27. Silva, A.P.; Fontes, A.; Ribeiro, H.; Alves, S. (2020), The Role of Enforcement Mechanisms on IFRS Implementation: Perceptions from Tax Officials, Economic and Social Development Book of Proceedings, 62th International Scientific Conference, Lisbon, Portugal, pp. 304-309.
28. Strauss, A. L., & Corbin, J. M. (1998). Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory: Vol. 2nd ed. SAGE Publications, Inc.
29. Tyrrall, D., Woodward, D., & Rakhimbekova, A. (2007). The relevance of International Financial Reporting Standards to a developing country: Evidence from Kazakhstan, *The International Journal of Accounting*, 42(1), pp. 82-110.
30. Vellam, I. (2004). Implementation of International Accounting Standards in Poland: Can True Convergence be Achieved in Practice?, *Accounting in Europe*, 1(1), pp. 143-167.
31. Zeff, S. A. (2007). Some obstacles to global financial reporting comparability and convergence at a high level of quality. *The British Accounting Review*, 39(4), 290-302.
32. Zeghal, D., & Mhedhbi, K. (2006). An analysis of the factors affecting the adoption of international accounting standards by developing countries, *The International Journal of Accounting*, 41, pp. 373-386.