



An Empirical Evidence of the Voluntary Disclosure for the SMEs Accounting in Japan: Professional Accountant's Perspectives

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Introduction

The International Accounting Standards Board (IASB) calls for the global convergence of Small and Medium-sized Entities (SMEs) accounting standards in order to provide internationally comparable financial accounting information. To achieve this goal, some countries apply the International Financial Reporting Standards for SMEs (IFRS for SMEs) originally developed by IASB, while other countries address this call by applying their self-developed local accounting standards for SMEs which is also incorporated with fundamental framework of global standards of IFRS. Regardless of these types of global comparable accounting system, the SMEs would choose either to voluntarily implement one of these global reporting scheme or simply focus on the local requirements by domestic GAAP.

In Japan, IFRS for SMEs is little applied by SMEs in Japan. Instead, two self-developed standards called "Accounting Guidelines for Small and Medium-sized Entities (ASBJ Guidelines)" and "General Standards for Small and Medium Entities (General Standards)" have been developed and issued as the official SMEs accounting standards. ASBJ Guideline is regarded to as the standards integrating with ideas and frameworks of global comparable reporting from the IFRS, while General Standards rather address to domestic context of traditional accounting (Kawasaki, 2012). Therefore, this choice between two standards is the key SMEs to provide their global comparable financial information. However, ASBJ Guidelines is not mandatory applied, and moreover only limited numbers of SMEs in Japan have used it as their accounting standards (Kawasaki & Sakamoto, 2014). It is not certain why such a choice was often made, because the ways SMEs engage with this voluntary choice of accounting standards has seldom investigated in Japan.

In theory, the benefits from global financial reporting is to accelerate more efficient capital distributions between interest parties, which leads to form appropriate share prices of the companies (e.g. IASB, 2009; Albu et al., 2010). However, such a benefit does not always enhance SMEs to voluntarily disclose global comparable financial information. Many research eventually suggested that the trade-off for preparers of financial statements between the cost and benefit of its disclosure is crucial (Eierle & Helduser, 2013; André et al., 2012; Bassemir, 2012; Litjents et al., 2012; Fulbier & Gassen, 2010; Eierle & Haller, 2009). For example, Litjents et al, (2012) indicated to evaluate an accounting method as a mechanism of reducing agency cost, in addition to consider it concurrently to generate the proprietary cost of disclosure. Theoretically, the proprietary cost theory argues that firms explicitly consider the costs related to disclosure, providing that these may be so relevant as to completely offset the benefits from voluntary disclosure of global comparable financial information, thus discouraging its disclosure (Litjents et al., 2012). Therefore, the SMEs that may have a demand for providing international comparable financial accounting information do not always switch from their local GAAP to global accounting standard as the benefits often may not outweigh the cost. Previous studies in UK and Germany report that only a minority of SMEs voluntarily select to apply global standards, indicating

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3 that the net benefit of adopting them vary extremely between SMEs (André et al.,
4 2012; Bassemir, 2012).
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6 Given above background, this paper aims to empirically investigate the factors to
7 determine the voluntary choice of global accounting for SMEs in Japan. Especially
8 addressing the process of this voluntary choice between two Japanese SMEs
9 accounting standards is of great importance in predicting the factors affecting to their
10 successful implementation of global comparable financial reporting. Prior literature
11 in overseas have conducted various studies to address the determinant factors
12 affecting to SMEs accounting choice regarding voluntary disclosure of global
13 comparable information (e.g. Kılıç et al, 2014; Eierle & Haller, 2013; Albu et al.,
14 2013; Uyar & Güngörmüs, 2013; André et al., 2012). However, no study to date have
15 been undertaken to explore this argument with the Japanese setting of ASBJ
16 Guidelines and General Standard.
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19 To achieve this research goal, the present study investigated perceptions of SMEs
20 accounting among Certified Public Tax Accountants (CPTAs) in Japan. Recent
21 survey among Japanese SMEs, which was held by the Small and Medium Enterprise
22 Agency (SMEA) in 2013, revealed that 65.8% of SMEs top managers participated in
23 this survey did not know exactly the accounting standards they applied because they
24 basically relied accounting matters on external accounting professions including
25 CPTAs who were hired by SMEs as tax and management consultants (Teikoku Data
26 Bank, 2013). Thus CPTAs' perceptions and opinions are the key to clarify the
27 research gap of this study.
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30 Followed by this introduction, Section two introduces a brief summary of SMEs
31 accounting scheme in Japan, particularly focusing on two accounting standards of
32 ASBJ Guidelines and General Standard. Section three reviews literatures to clarify
33 research gaps, which will be formulated as several research questions in Section four.
34 In Section five, research design is outlined. Then, the analysis outcomes will be
35 demonstrated in Section six and interpretations and discussions of the findings will be
36 developed in Section seven. Finally, Section nine provides the summary of this study,
37 together with limitations and further possibilities of research extensions.
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43 SMEs Accounting System in Japan

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45 SMEs in Japan have two alternatives of officially published accounting standards to
46 prepare for their financial statements. These are ASBJ Guidelines and General
47 Standard. First, ASBJ Guidelines was set forth and released in 2005 as the accounting
48 standards to prescribe accounting treatments and explanatory notes when preparing
49 financial statements for SMEs. ASBJ Guidelines however is not mandatory applied,
50 therefore only limited numbers of SMEs have used it as their accounting standards
51 (Kawasaki & Sakamoto, 2014). Rather than applying ASBJ Guidelines, the majority
52 of SMEs in Japan are choosing General Standard. This second set of accounting
53 standards was issued in 2012 in order to reflect more accounting arrangements and
54 specific backgrounds needed for SMEs (Kawasaki & Sakamoto, 2014). SMEs can
55 choose to apply either ASBJ Guidelines or General Standard interchangeably. As for
56 the differences between two standards, Kawasaki (2012) contends that ASBJ
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3 Guidelines is regarded to as the set of rules simplified from large firms' accounting
4 standards to adjust for specific SMEs situations, while General Standard is thought to
5 as more stand-alone standard that reflects specific features of SMEs in the standard
6 setting process and avoids influences from large entities' accounting scheme. For
7 example, ASBJ Guidelines is subject to IFRS influence, but General Standard allows
8 SMEs to avoid completely the impact of IFRS and stay with domestic tax purpose
9 accounting (Kawasaki, 2012). Further, Uenishi (2012a) reports the distinguished
10 difference between two standards that ASBJ Guidelines is released for accounting
11 expertise who already have enough knowledge and skills of accounting, while
12 General Standard is issued for the SME's CEO or executives who intend to master
13 accounting practices by themselves.
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16 Technically speaking, the choice of accounting standards should be made by the
17 SMEs' top managers such as the Chief Executive Officer (CEO) and the Chief
18 Financial Officer (CFO). But in practice, accounting expertise such as CPTAs often
19 have certain rooms for suggestions or give direct influence with regard to firm's
20 accounting matters (Murata, 2010). As the result, it is assumed that tax accountant's
21 judgment would become a crucial factor to affect the SMEs' choice of accounting
22 standards between ASBJ Guidelines and General Standard. Uenishi (2012a) stresses
23 that teaching the importance of accounting to SMEs managers is the crucial role of
24 CPTAs, so that the author pointed out the importance of encouraging them to use
25 General Standard at the first hand. Then after completing this initial role, Uenishi
26 (2012a) further recommends CPTAs to assist SMEs that have already achieved the
27 application of General Standard to shift toward the more advanced ASBJ Guidelines.
28 This prior study implies that CPTAs would be expected to evaluate their clients'
29 condition in terms of the development and quality level of accounting and make a
30 choice as to whether they suggest SMEs to apply for ASBJ Guidelines or General
31 Standard.
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35 Yanaga (2012) also proposes more concrete criteria for SMEs to choose proper
36 accounting standards in practice. This previous research interpreted the analysis
37 outcomes from the survey held in 2009, of which purpose was to clarify the reasons
38 why ASBJ Guidelines was not fully accepted by SMEs in Japan. As the result of
39 analysis, the author eventually defined the following four criteria to implement
40 voluntary adaptation of ASBJ Guidelines or not : 1) Degree of dependency of
41 domestic capital market for SME's financial activities (financing purpose), 2) Ranges
42 of interest parties (ownership structures), 3) Interest parties' needs towards accounting
43 information (information demand) and 4) Affordability of spending cost for advanced
44 "ASBJ Guidelines" rule (resources). In practice, it is thought that both CPTAs and
45 SMEs managers would consider these multiple criteria comprehensively to determine
46 which standard is suitable for the companies. Given above judgment criteria by
47 Yanaga (2012), however it is still not clear whether or not the choice of SMEs
48 accounting standards is rationally carried out as the result of consultations by CPTAs.
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53 Literature Review

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55 Studies upon voluntary choice of global comparable financial reporting for SMEs
56 have argued firstly as the application issue for the IFRS for SMEs (Kaya & Koch,
57 2015; Kılıç, et al., 2014; Uyar & Güngörmüş, 2013; Albu & fellows, 2013; Albu &
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3 Albu, 2012; Litjens et al., 2012; Bunea et al., 2012; Atik, 2010; Eierle & Haller,
4 2009). Among these studies, Kılıç, et al. (2014), Uyar & Güngörmüş (2013) and
5 Bunea et al., (2012) for instance examined the perceptions and knowledge of
6 accounting professionals pertaining to the content and implementation of IFRS for
7 SMEs. These study addressed IFRS for SMEs in terms of awareness, technical
8 knowledge, advantages and obstacles of implementing this standard. However some
9 previous studies pointed out as to how SMEs deal with the IFRS for SMEs has little
10 investigated especially among the developed countries (e.g. Quagli & Paoloni 2012).
11 In this regards, Uyar & Güngörmüş (2013) also suggests further studies on this topic
12 are needed to conduct in the developed countries, of which studies provide different
13 feedbacks and reflections for future directions in this research field.
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16 The primary reason why less number of research for IFRS for SME's exist in the
17 developed countries was well explained by Kaya & Koch (2015). This study used 128
18 countries' data to investigate associations between jurisdiction systems and
19 adoptability of IFRS for SMEs. The authors confirmed that IFRS for SMEs was
20 mainly applied in developing countries and concluded that lower demand for IFRS for
21 SMEs in developed countries was because of their strong ability to develop local
22 accounting standards for SMEs by themselves.
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25 Eventually in the United Kingdom (UK), the Financial Reporting Council (FRC) has
26 issued the Financial Reporting Standards (FRS) 102 in 2015, which was mainly based
27 on IFRS for SMEs, but modified significantly in order to be consistent with UK's
28 company law (Kaya & Koch, 2015). In the United States (US), American Institute of
29 Certified Public Accountants (AICPA) also developed its own comprehensive basis of
30 accounting (OCBOA) financial reporting framework for SMEs in May 2012, which
31 blends traditional accounting methods with local income tax requirements (Sunder et
32 al., 2013). Although private companies in the USA can choose voluntarily to apply
33 IFRS for SMEs, most of them have selected to prepare their financial statements on
34 OCBOA or selected to report US GAAP exceptions (Sunder et al., 2013). In all
35 European Union (EU) countries, adoption of IFRS for SMEs inevitably required a
36 legislative change in law of each country to adjust tax and company laws to a new set
37 of accounting standards (Kaya & Koch, 2015). However, the application of IFRS for
38 SMEs implied breaking the traditional bond between financial statements and the
39 income tax return (Epistein & Jermakowics, 2010), which made several countries
40 such as France and Germany opposed this standard (Albu & Albu, 2012).
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44 Irrespective of IFRS for SMEs or local SMEs accounting standards, SMEs take into
45 considerations of various criteria to make their choice for applying global comparable
46 financial reporting standard. Previous studies attempted to identify determinant
47 factors for SMEs' decision to adapt global standards. Among these research, many
48 studies have examined the role of firm's size as a relevant proxy to determine
49 application of either local or global standards (Eierle & Helduser, 2013; Albu et al.,
50 2013; André et al., 2012; Bunea et al., 2012; Litjens et al., 2012; Quagli & Paoloni,
51 2012; Eierle and Haller, 2009). Eierle and Haller (2009) for instance conducted
52 empirical study using German SMEs to explore the size as an effective factor for
53 accounting differentiation. As the result, the authors demonstrated the entity's
54 economic size had a significant impact on relevance of international activities and
55 involvement of owners in management. Other empirical research in UK of André et al.
56 (2012) also expected that higher level of information disclosure could reduce various
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3 types of capital costs. Their multivariate logistic regression revealed that firm size
4 predicts significant positive impact on UK unlisted firms' choice in voluntarily
5 adaption of IFRS.
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8 In contrast, Eierle & Helduser (2013) considered firm's size as the control variables
9 (total assets and the number of employers) of their main investigation regarding
10 criteria for implementing global comparable financial reporting, but they found no
11 significant evidence in firm's size as the effective proxy. This result was inconsistent
12 with Eierle & Haller (2009) although analysis models and techniques applied were
13 different between two studies. Followed by Eierle & Haller (2009), Carfang (2010)
14 theoretically criticised the size criteria should not be the determining factor in
15 establishing the scope of the IFRS for SMEs application because any quantified size
16 criterion is not suitable with a view of IFRS's principled-based approach.
17 Accordingly, literature presented mix results regarding the correlation between the
18 size of the business and the level of international standards adoption.
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21 In the prior literature, ownership structure was also thought as another key driver to
22 determine the voluntarily choice of global accounting standards. In theory, the
23 voluntary choice made by firms to adapt a specific accounting policy or standard such
24 as IFRS for SMEs can be considered as a mechanism for the reduction of agency cost
25 resulting from the separation of ownership and management of the firm (Litjens et al,
26 2012). Given this theory, Eierle & Helduser (2013) empirically confirmed that a
27 higher proportion of owners involved in the management would decrease firm's need
28 to provide internationally comparable accounting information for owners. This
29 finding was also consistent with Bassemir (2012) and Francis et al. (2008) that
30 reported an impact of the ownership structures on SME's decision to voluntary
31 disclosure of the global comparable financial information, although these studies dealt
32 with full IFRS adaptation issue. On the other hands, An UK study of André et al
33 (2014) failed to find the significant association of the voluntary use of full IFRS with
34 the separation between owners and managers. This study inconsistently concluded
35 that ownership structure did not affect the decision in choosing full IFRS by UK
36 unlisted firms. Thus Results of this explosion of interest are mixed and difficult to
37 synthesize into a meaningful whole.
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41 Prior literature also pointed out that SMEs would be motivated to choose global
42 comparable standards in order to make the transition easier to apply full IFRS
43 particularly among growing SMEs. Much evidence of this phenomenon have been
44 observed in the emerging economies (Kılıç, et al., 2014 in Romania; Uyar &
45 Güngörmüş, 2013 in Turkey; Mullerova et al., 2010 in Czech Republic). Similar to
46 this transition purpose, intention to have an IPO (Hierle & Helduser, 2013; Bassemir,
47 2012) was also found to be another crucial determinant for SME's decision to adapt
48 global standard voluntarily.
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51 Another research line for examining factors to drive voluntary choice of global
52 comparable reporting standards is to analyse the cost-benefit relationship (Eierle &
53 Schultze, 2013). In line with this research stream, some prior studies admit that SMEs'
54 benefits or demands of adapting global comparable reporting have strong correlation
55 with possibility of their actual application of the standard, but these benefits or
56 demands vary extremely between the SMEs (e.g. Eierle & Helduser, 2013; André et
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3 al., 2012; Bassemir, 2012) and depend on national aspects (e.g. Wehrfritz & Haller,
4 2014).

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6 For example, many literature dealing with voluntary application of IFRS for SME in
7 emerging countries have stressed that to voluntarily apply global accounting standards
8 improve qualities of the financial reporting (e.g. Kılıç, et al., 2014 for Turkey; Bunea
9 et al., 2012 for Romania). These research found that accounting professions in these
10 countries viewed IFRS for SMEs would add values such as comparability, reliability,
11 transparency and understandability upon their financial reporting. With regard to
12 these benefits, Albu and Fellows (2013) contended that such benefits specifically
13 anticipated in emerging economics would differ from those expected in more
14 developed countries. This prior study examined stakeholders' perceptions in four
15 Central and Eastern European emerging economies and concluded that emerging
16 countries expects to yield benefits that developed countries do not seek for, such as
17 attractions of foreign investment and enhancement of economic development (Albu,
18 and Fellows, 2013; Brown, 2011).

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21 In this similar research line, Uyar & Güngörmüş, (2013) and Kılıç et al., (2014)
22 collected their data in Turkey to examine accounting professions' view towards the
23 IFRS for SMEs. Both studies reported that increase in efficiency of cross-border
24 activities was evaluated higher as the possible benefit of implementation of IFRS for
25 SMEs. Albu & Albu (2012) also investigate implementation of IFRS for SMEs in
26 Romania. Using the interviews over various stakeholders surrounding SMEs, they
27 also demonstrated that interviewers agreed positive benefit of IFRS for SMEs
28 implementation enhancing opportunities for doing business with foreign entities.
29 However, Uyar & Güngörmüş (2013) remains that other aspects of ease in reaching
30 global capital and increase in foreign direct investment in Turkey do not receive much
31 support from respondents. Regarding voluntary adaptation of global standards in the
32 emerging countries, Kaya & Koch (2015) summarised that their switch to IFRS for
33 SMEs could facilitate the contracting environment to attract loans from international
34 organisations like the World Bank and the IMF. But it was not certain whether this
35 positive reputation effect from the adaption of global standards would be reflected to
36 enhance more active foreign trading of SMEs.

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39 In contrast to research in the developing countries, there are several studies
40 empirically addressing to the SME's voluntary disclosure of the global accounting
41 information in the developed countries. Eierle & Helduser (2013) for instance
42 investigated the need for unlisted SMEs in Germany to provide global comparable
43 financial accounting information. With total of 322 SMEs sample, the authors found
44 that unlisted SMEs manifesting a need to provide global relevant accounting
45 information were more often finance by international capital providers including
46 foreign investors and lenders. André et al. (2011) also explored UK unlisted firms
47 about the number of their subsidiaries that are supposed to be financed with local
48 external capital and regulated by local market. Although this research addressed the
49 voluntary choice of the full IFRS issue, it supports that the SME's characteristic of the
50 internationality acts as an important driver in this accounting choice. In addition,
51 Bassemir (2012) conducted similar study with Eierle & Helduser (2012) by using
52 sample of German private firms, and found that higher proportion of foreign exports
53 raised significantly a private firm's probability of full IFRS adoption. However, Eierle
54 & Helduser (2013) failed to find significant results in the predictive power of foreign
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3 exports and imports on the voluntary adoption of global SMEs accounting.
4 Accordingly, the internationality is still controversial as the effective factor to
5 determine the voluntary choice of global accounting for SMEs.
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8 9 Research Question Development

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11 As seen in above sections, existing literature attempted to identify the crucial factors
12 to determine the voluntary adaptation of global comparable financial reporting for
13 SMEs, but the findings of these research have not reached to solid consensus
14 regarding discussions. Furthermore, despite the increasing research activities related
15 to this topic in overseas, no empirical study of this field has been undertaken in Japan.
16 Japanese SMEs are confronting the controversial choice of voluntary adaptation of
17 either ASBJ Guidelines that basically reflects the impact of IFRS or General Standard
18 that allows SMEs to avoid any IFRS influence and stay with domestic tax purpose
19 accounting (Kawasaki, 2012). This decision of SMEs accounting standards highly
20 relies on CPTAs who engage with the SMEs as the tax and management consultant.
21 Regarding this association between CPTAs and SMEs, Teikoku Data Bank (2013)
22 investigated the SMEs accounting in Japan by using a questionnaire-based survey
23 among SMEs executive managers and revealed that 65.8% of their responded
24 managers replied that they did not know about companies' accounting because they
25 were highly relying for companies' accounting matters on their hired accounting
26 professions. The research to explore this issue through perceptions of professional
27 accountants in Japan is important, but relatively sparse.
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31 Among little prior studies for ASBJ Guidelines, Murata (2010) for example
32 conducted a questionnaire-based survey to examine CPTAs' various perceptions
33 towards ASBJ Guidelines and discovered that 40.3 % of his survey participants
34 believed that the primary reason of choosing ASBJ Guidelines was to make financing
35 activities easier. On the contrary, Murata (2010) also found that the traditional bond
36 between financial and tax accounting (principle of congruence) in the SMEs
37 accounting in Japan was the reason to avoid applying the ASBJ Guidelines. These
38 findings may imply that CPTA's choice of SMEs accounting would be often diverted
39 for the earing management purpose by using the tax accounting scheme, which is also
40 allowed SMEs to apply by the local GAAP of the General Standard.
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43 Literature in Japan remains inconclusive about the factors affecting to the choice of
44 the SMEs accounting. Kushibe (2014) and Mandai (2012) for instance proposed that
45 only relatively large SMEs will be allowed to apply ASBJ Guidelines, while other
46 smaller SMEs could choose General Standard, although some research in overseas
47 showed no statistical correlations between firm's size and their voluntarily choice of
48 global accounting standards (e.g. Eierle & Haller, 2013; Carfang, 2010). Compared
49 with these studies, Uenishi (2012b) and Uezu (2014) indicates that firm's choice of
50 SMEs accounting would be subjected to firm's various situation including their
51 intention of IPO, financing purpose and accounting information demands.
52 Accordingly, the findings in the previous studies are still contradictory and
53 inconclusive.
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56 Given above construct between global and domestic accounting standard for SMEs in
57 Japan, the current research attempted to address this accounting choice issue from
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3 Japanese CPTA's perspective. First, we explored their opinions about ASBJ
4 Guidelines as to whether or not they agreed with the need of this standard. Although
5 Murata (2010) had examined perceptions of CPTAs about ASBJ Guidelines, no study
6 has been investigated this topic after General Standard published in 2012. Second,
7 this prior study tried to identify the determinant factors to drive SMEs' voluntary
8 adaptation of global comparable financial reporting standards (ASBJ Guideline).
9 Accordingly, the following two research questions were formulated in this present
10 study to address our research gaps presented in the previous section.
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13 *RQ 1: Do the majority of CPTAs in Japan agree with applying global comparable*
14 *accounting standards (ASBJ Guidelines) or not?*
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17 *RQ 2: What are perceived determinants to explain SME's choice to voluntarily*
18 *adaptation of global comparable accounting standards (ASBJ Guideline)*
19 *among CPTAs in Japan?*
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21 As seen in the literature in overseas, the benefit and cost analysis from adaptation of
22 global comparable reporting by SMEs is of great interest. However little study to date
23 has been undertaken to focus on SMEs setting in Japan., Among little research in
24 Japan, Teikoku Data Bank (2013), which was consigned by the Small and Medium
25 Enterprise Agency (SMEA) in Japan, had published an official report empirically
26 investigating various situations about SMEs accounting. Along with Uyar &
27 Güngörmüs (2013) conducted in Turkey, Teikoku Data Bank (2013) asked SMEs
28 managers who were familiar with accounting to reply perceived benefits of applying
29 SMEs accounting standards for their companies (e.g. reliability, transparency,
30 domestic finance, effective management). Unfortunately, this study failed to ask
31 perceptions separately about ASBJ Guidelines and General Standard.
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34 Given these literature, the present study focused primary on the benefits of adapting
35 SMEs accounting standards. In this study, both benefits of applying the ASBJ
36 Guidelines and the General Standard are addressed and compared, rather than
37 observed the cost of choosing global accounting standards for SMEs. This is because
38 the benefits of both standards stands for the other sides of the same coin. Comparative
39 analysis of both benefits will give back important insights regarding associations
40 between two standards. The benefits of voluntary application of SME accounting
41 standards will be also measured by CPTAs' perception. For this purpose, the
42 following three research questions were developed.
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45 *RQ3: What are the perceived benefits of applying global comparable accounting*
46 *standards for SMEs (ASBJ Guidelines) among CPTAs in Japan?*
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48 *RQ4: What are the perceived benefits of applying local GAAP for SMEs (General*
49 *Standards) among CPTAs in Japan?*
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52 *RQ5: Are there any differences in CPTAs' perceived benefit between applying ASBJ*
53 *Guidelines and General Standard?*
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57 Research Design
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Participants

The data for this research were collected from accounting professions who are certified and registered as Certified Public Tax Accountants (CPTA) in Japan. The sample were identified by the web-based database (<https://www.zeirishikensaku.jp>) operated by Japan Federation of Certified Public Tax Accountants' Association (JFCPTAA). In this database, the JFCPTAA members voluntarily disclose their professional information including individual name, affiliation, contact details and email address. For the research purpose, the present study identified the CPTAs who basically engage with corporation tax practices at the small- or medium- sized individual accounting firms. Intended participants of this survey were either employers or employees of the accounting firms. A total of 471 CPTAs were sent an email on June 22nd in 2015. The deadline of their responding was set on August 22nd. The email sent from us provided a direct link to the web-based survey system (www.surveymonkey.com), which enabled participants to access to the questionnaire developed by the authors. As the result, 69 responses were collected through this web system. Among them, 14 responses were excluded from the final data set due to incompleteness of the questionnaire. The effective response was 55, for a response rate of 11.67%.

Questionnaire Development

The present study developed a questionnaire to address the research questions described in above sections. The questionnaire administered in this research consisted of three sections. The first section included survey items that sought for participants' perceptions regarding global accounting standards for SMEs. By using question items, the participants were asked to respond whether or not they agree to apply the ASBJ Guidelines incorporating IFRS based global comparable accounting standards. The questionnaire also asked them the reasons of their responses as to why they agreed and the ways how they thought the best to use ASBJ Guidelines in order to coexist with General Standard.

For the research purpose, this study codified descriptive information from participants regarding the reasons and the ways of agreement with ASBJ Guidelines into more concrete criteria which participated CPTAs perceived to use for SME's choice between ASBJ Guidelines and General Standard. To codify the information, a coding schedule was designed to capture descriptive information of the data with the key criteria appearing in several prior studies such as Kılıç et al (2014), Eierle & Helduser (2013), Uyar & Güngörmüş (2013), Ablu et al. (2013), André et al., (2012), Litjens et al. (2012), Bassemir (2012), Yanaga, (2012). The inter-rater reliability in the coding of data between researcher and the research assistant was checked in this study. No disagreements between two coders were found. These results confirm high levels of reliability.

The second section of the questionnaire contained the survey items to ask about participants' perceptions towards benefits of both ASBJ Guidelines and General Standard application, respectively. In accordance with several previous studies (Kılıç, et al., 2014; Uyar & Güngörmüş, 2013; Teikoku Data Bank, 2013), ten items of

perceived benefits (Comparability, Reliability, Transition purpose, Overseas finance, Domestic finance, Direct investment, Efficient, Management, Effectiveness for M&A, Effectiveness of auditing, Effectiveness of Taxation) were prepared to ask for each two accounting standards,. Five-point Likert scale anchored from one for strong disagree and five for strong agree was applied to measure these variables.

The final section comprised several questions about participants' descriptive statistics, including their age (AGE), gender (GENDER), duration of work experience (WORK EXPERIENCE), status of employment (POSITION), the number of clients (CLIENT), awareness of SMEs accounting standards (AWARE) and implementing rate of standards apply for their clients (IMPLEMENT).

Descriptive Statistics

Table 1 provides participants' descriptive statistics. This table reports that the mean of age for participated tax accountants was 51.41 years old. In terms of gender, 52 subjects (94.5%) were male and only 2 subjects (3.6%) were female. It is also demonstrated that the majority of participants were working as the employers (46 persons; 83.6%), while 9 subjects (16.4%) were running their own accounting firms. As for their work experiences, 33 participants (60 %) had 10 to 30 years of work experiences. The majority of 19 subjects (35.2%) had more than or equal to 100 less than 300 SMEs as their regular clients.

As the preliminary tests, t-test, MWU-test and Chi-square test were performed to check the homogeneity between CPTAs who agreed with ASBJ Guideline and those who did not. Significant differences in these descriptive variables between two CPTA groups will cause serious distortions to the primary analysis of this study. However, the outcomes of these tests did not report any significant differences in AGE ($t = .284$, $p = .778$; $z = .200$, $p = .841$), GENDER ($\chi^2 = .260$, $p = .610$), WORK EXPERIENCE ($\chi^2 = 1.893$, $p = .755$), POSITION ($\chi^2 = .723$, $p = .395$) and CLIENT ($\chi^2 = 4.114$, $p = .391$) and assured the homogeneity of two participants groups of this research.

Table 1: Descriptive Statistics

	Total	CPTA who agree with ASBJ Guidelines	CPTA who disagree with ASBJ Guidelines	t-test (p-value) MWU-test Z (p-value)
AGE				
Mean (Std. Dev.)	51.41 (10.358)	51.71 (11.126)	50.82 (8.911)	$t = .284 (.778)$ $z = .200 (.841)$
N	51	34	17	
Missing Data	4	2	2	
Total	55	36	19	
Maximum	84	84	65	
Minimum	38	38	38	
	Total n (%)	CPTA who agree with ASBJ Guidelines n (%)	CPTA who disagree with ASBJ Guidelines n (%)	Chi-square test (Sig)
GENDER				
Male	52 (94.5)	35 (97.2)	17(94.4)	.260 (.610)
Female	2 (3.6)	1(2.8)	1(5.6)	
Total	54 (98.2)	36 (100.0)	18 (100.0)	
Missing Data	1 (1.8)			
CERTIFICATE				
With Certificate	54 (98.2)	35 (100.0)	19 (100.0)	-

Without Certificate	0 (0.0)	0 (0.0)	0 (0.0)	
Total	54 (100.0)	35 (100.0)	19 (100.0)	
Missing Data	1 (1.8)			
WORK EXPERIENCE				
Less than 1 year	0 (0.0)	0 (0.0)	0 (0.0)	1.893 (.755)
More than or equal to 1 to 3 years	1 (1.8)	1 (2.8)	0 (0.0)	
More than or equal to 3 to 5 years	5 (9.1)	4 (11.1)	1 (5.3)	
More than or equal to 5 to 10 year	8 (14.5)	4 (11.1)	4 (21.1)	
More than or equal to 10 to 30 years	33 (60.0)	22 (61.1)	11 (57.9)	
More than 30 years	8 (14.5)	5 (13.9)	3 (15.8)	
Total	55 (100.0)	36 (100.0)	19 (100.0)	
POSITION				
Employee	9 (16.4)	7 (19.4)	2 (10.5)	.723 (.395)
Employer	46 (83.6)	29 (80.6)	17 (89.5)	
Total	55 (100.0)	36 (100.0)	19 (100.0)	
CLIENT				
Less than 20 SMEs	4(7.4)	3 (8.3)	1 (5.6)	4.114 (.391)
More than or equal to 20 less than 50 SMEs	13 (24.1)	10 (27.8)	3 (16.7)	
More than or equal to 50 less than 100 SMEs	14 (25.9)	10 (27.8)	4 (22.2)	
More than or equal to 100 less than 300 SMEs	19 (35.2)	12 (33.3)	7 (38.9)	
More than 300 SMEs	4 (7.4)	1 (2.8)	3 (16.7)	
Total	54 (100.0)	36 (100.0)	18 (100.0)	

Table 2 presents participants' awareness of two different SMEs accounting standards and to what extent they actually applied each standard for their clients. In the Panel A, it is reported that nearly 95% of subjects in this study have obtained detailed knowledge of both ASBJ Guidelines and General Standard. This data is consistent with the latest statistics from Fujikeizai (2015) of which report empirically investigated awareness of SMEs accounting standards among 723 tax accountants in Japan and found 100% of their subjects knows about General Standard. This prior report did not examine the awareness of ASBJ Guideline, but our research discovered that CRTAs in Japan were fully exposed to ASBJ Guideline as well.

According to Panel B in Table 2, General Standard has been actually applied for 81.8% of participants' clients, while only 40.7% of clients were applied ASBJ Guidelines by the subjects. Fujikeizai (2015) also asked a similar question about compliance rate to both ASBJ Guidelines and General Standard among their participated professions. Although the figures reported were exactly not similar due to the different question format, the tendency that application rate of General Standard was dramatically higher (93.2% including both full and partial compliance with standards) than that of ASBJ Guidelines (66.9%) was evident in the prior report.

Table 2: Awareness and Implementation of SMEs Accounting Standards

Panel A: AWARE

n (%)	Don't know	Know the name, but not contents	Know both the name and the contents	Total	Missing Data
ASBJ Guidelines	0	2 (3.6)	53 (96.4)	55 (100.0)	0
General Standard	1 (1.8)	2 (3.6)	52 (94.5)	55 (100.0)	0

Panel B: IMPLEMENT

n (%)	Implemented	Not Implemented	Total	Missing Data
ASBJ Guidelines	22 (40.7)	32 (59.3)	54 (100.0)	1
General Standard	36 (81.8)	8 (18.2)	44 (100.0)	11

Results

First, this research investigated whether or not participants would agree with applying the ASBJ Guideline that incorporates the IFRS based global accounting standards for SMEs. The reasons of their responses were also identified and codified. These investigations were performed to address RQ1 and RQ2.

Table 3 revealed that 65.5% of participants (36 out of 55) in this study agreed with the idea that the ASBJ Guidelines are necessary in addition to General Standard, while the rest of 34.5% subjects contended that General Standard is enough and ASBJ Guidelines is not necessary to deal with the accounting for SMEs in Japan. Among the participants who agreed with ASBJ Guidelines, the largest response (25%) demonstrated that ASBJ Guidelines is important especially for the SMEs that would intend to list their shares in the financial market in the near future (IPO Purpose). Followed by this, the second largest response (13.9%) was that ASBJ Guidelines is eligible to apply for relatively larger SMEs whereas General Standard is applicable for smaller or micro SMEs. These respondents suggested that two different types of accounting standards for SMEs would be useful if applicability of these standards could segregate appropriately in accordance with firm's size. Five respondents however did not clarify the definition of the size as the criteria, but other four participants specifically indicated the size stood for the capacity size of financial departments (Resources) in the SMEs (2 responses), Sales Amount (1 response) and Net Assets (1 response).

Table 3: CPTAs' Perceptions of ASBJ Guidelines

	Frequency (%)	Frequency (%)	
Participants who agree with ASBJ Guidelines	36 (65.5)		
		9 (25.0)	IPO Purpose (Transition)
		5 (13.9)	SME's Size (Not Specified criteria)
		4 (11.1)	Financing Benefits
		2 (5.56)	SME's Size (in Resources)
		2 (5.56)	Ownership structure
		2 (5.56)	Inquiry from Accounting Advisors (Advisor's Intention)
		2 (5.56)	Inquiry from Clients (Client's Intention)
		1 (2.78)	SME's Size (in Sales Amount)
		1 (2.78)	SME's Size (in Net Asset)
		8 (22.2)	No specific Reason
		36 (100.0)	
Participants who disagree with ASBJ Guidelines	19 (34.5)		
		5 (26.3)	Confusing
		2 (10.5)	Substantially same standards (Homogeneity)
		1 (5.26)	Guideline is too advanced.
		1 (5.26)	Nuisance
		10 (52.6)	No specific reasons
		19 (100.0)	
Total	55 (100.0)		

The third largest response of the participants (11.1%) reported that the ASBJ Guideline was regarded to as the inevitable standard for the SMEs because of their benefits for financing activities (Financing Benefits). Applying the ASBJ Guideline, the SMEs in Japan can enjoy the privilege of providing from financial institutions better financing conditions such as lower interest rate and less credit guarantee fees

(Kushibe, 2014). Other minor responses to agree with the ASBJ Guidelines indicates that the distinction between ASBJ Guidelines and General Standard is suitable to classify the structural types between public and family companies (Ownership structure), Accounting Advisor's Intention and Client's Intentions. These three reasons obtained two participants' responses each.

In contrast, among 19 participants who disagreed with the necessity of ASBJ Guideline adaptation, the largest response (26.3%) for this question admitted that two standards for SMEs would make both users and providers of financial statements confusing. Followed by this response, two participants (10.5%) viewed two standards substantially same (Homogeneity). Other minor responses suggest that ASBJ Guideline should not apply because it is too advanced and nuisance for SMEs.

Table 4: Perceived Benefits of Adapting ASBJ Guidelines for SMEs

	Total (27)		Participants who agree with ASBJ Guidelines (19)		Participants who disagree with ASBJ Guidelines (8)	
	Mean (Std. Dev.)	Rank Order	Mean (Std. Dev.)	Rank Order	Mean (Std. Dev.)	Rank Order
COMPARABILITY	3.19 (1.178)	5	3.05 (1.177)	6	3.50 (1.195)	1
RELIABILITY	3.70 (1.203)	1	3.79 (1.228)	1	3.50 (1.195)	1
TRANSITION	3.48 (1.451)	2	3.68 (1.416)	2	3.00 (1.512)	4
OVERSEAS FINANCE	2.30 (1.171)	9	2.32 (1.204)	9	2.25 (1.165)	8
DOMESTIC FINANCE	3.48 (1.252)	2	3.68 (1.293)	2	3.00 (1.069)	4
DIRECT INVESTMENT	2.30 (1.137)	9	2.32 (1.157)	9	2.25 (1.165)	8
EFFICIENT MANAGEMENT	2.96 (1.192)	7	3.05 (1.177)	6	2.75 (1.282)	6
EFFECTIVE M&A	3.00 (1.330)	6	3.11 (1.243)	5	2.75 (1.282)	6
EFFECTIVE AUDITING	3.37 (1.182)	4	3.47 (1.073)	4	3.13 (1.458)	3
EFFECTIVE TAXATION	2.37 (1.194)	8	2.47 (1.073)	8	2.13 (1.458)	10

Table 4 displays CPTA's perceptions towards benefits of applying ASBJ Guidelines as the SMEs accounting standards in Japan. Ten beneficial items investigated in the prior literature were incorporated in the questionnaire of the present study to address the RQ3. Each ten item was asked subjects to respond by using the five-point Likert scale method. This study also rated rank orders of mean scores responded from participants. Table 4 presents the information of ranking orders in each category of samples.

The result reports that the highest mean scores for all participants were RELIABILITY (3.70 for Total; 3.79 for ASBJ Agreed Group; 3.5 for ASBJ Disagreed Group). As for the second and third top mean scores, TRANSITION (3.48 for Total; 3.68 for ASBJ Agreed Group) and DOMESTIC FINANCE (3.48 for Total; 3.68 for ASBJ Agreed Group) were similarly rated for both total and ASBJ Agreed Group, while COMPARABILITY was rated as another highest item for ASBJ Disagree Group (3.50) followed by EFFECTIVE AUDITING as the third highest item for this group (3.13). For ASBJ Disagree Group, TRANSITION (3.00) and DOMESTIC FINANCE (3.00) were both rated as the fourth highest items. On the contrary, the bottom three of the mean score were DIRECT INVESTMENT (2.30 for Total; 2.32 for ASBJ Agreed Group; 2.25 for ASBJ Disagreed Group), OVERSEAS FINANCE (2.30 for Total; 2.32 for ASBJ Agreed Group; 2.25 for ASBJ Disagreed Group) and EFFECTIVE TAXATION (2.37 for Total; 2.47 for ASBJ Agreed Group; 2.13 for ASBJ Disagreed Group). Only participant group who did not agreed with

ASBJ Guidelines rated COMPARABILITY a little higher (3.50) than the counterpart group (3.05).

Table 5: Perceived Benefits of adapting General Standard for SMEs

	Total (37)		Participants who agree with ASBJ Guidelines (28)		Participants who disagree with ASBJ Guidelines (9)	
	Mean (Std. Dev.)	Rank Order	Mean (Std. Dev.)	Rank Order	Mean (Std. Dev.)	Rank Order
COMPARABILITY	3.27 (1.194)	3	3.36 (1.224)	4	3.00 (1.118)	2
RELIABILITY	3.89 (1.265)	1	4.11 (1.227)	1	3.22 (1.202)	1
TRANSITION	2.65 (1.296)	8	2.71 (1.329)	8	2.44 (1.236)	7
OVERSEAS FINANCE	2.11 (1.100)	10	2.04 (1.105)	10	2.33 (1.118)	10
DOMESTIC FINANCE	3.81 (1.198)	2	4.11 (1.031)	1	2.89 (1.269)	3
DIRECT INVESTMENT	2.19 (1.076)	9	2.11 (1.100)	9	2.44 (1.014)	7
EFFICIENT MANAGEMENT	3.14 (1.294)	5	3.36 (1.339)	4	2.44 (.882)	7
EFFECTIVE M&A	2.84 (1.214)	7	2.93 (1.245)	7	2.56 (1.130)	5
EFFECTIVE AUDITING	3.22 (1.357)	4	3.43 (1.372)	3	2.56 (1.130)	5
EFFECTIVE TAXATION	3.06 (1.453)	6	3.11 (1.577)	6	2.89 (1.054)	3

Table 5 shows mean scores of perceived benefits to apply for General Standard responded by participants of this study. RQ4 was addressed by this analysis. This study also rated rank orders of mean scores responded from participants. Table 5 presents the information of ranking orders in each category of samples.

According to this analysis, the top three of the highest mean scores in Table 5 were RELIABILITY (3.89; 3.22), DOMESTIC FINANCE (3.81; 2.89) and COMPARABILITY (3.27; 3.00) for both total and CPTA group who disagreed with ASBJ Guideline, respectively. As for CPTA group who agreed with ASBJ Guideline, RELIABILITY (4.11) and DOMESTIC FINANCE (4.11) were simultaneously ranked as the highest rank, while EFFECTIVE AUDITING was rated as the third rank (3.43). COMPARABILITY was evaluated as fourth rank for this group (3.36).

In contrast, the bottom three of the mean scores were OVERSEAS FINANCE (2.11 for Total; 2.04 for ASBJ Agreed Group; 2.33 for ASBJ Disagreed Group), DIRECT INVESTMENT (2.19 for Total; 2.11 for ASBJ Agreed Group; 2.44 for ASBJ Disagreed Group), and TRANSITION (2.65 for Total; 2.71 for ASBJ Agreed Group; 2.44 for ASBJ Disagreed Group).

Table 6: Differences in Benefits between ASBJ Guideline and General Standards

	Paired Samples t-test			Wilcoxon Signed Rank Test (WSR test)		
	ASBJ Guidelines Mean (Std. Dev.)	General Standard Mean (Std. Dev.)	t-test (p-value)	ASBJ Guidelines Mean Rank	General Standard Mean Rank	z-value (p-value)
Frequency	23	23		22	22	
COMPARABILITY	3.22 (1.166)	3.35 (1.027)	-5.69 (.575)	3.50	4.38	-.604 (.546)
RELIABILITY	3.70 (1.295)	3.83 (1.154)	-.472 (.641)	3.70	6.63	-.483 (.629)
TRANSITION	3.35 (1.526)	2.39 (1.196)	2.957 (.007)***	6.67	3.00	-2.431 (.015)**
OVERSEAS FINANCE	2.35 (1.191)	2.09 (.996)	1.239 (.228)	6.50	4.00	-1.218 (.223)
DOMESTIC FINANCE	3.35 (1.301)	3.78 (.998)	-1.447 (.162)	3.38	6.92	-1.441 (.150)
DIRECT INVESTMENT	2.26 (1.176)	2.17 (.984)	.463 (.648)	5.30	4.63	-.491 (.623)
EFFICIENT MANAGEMENT	2.87 (1.217)	2.91 (1.259)	-.204 (.840)	4.30	5.88	-.122 (.903)
EFFECTIVE M&A	2.91 (1.411)	2.87 (1.217)	.188 (.852)	5.00	6.25	-.262 (.794)
EFFECTIVE AUDITING	3.30 (1.259)	3.00 (1.279)	1.127 (.272)	5.57	5.33	-1.201 (.230)
EFFECTIVE TAXATION	2.27 (1.077)	3.00 (1.309)	-2.203 (.039)**	7.33	7.55	-1.946 (.052)*

***Significant at the .01 level, **Significant at the .05 level, *Significant at the .1 level

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3 Table 6 displays the comparison results for perceived advantages of implementing
4 two different SMEs accounting standards among Japanese CPTAs. Paired Sample t-
5 test and Wilcoxon Signed Rank (WSR) Test were performed to compare their
6 perceived advantages from ten different perspectives addressed in various prior
7 literature. This analysis was implemented to explore RQ5. The significant differences
8 were found in TRANSITION ($t = 2.957$, $p < .01$ for T test; $z = -2.431$, $p < .05$ for WSR
9 test) and EFFECTIVE TAXATION ($t = -2.203$, $p < .05$ for T test; $z = -1.946$, $p < .1$).
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14 Interpretation and Discussion

17 CPTAs' Perceptions of ASBJ Guidelines

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20 This study firstly investigated to what extent the CPTAs in Japan agreed with the
21 necessity of ASBJ Guidelines in order to implement voluntary adoption of global
22 comparable accounting standard and also identified reasons of their perceptions. The
23 findings suggested that the majority numbers of CPTAs in Japan (65.5% of total
24 participants) perceived to need ASBJ Guideline together with local GAAP of General
25 Standard. In addition, the majority of participated CPTAs suggested that ASBJ
26 Guideline should be applied for SMEs to prepare for implementing IPO in the near
27 future. Similar purpose of voluntary adaptation of global standards has been seen by
28 the research in emerging economies where some ambitious SMEs would apply IFRS
29 for SMEs to make their transition to full IFRS easier (Kılıç et al, 2014; Uyar &
30 Güngörmüş, 2013; Mullerova, et al., 2010). Given these prior studies, SMEs' global
31 accounting standard including IFRS for SMEs tends to be thought as the useful
32 standard for SMEs to achieve their intensions for future IPO or upgrading to apply
33 full GAAP for public companies. In this context, the result of our study is consistent
34 with prior studies. In Japan, public companies whose shares are listed in the financial
35 markets need to adopt either local ASBJ GAAP for Public Companies, JMIS (Japan's
36 Modified International Standards: Accounting Standards Comprising IFRSs and the
37 ASBJ Modifications) or full IFRS. Adopting these higher quality standards however
38 require them to facilitate more advanced internal development of accounting system
39 and spend more firm's resources and times. Thus, it is interpreted that CPTAs in
40 Japan perceives that SMEs' choice of adapting ASBJ Guideline is appropriate first
41 step to narrow the gaps in accounting development between SMEs and public
42 companies. With regard to this interpretation, Uenishi (2012a) also stressed in his
43 research that CPTAs in Japan are responsible to assist and encourage SMEs that
44 achieved quality of General Standards to shift toward more advanced ASBJ Guideline.
45 The finding of this research could be presented due to their responsible attitude.
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50 This study also found that second largest group of CPTAs contended ASBJ
51 Guidelines is suitable for relatively large SMEs to deal with their accounting. As seen
52 in literature review section, enormous studies examined empirically the effect of
53 firm's size as the predictor for voluntary choice of global accounting standards. But
54 they concluded that these outcomes vary in each study and do not reach to certain
55 consensus (Eierle & Helduser, 2013; Albu et al., 2013; André et al., 2012; Litjents et
56 al., 2012; Quagli & Paoloni, 2012; Carfang, 2010). Furthermore, the present study
57 found that 13.9% of participants failed to define what the firm's size means although
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3 they agreed to use the size to distinguish in SMEs' application between global ASBJ
4 Guidelines and local General Standard. This can be a major weakness of the current
5 study that did not employ statistical analysis of correlation between firm's size and
6 other proxy variables with using Japanese CPTAs setting. Prior studies investigated
7 firm's size because this criterion was thought to as the proxy of other determinant
8 variables for voluntary disclosure of global comparable financial information. These
9 variables were total assets (Eierle & Helduser, 2013), numbers of employees (Eierle
10 & Helduser, 2013), information production cost (André et al., 2012), financial
11 resource (André et al., 2012) and international activates (André et al., 2012). Some
12 minor responses of the current study defined firms size as resources of finance
13 department, sales and net asset, but it is suggested that other major participants who
14 responded firm's size should expressed more accurately what the size of the SMEs
15 would stand for.
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19 Out of 36 participants who agreed with ASBJ Guideline, four (11.1 %) suggested that
20 ASBJ Guideline is appropriate standard to obtain better privileges in finance from
21 financial institutions. This aspect can be an advantage or benefit of applying ASBJ
22 Guideline, so that it may be consistent with the effect of reducing SMEs' capital cost
23 (Kushibe, 2014; Murata, 2010). However, it should be aware that this advantage of
24 finance from this finding was limited in a domestic sense, and overseas finance such
25 as reaching global capital was out of the bounds.
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28 Ownership structure was simply a minor response from CPTAs in Japan. Also, no
29 responses regarding international activities was found in this study. These findings
30 were highly contrasted with active discussions of prior studies in overseas (Eierle &
31 Helduser, 2012; Litjens et al., 2012; Bassemir, 2012), where significant correlation
32 was found between voluntary adaptation of global accounting standards and active
33 international finance and trades.
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36 CPTAs' Perceived Benefits of ASBJ Guidelines

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38 Secondly, this study explored the CPTAs' perceptions regarding benefits of applying
39 the ASBJ Guideline as SMEs accounting standards in Japan. According to the
40 analysis outcomes, the findings revealed that the CPTAs in Japan strongly believed
41 that ASBJ Guidelines work effectively to enhance the reliability of SMEs' financial
42 reporting (RELIABILITY), help SMEs transition smoothly to full accounting
43 standards for public companies (TRANSITION), and enable to have better finance in
44 the domestic circumstance (DOMESTIC FINANCE). The latter two results are
45 especially consistent with the findings in Table 3, where ASBJ Guideline was
46 appreciated due to its positive impact on implementing smooth transition to full
47 GAAP and providing better finance treatments in Japan.
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51 On the other hand, lower mean scores of DIRECT INVESTMENT and OVERSEAS
52 FINANCE confirmed participated CPTAs' perceptions that the ASBJ Guidelines do
53 not have any advantages for activities in overseas such as overseas finance and direct
54 investments although this standard has been incorporated with IFRS framework.
55 Several literature in Japan highlighted that ASBJ Guidelines has been subjected to
56 IFRS influence and regarded to as the global comparable reporting standards (e.g.
57 Kawasaki, 2012). But, the finding of this study demonstrated that actual practitioners
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3 of tax accounting in Japan who normally engage with SME's management practices
4 expressed negative effects of ASBJ Guideline upon their activities in overseas. This is
5 unique feature of SMEs' accounting scheme in Japan.
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8 Although the rank order showed a little difference in COMPARABILITY, this
9 differences between CPTAs who agreed with the necessity of ASBJ Guideline and
10 those who disagreed do not affect serious impact on interpretations about perceived
11 benefits of ASBJ Guidelines. It is concluded two groups of CPTAs in Japan shared
12 similar perceptions towards the benefits of ASBJ Guidelines regardless of their
13 agreement for this standard.
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15 16 CPTAs' Perceived Benefits of General Standard

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18 Thirdly, this study also evaluated perceived benefits of General Standards among
19 CPTAs. The score of TRANSITION in Table 5, that was rated in top three items, was
20 very contrasted in comparison to the scores in Table 4 where the same item of
21 TRANSITION was rated as one of the bottom three items. According to this outcome,
22 it is interpreted that CPTAs perceive that the effective transition to the full GAAP
23 would not be succeeded by General Standard. This result is of great consistence with
24 the prior studies articulating that ASBJ Guidelines is more complex and closer to
25 GAAP for public companies than General Standard (e.g. Kawasaki & Sakamoto,
26 2014; Kawasaki, 2012). Rather than the transition function, the finding demonstrated
27 that participants of the study highly evaluated more qualitative function, which
28 implies that General Standard works effectively to add better reliability and
29 comparability to financial statements. In this regard, Kawasaki (2012) also indicated
30 General Standard is regarded to reflect specific features of SMEs in the standard
31 setting process and avoids influences from large entities' GAAP. Accordingly, our
32 study ensured that CPTAs in Japan consent with prior studies and view that General
33 Standards would be well suited for SMEs financial reporting purpose.
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38 Two variables of OVERSEAS FINANCE and DIRECT INVESTMENT were rated
39 the lowest rank orders by both participant groups. This finding can be interpreted that
40 both CPTA groups agreed that the General Standard would be less effective for the
41 SMEs in Japan to enhance global financial and business activities, regardless of their
42 acceptance to the ASBJ Guidelines. This perception among CPTAs in Japan is
43 consistent with the specific feature of General Standard that allows SMEs to avoid
44 completely the impact of IFRS (Kawasaki, 2012).
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47 Differences in Benefit Between ASBJ Guidelines and General Standards

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49 Finally, this research compared the differences in CPTAs' perceptions between
50 benefits of ASBJ Guidelines and those of General Standard. This enabled us to
51 evaluate CPTAs' views regarding peculiar benefits of each standard. The findings of
52 the analysis indicate that participated tax accounting professions in Japan evaluated
53 ASBJ Guidelines as the SMEs accounting standards more strongly than General
54 Standard in terms of preparing for the transition to the full accounting standard
55 scheme. On the other hand, our participants evaluated General Standard as more
56 effective standards to deal with tax accounting practices than ASBJ Guidelines. It was
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3 found no significant differences in the scores of other eight variables between two
4 SMEs accounting standards.
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6 The role of ASBJ Guidelines as the transition purpose was also evident in other parts
7 of the outcomes in this research (findings in Table 3 and Table 4). This statistical
8 finding again supported strong and unique feature of ASBJ Guidelines (e.g. Uenishi,
9 2012a; 2012b). The role of General Standard for effective taxation has been also
10 articulated in the literature. Murata (2010) indicated the primary reason for SMEs to
11 avoid applying ASBJ Guidelines is because strong bond between financial and tax
12 accounting referred as the principle of congruence. Uenishi (2012a; 2012b) also
13 highlighted General Standard allows SMEs to apply the accounting standards that are
14 basically prescribed by taxation law. The author analysed that this harmonised trait
15 with taxation scheme attracts SMEs to apply General Standard more than ASBJ
16 Guidelines. The outcome that the role of EFFECTIVE TAXATION for General
17 Standard evaluated significantly by participated CRTAs more strongly than that of
18 ASBJ Guidelines is consistent with this context.
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24 Conclusion

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26 The objective of this study was to investigate the determinant factors affecting to
27 SMEs in Japan accounting choice regarding voluntary disclosure of global
28 comparable information. To achieve this research aim, perceptions of SMEs
29 accounting among CPTAs in Japan were examined.
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32 The findings concluded the majority of CPTAs in Japan perceived IFRS-based global
33 ASBJ Guidelines should coexist with local GAAP-based General Standards. The
34 reasons of their perceptions were also addressed and it was found that participated
35 CPTAs tended to view ASBJ Guidelines as beneficial standard particularly for SMEs,
36 of which size is relatively larger, where managers intend IPO or smooth transition to
37 full GAAP, and managers seek for better privileges in finance. Furthermore,
38 investigation of perceived benefits for two SMEs accounting standards revealed that
39 CPTAs believed ASBJ Guidelines do not have any advantages for activities in
40 overseas including cross-boarder financing and trades, of which finding was highly
41 contrasted with prior studies in other countries.
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44 This study contributes to the literature by illustrating one case study of voluntary
45 disclosure in developed country of Japan. The findings of this study substantially
46 answered to the calls by prior studies for the further research regarding SMEs
47 accounting in the developed countries (Kaya & Koch, 2015; Uyar & Güngörmüş,
48 2013). By the research, we found that SMEs would be motivated to apply global
49 accounting standards not because they intended to expand their cross-boarder
50 activities, but because they rather tended to concentrate on enhancing more domestic
51 finance and trades. This unique trait was reflecting to CPTAs' perceptions supporting
52 IPO and finance purpose as the benefits of ASBJ Guidelines, while its roles of
53 overseas finance and direct investment were evaluated lower. This could be attributed
54 by the fact that capital cost for SMEs in Japan to access to the domestic finance will
55 not be higher compared with finance situations for SMEs in other countries. Without
56 demands of cross-boarder finance in SMEs in Japan, their purpose of preparing SMEs
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3 financial reports would focus more on improving quality of reporting in the domestic
4 financial context rather than providing global comparable information. The findings
5 of this study will be of great interests for SMEs accounting standards setters such as
6 International Accounting Standards Board (IASB), ASBJ, SMEA to prepare
7 appropriate accounting regulations and standards for SMEs in the future.
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10 Although the findings provided several contributions in the literature, this study is not
11 free from limitations. Among them, one of the major limitations in this research was
12 to fail clarifying the definition of firm's size as the effective criterion for applying
13 ASBJ Guidelines. Effectiveness of firm's size as the definition of SMEs has been
14 argued in the previous studies (e.g. Eirele & Helduser, 2013; André et al., 2012;
15 Litjents et a., 2012; Carfang, 2010), but the research findings are yet contradictory
16 and inconclusive. In the present study, firm's size was viewed by CPTAs as one of the
17 influential drivers to determine application of ASBJ Guidelines, but participants did
18 not clearly identify what the firm's size stands for. Questionnaire-based survey
19 applied in this study only allows us to obtain limited qualities of information.
20 Qualitative research methodology such as in-depth interview and ethnography can be
21 conducted for the further research to address this weakness of the study. Additionally,
22 this issue can be similarly addressed from other stakeholders' point of views
23 including SMEs' managers, policy makers and financial providers. Such further
24 research effort in this field would help improve quality of SMEs accounting in the
25 future.
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