I

n preparation for the convergence of Colombian generally accepted accounting principles with IFRS, a lot of research is being done into the effects of IFRS adoption.

With IFRS now used by over 120 countries, there is no shortage of literature. In the following series of *Contrapartida*, I examine some of this body of research, and draw lessons Colombia would do well to keep in mind.

Jeno Beke of the Institute of Business and Management, University of Pecs, Hungary, studied economic and employment effects of International Financial Reporting Standards (IFRS) upon using a sample of 65 companies that used IFRS, and 260 that used local accounting rules. In his paper, "*International Business Accounting Standardization and Hungarian Practice*" (International Business Research, V4, No.1; January 2011) although his English is at times imprecise and unclear, but his conclusions are significant and unmistakeable, beginning with his first:

"*Businesses with lower labour productivity compared to their industry peers have greater incentives to adopt international accounting standards [... These] businesses face a better need for informative measures of enterprises [sic] performance to facilitate internal performance evaluation, therefore a higher probability of international standards.*" (130)

In other words, businesses whose workers are not as productive have more to gain by adopting IFRS. These businesses have a greater need to evaluate performance, and this can be achieved through transition to international standards, since this process draws attention to existing practices rather than maintaining a status quo.

Beke's second conclusion included this interesting observation: *"[T]he increase in the sensitivity of turnover to accounting performance post-adoption is primarily driven by heightened turnover sensitivity to accounting losses.*" (ibid.)

Beke means that the rate at which employees leave a company (through being fired or resigning) and are replaced--turnover--is sensitive to the effects of accounting losses that occur after adoption of international standards. Simply put: adopting standards is likely to affect firings and hirings, perhaps because adoption leads to more accountability through tangible consequences for poor performance.

In other Contrapartida, I conclude my analysis of Beke's work, and draw the lessons I feel are most relevant to Colombia at this juncture.

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