

Value Relevance of Accounting Information: A Review of Empirical Evidence Across Continents

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Abstract

In the last two decades, accounting literature has focused increasingly on examining value relevance of accounting information. After the announcement of IFRS adoption, there has been a growth in the literature, which links value relevance of accounting information with IFRS adoption. This study aims to provide a brief literature and presents empirical findings. The purpose is to help future researchers to have the understanding of this nature of the study and identify gaps in the current literature. The article covered 90 empirical research papers published between 1993 and 2016 from various countries across continents, and the majority of them concluded that accounting information is relevant across continents before and after IFRS adoption, while few hold the opposite view. Few studies show no evidence in the improvement of accounting information after IFRS adoption.

Keywords

Value relevance, accounting information, market share price, stock market, IFRS adoption

Introduction

Value relevance research is an area within market-based accounting research, which was popular during the 1990s. The literature on this area has been well documented since the seminal works of Beaver (1968) and Ball and Brown (1968), who provided evidence of security market reactions to earnings announcements. Its historical development and comparison among different countries have increased in the 1990s. The reason for such increase is the notion raised in the early 1990s that accounting information turned out to be less relevant for investors (Azeem & Kouser, 2011). The primary purpose of this

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