

Accounting Harmonisation through IAS/IFRS and Internationalisation: Evidence from FDIs and Cross-Border M&A

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Abstract

The process of accounting harmonisation via International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) adoption is very widespread, and it is still involving a huge number of countries all over the world.

Previous academic literature investigated the impact of this process from different perspectives, such as the quality of financial reports, the transparency of financial disclosures, the liquidity of the financial markets and the cost of equity.

The aim of this article is to contribute to the research stream exploring the effects of IAS/IFRS adoption, investigating if accounting harmonisation through the IAS/IFRS has had an impact on the internationalisation process.

To achieve our objective, two multiple linear regression analyses are presented. The first one focuses on the impact of the adoption of IAS/IFRS on foreign direct investments (FDIs) using data collected from a sample of 34 Organisation for Economic Co-Operation and Development (OECD) member countries. The second statistical analysis investigates the influence of IAS/IFRS adoption on cross-border mergers and acquisitions (M&A), considering operations carried out by European-listed companies towards target companies located in the 34 OECD member countries. The FDIs and cross-border M&A are considered proxies of the internationalisation process.

Preliminary results show that the adoption of IAS/IFRS has positively affected FDI flows and increased the value of cross-border M&A.

This study has tried to provide theoretical contributions to the literature stream about the effects of the harmonisation process with IAS/IFRS adoption, showing the beneficial impact they may have on the internationalisation process. Moreover, our findings can be useful for policymakers and managers, suggesting that becoming IAS/IFRS adopters can facilitate the internationalisation process of the companies.

Keywords: accounting harmonisation, FDI, IAS/IFRS, internationalisation, M&A

1. Introduction

The difference in accounting rules is a very big problem for international investors because they have to bear more costs to correctly understand the financial reports of companies operating in different countries (Nobes et al., 2008).

In academic literature, various studies were made to explain why accounting systems are different among countries (Choi & Meek, 2008; Radebaugh et al., 2006). Some scholars outline the role played by the culture of each country (Grey, 1988); others considered the legal culture, distinguishing among common law and civil law countries (Jaggi & Low, 2000; Bushman & Piotrosky, 2006). Still others focus on the casual factors (Soeters & Schreuder, 1988).

The development of international commerce, financial markets and the globalisation process (including its political and social dimensions) brought an increasing need of overcoming (or at least to reduce) deformities in accounting regulation (Chua & Taylor, 2008).

In order to try to solve this trouble, the International Accounting Standard Board (IASB) has issued the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS). They are a set of high-quality accounting principles thought to be adopted all over the world, granting transparency by enhancing the international comparability, accountability by reducing the information gap between the providers of capital and the investors, and

efficiency by helping investors to identify opportunities and risks across the world (IFRS Foundation, 2021a). Approximately 120 nations and reporting jurisdictions permit or require IFRS for domestic-listed companies, and approximately 90 countries have fully conformed to the IFRS as promulgated by the IASB (IFRS Foundation, 2021b). The European Union (EU) decided to bet on the adoption of the IAS/IFRS, particularly for the consolidated financial report of listed companies, leaving autonomy to each country member to extend the adoption of IAS/IFRS to other companies and also to individual financial reports (European Regulation n. 1606/2002).

The most important economies in the world adopted/started a convergence process with the IAS/IFRS (Ramanna & Sletten, 2014). This is because countries expected to have many advantages from a common accounting language – for instance, a reduction of transaction costs and better availability of information.

Academic literature has brought attention to investigating the effects of accounting harmonisation through the spread of IAS/IFRS. Some scholars outlined an increase in comparability and transparency of information (Barth et al., 2012; Cascino & Gassen, 2015; Kainth & Wahlstrøm, 2021), while others show how the adoption of the IAS/IFRS improved the liquidity in the financial market (Coyring et al., 2007; Istiningrum, 2020). Still others underline beneficial such as the reduction of the cost of debt (Ozkaya, 2018) and the cost of equity (Li, 2010; de Moura et al., 2020).

This article wishes to contribute to the research stream about the effects arising from the adoption of international accounting standards, by exploring if a process of accounting harmonisation with the IAS/IFRS can impact the internationalisation process.

To achieve this aim, we developed two multilinear regression analyses. The first one focused on the impact of IAS/IFRS adoption on foreign direct investments (FDIs). Data were collected by 34 Organisation for Economic Co-Operation and Development (OECD) member countries, considering a time horizon from 2003 to 2012. The second statistical analysis put attention to the relation among IAS/IFRS adoption and cross-border mergers and acquisitions (M&A). The data considers operations carried out from 2005 to 2015 by European-listed companies towards target companies located in the 34 OECD member countries. Notably, FDIs and cross-border M&A are considered proxies of the internationalisation process.

Our preliminary results show that the adoption of IAS/IFRS positively affects FDI flows and the value of cross-border M&A. So, we argue in this paper that the adoption of a common accounting language can support the internationalisation process of the companies. These findings can give a theoretical contribution to accounting literature about the effects of the adoption of IAS/IFRS, and they can be useful to policymakers, accounting standard regulators and managers in making decisions about the adoption of IAS/IFRS.

The rest of the paper begins with the second section where we present a short literature review in order to develop our hypotheses. In the third section, we describe the method adopted and give all information about samples and variables; with the fourth section, we show the results. This is followed by an interpretation of the results and then the paper concludes with a discussion.

2. Literature Review and Hypothesis Development

One of the main problems that discourages investors from taking business opportunities in foreign countries is information asymmetry (Brennan & Cao, 1997; Jiang & Kim, 2004; Chung et al., 2017; Vo, 2020). As stated by Dikova et al. (2010, p. 227), ‘the pressure for compliance with host-country rules and laws that a foreign acquirer cannot easily comprehend may obstruct the deal completion; or it may require a substantial amount of time to finalise’. Broadly speaking, familiarity – defined as the increase in investor understanding of the business environment, leaving the quality of information constant (Amiram, 2012) – is a very important element to make the investors feel more competent about the foreign market and to push them to invest (Graham et al., 2009).

Significant differences in accounting standards can exacerbate this informative disadvantage. This is because financial disclosures are less understandable for the foreign investors who do not know the institutional, economic, legal, and accounting background where the entity that prepares the financial reports operates (Portes & Rey, 2005; Van Nieuwerburgh & Veldkamp, 2009; Chen et al., 2011). This situation can worsen if financial reports and local generally accepted accounting principles (GAAP) have low quality and are ambiguous.

Therefore, a process of accounting harmonisation/convergence with the adoption of global, high-quality accounting standards should increase the international mobility of capital by reducing information asymmetry (Seay, 2014). The willingness of achieving this objective is one of the main reasons justifying the diffusion of the IAS/IFRS around the world (IFRS Foundation, 2021a).

As stated by previous research, the IAS/IFRS are in general of higher quality than the local GAAP (Barth et al., 2008; Ebaïd, 2016; Key & Kim, 2020). This higher quality should translate into higher understandability and transparency in financial information, allowing for the better understanding of the economic feature underlying the companies (Barth et al., 2012; Bhat et al., 2016; Kainth & Wahlstrøm, 2021) and increasing the comparability of the information (Cascino & Gassen, 2015). Moreover, the use of well-known accounting standards can increase foreign investor's confidence in their ability to assess the market and thus can lead them to invest more (Amiram, 2012).

There are other reasons that outline how the adoption of the IAS/IFRS can attract more international investors. Some studies have shown that countries that are IAS/IFRS adopters have easier access to a wider range of financial sources; so, they have a higher level of liquidity in the market, and, in the end, it is easier to raise capital to fund the companies (Coyring et al., 2007; Drake et al., 2012; Istiningrum, 2020). In addition, Bruggermann et al. (2010) observed that the trading activity conducted by single investors is increased because of the mandatory adoption of IAS/IFRS in numerous countries. This confirmed the idea that the strength of the disclosure system – thanks to better accounting standards – is positively associated with market development (Frost et al., 2006).

Some scholars have focused on the effects of IAS adoption and the cost of the debt and debt markets. For instance, Ozkaya (2018) found evidence that after the IFRS adoption in Turkey, firms in the sample have a significantly lower cost of debt after the adoption year. Florou and Kosi (2015) document positive economic consequences around the mandated IAS/IFRS adoption for corporate debt financing and, in particular, for bond financing. Some recent empirical analysis confirmed that the adoption of IAS/IFRS can help firms to access debt through a reduction in their opacity (Bertrand et al., 2021).

Also, the effects of IAS/IFRS adoption on the cost of equity can attract foreign investors. Different studies supported the idea that thanks to accounting harmonisation/convergence with the IAS/IFRS, the cost of equity decrease (Chan et al., 2009; Li, 2010; Castillo Merino et al., 2014; de Moura et al., 2020).

Therefore, considering the short literature review presented above, it is deduced that the general effects of the adoption of IAS/IFRS are positive. In particular, the reduction of information asymmetries and the improvement of some general economic conditions in the market (cost of debt, liquidity, cost of equity, etc.) could incentivise foreign investors in betting on the companies of the countries that are IAS/IFRS adopters. So, we can formulate the following hypotheses:

H1(a): The adoption of IAS/IFRS by the target country increases the Foreign Direct Investment (FDI) flows toward the target country.

H1(b): The adoption of IAS/IFRS by both countries involved in the operation increases the Foreign Direct Investment (FDI) flows among them.

At the beginning of the 2000s, a number of M&A operations started a growing trend, especially in Europe and in Asia. In particular, the European Union (EU) became a very attractive market for foreign investors and, for the first time, the volume of M&A operations made by European companies reached the level of the United States (US) M&A figures (Moschieri & Campa, 2014). Naturally, in the years after the financial crisis exploded in 2008, the number of M&A decreased, but from 2014 the trend has once again become positive.

Which of the drivers that have made the EU a very attractive market, especially for M&A? Broadly speaking, European Commission interventions to create a suitable area for acquisitions were very important (Sudarsanam, 2003; Bjorvatn, 2004). The institution of a common currency (euro), the creation of a common market and the introduction of a unique body of law for international transactions contributed to making the EU a centre of attraction for M&A operations (Moschieri & Campa, 2014).

M&A operations are a strategic tool to promote the growth of a company (Cartwright & Cooper, 1993; Saxena, 2012; Hossain, 2021). The main objectives are to get a more efficient allocation of the resources and to become more effective by exploiting production synergies (Davis-Friday & Skaife, 2008; Kumar & Sharma, 2019). Owing to the process of capital allocation in different business and geographic areas, a company diversifies its idiosyncratic risks (Rossi & Volpin, 2004; Chen & Yu, 2012; Wu & Chiang, 2019).

However, it is necessary to note that the existing barriers among different countries – such as informative asymmetries, institutional disparities and differences in disclosure requirements generated by different accounting standards – are important elements that can limit the movement of capital and can negatively affect the volume of M&A (Das & Segupta, 2001; Bris & Cabolis, 2008; Starks & Wei, 2013; Cheng et al., 2015; Kashiwazaki et al., 2019). The recent adoption of IAS/IFRS in many countries is a good opportunity to understand the role that these accounting standards play in facilitating cross-border business activities (Ashbaugh & Pincus, 2001; DeFond et al.,

2011; Florou & Pope, 2012; Hong et al., 2014; Francis et al., 2016).

In particular, Yu and Wahid (2014) observe that differences in accounting standards among countries are an information cost charged to foreign investors, and it raises the risk of data misinterpretation. Accordingly, this can negatively affect the decisions about cross-border M&A (Leuz, 2006; PwC, 2017). In fact, differences in accounting standards can add an idiosyncratic interference to the circulation of information, slowing down the investor's decisional process. So, foreign investors have to pay higher information costs if accounting standards are much different (Zhu, 2014), because they have to spend time and resources to interpret the financial reports of the target companies (Gehrig, 1993; Ball, 2006; Beneish et al., 2015). Therefore, as stated by Zhu (2014), it is possible to argue that a deviation from IAS/IFRS adoption could create informative disadvantages for acquirers, with negative effects towards counterparties in M&A operations. Some studies remark that differences in accounting standards are associated in a negative way with flows arising from M&A operations (Karolyi, 2006; Piotroski & Srinivasan 2008; Leuz et al., 2009; Tan et al., 2011; Horton et al., 2013). It is shown that a growth of 1% in the difference among accounting standards of the two countries is accompanied by a reduction of 2% in bilateral M&A (Zhu, 2014).

The process of accounting harmonisation carried on by the EU should reduce informative asymmetries and stimulate international business activities, such as cross-border M&A (Ramanna & Sletten, 2014; Louis & Urcan, 2014).

So, in the light of the previous short literature review, we can propose the following hypothesis:

H2: The IAS/IFRS adoption has generated the growth of the M&A value among listed companies in the EU market and companies residing in the 34 OECD member countries.

3. Method

To verify our hypotheses, we used two multiple linear regression (MLR) analyses. MLR is a statistical technique for estimating the relationship among variables which have reason and result relation; also, the main focus is to analyse the relationship between a dependent variable and some independent variables (Uyanık & Güler, 2013). MLR is a widely used method within social science research (Tranmer & Elliot, 2008) and is included in accounting (Luthan & Satria, 2016). So, MLR represents the most suitable method to conduct our study.

With our first analysis, we wanted to explore the impact of IFRS adoption on FDIs, while with the second one we wished to investigate the relation among IFRS adoption and cross-border M&A operations.

3.1 Analysis 1: IFRS and FDI

3.1.1 Sample and Variables

For the first analysis, the sample is represented by the 34 countries belonging to the OECD in 2015 (Note 1). This choice was based on the considerations that these countries are the most developed and they represent the majority percentage of the world economy. Moreover, for these nations, it is possible to find more reliable and comparable statistical data. Notably, this selection is coherent with previous research (Chen et al., 2014).

The time span for the observations was from 2003 to 2012. This time horizon includes 2005, the year in which the most of sample countries adopted IAS/IFRS. The presence of years before and after 2005 was very useful to better understand the impact of IAS/IFRS adoption.

The sample includes 7,268 observations.

The selected variables include the most important macroeconomic factors underlying each internationalisation process (Caroli, 2012). In particular, the dependent variable is the absolute value of the flows of FDIs among the countries in the sample (FDI_{it}). Furthermore, the explanatory variables are: the gross domestic product (GDP) growth rate and GDP per capita growth rate ($GDP^{Growth}_{Investee}$ and $GDPPerCapita^{InvesteeGrowth}$); inflation rate ($InflationRate^{Investee}$); corporate income tax rate ($IncomeTaxRate^{Investee}$); import and export volumes ($LNImports^{Investee}$, $LNExports^{Investee}$); and the FDI flows of the countries in the sample to the rest of the world ($LNFDI^{InvesteeNetInflows}$). In the end, the following dummy variables are considered: IFRS Investee ($IFRS^{Investee}$); IFRS Investor ($IFRS^{Investor}$) (Note 2); and IFRS both ($IFRS^{Both}$) (they assume 0 in case of IFRS are not adopted, otherwise the value is 1). Information about these variables was collected using the OECD database (OECD.Stat).

3.1.2 Descriptive Statistics and Regression Model Formula

In Table 1, there are descriptive statistics.

Table 1. Descriptive statistics – Analysis 1

	Average	Standard error	Median	Mode	Standard Deviation	Sampling Variance	Min	Max
LNFDI _{ij}	18.48	0.04	18.85	13.82	3.05	9.30	6.90776	26.12574
IFRSBoth	0.50	0.01	1	1	0.50	0.25	0	1
IFRS Investor	0.65	0.01	1	1	0.48	0.23	0	1
IFRSInvestee	0.63	0.01	1	1	0.48	0.23	0	1
GDPGrowthInvestee	0.02	0.00038	0.02	0.02	0.03	0.00	-0.14720	0.10834
InflationRateInvestee	0.03	0.00027	0.02	0.03	0.02	0.00	-0.04480	0.25296
LNImports	25.94	0.01	25.93	26.41	1.19	1.43	21.68910	28.64471
LNExports	25.96	0.01	26.01	26.52	1.18	1.39	21.57810	28.42807
GDPPerCapitaGrowthInvestee	0.01	0.00038	0.02	0.01	0.03	0.00104	-0.14560	0.10924
LNFDINetInflowsInvestee	23.38	0.02	23.45	22.92	1.58	2.49	17.32850	27.32179
CorporateIncomeTaxRate	0.25	0.00077	0.26	0.30	0.07	0.00434	0.08500	0.36100

As we can see in Table 1, some variables are transformed in their logarithms. This is because a non-linear relation is found among some explicative variables and the dependent variable (see Table 2 – ‘Correlation analysis’), so the use of logarithms allows for the linearising of the relations. Correspondingly, in appendix A, there is Table 11 that shows the complete correlation analysis, considering all variables.

Table 2. Correlation analysis – Analysis 1

	FDI _{ij}
FDI _{ij}	1
IFRSBoth	0.009933882
IFRS Investor	0.026158807
IFRSInvestee	0.028070492
GDPGrowthInvestee	-0.042961597
InflationRateInvestee	-0.053140623
ImportsInvestee	0.206494977
ExportsInvestee	0.202138716
GDPPerCapitaGrowthInvestee	-0.054040391
FDINetInflowsInvestee	0.301938076
FDIInvestee/FDIWorld	0.276794188
CorporateIncomeTaxRate	0.056636612

Now, it is possible to show the regression model adopted (Borra, Di Ciaccio, 2004; Piccolo, 2010):

$$\log(\text{FDI}_{ij}) = \beta_0 + \beta_1 \text{IFRS}^{\text{Investee}} + \beta_2 \text{GDP}_{\text{growth}}^{\text{Investee}} + \beta_3 \text{InflationRate}^{\text{Investee}} + \beta_4 \text{LNImports}^{\text{Investee}} + \beta_5 \text{LNExports}^{\text{Investee}} + \beta_6 \text{GDPPerCapita}_{\text{growth}}^{\text{Investee}} + \beta_7 \text{LNFDI}_{\text{NetInflows}}^{\text{Investee}} + \beta_9 \text{IncomeTaxRate}^{\text{Investee}} + \varepsilon_i \quad (1)$$

We outline that, to define regression parameters, sample regression coefficients (b_0, b_1, \dots, b_n) are used such as the estimator of population parameters ($\beta_0, \beta_1, \beta_2, \dots, \beta_n$)

3.2 Analysis 2: IFRS and Cross-Border M&A

3.2.1 Sample and Variables

For the second analysis, it was considered 1,164 M&A operations made by European-listed companies towards target companies located in the 34 OECD member countries with a value higher than 1 million USD. The time horizon is from January 2005 (the year of the first mandatory adoption of IAS/IFRS in Europe) to December 2015. These data were collected from the database Thomson Reuters EIKON.

For this study, the selection of variables was conducted considering suggestions resulting from previous research (Chen et al., 2015; Di Giovanni, 2005). Therefore, the dependent variable is the total amount of M&A operations which occurred among sample countries ($ValueM\&A_{it}$). While, for the explanatory variables, we considered both macroeconomics and financial factors. About macroeconomic factors, we took into account the GDP growth rate ($GDP\ Growth_{TargetNation}$); import and export volumes (in percentage to GDP) ($Exports_{TargetNation}$ and $Imports_{TargetNation}$); and the adoption of common currency (the euro) ($Euro\ Adopters_{TargetNation}$). This last variable is useful to understand how the absence of an exchange rate can influence foreign investment decisions. It is a dummy variable, and it is 1 if the country is a euro adopter, otherwise the value is 0. Moreover, we also considered the variable 'IFRS_Target Nation' that allows us to understand if the IFRS adoption affects the foreign investment decisions of the purchasing country (it is a dummy variable, and it is 1 if the country is an IFRS adopter, otherwise the value is 0). About the financial factors, we included the net financial transaction of total economy (in percentage to the GDP) ($Net\ financial\ transaction_{TargetNation}$) and it helped us to understand if the country was on credit or debit; the balance of the financial worth for the institutional sectors of the economy (in percentage to the GDP) ($Financial\ net\ worth_{TargetNation}$), and it represents a summary of financial wealth of the country; the short- and long-term interest rate (they are included to better represent the financial market of the country) ($Long\text{-}term\ interest\ rate_{TargetNation}$ and $Short\text{-}term\ interest\ rate_{TargetNation}$); and the debt of the economy ($Debt\ of\ total\ economy_{TargetNation}$). Data about these variables were collected from OECD.Stat and the World Database Indicator.

3.2.2 Descriptive Statistics and Regression Model Formula

In Table 3, there are descriptive statistics.

Table 3. Descriptive statistics – Analysis 2

	Average	Standard error	Median	Mode	Standard Deviation	Sampling Variance	Min	Max
LNValue_M&A	19.339	0.069555	19.384	13.82	2.372022	5.626488	13.8155	25.71112
IFRS_Target Nation	0.8977	0.008891	1	1	0.303201	0.091931	0	1
Net financial transaction of total economy (% of GDP)_Target Nation	-0.007	0.001813	-0.0191	-0.046	0.061831	0.003823	-0.9306	0.1618
Financial net worth of total economy (% of GDP)_Target Nation	-0.153	0.012728	-0.1164	-0.544	0.434049	0.188398	-2.0767	1.6754
Long-term interest rate_Target Nation	0.0373	0.000435	0.0376	0.034	0.014845	0.00022	0.005	0.225
Short-term interest rate_Target Nation	0.0261	0.000544	0.0297	0.031	0.018565	0.000345	-0.0012	0.124
Debt of total economy (% of GDP)_Target Nation	7.0569	0.262763	6.2861	0.868	8.960939	80.29843	0.7672	94.9459
GDP Growth_Target Nation	0.019	0.000806	0.024	0.036	0.027478	0.000755	-0.083	0.094
LNFDI Net Inflows_Target Nation	23.93	0.051302	24.22	24.78	1.749534	3.060869	17.3285	27.32179
Export (% of GDP)_Target Nation	0.4259	0.008106	0.3718	0.213	0.276446	0.076422	0.03196	2.0327
Imports (% of GDP)_Target Nation	0.4028	0.006767	0.326	0.214	0.230757	0.053249	0.0326	1.7088
Euro Adopters_Target Nation	0.5193	0.014657	1	1	0.499841	0.249841	0	1

As among dependent variable and explicative variables, there is sometimes no linear relation (see Table 4 – 'Correlation analysis'), some variables are transformed in their logarithms (in Appendix B there is Table 12 that shows the complete correlation analysis, considering all variables).

Table 4. Correlation analysis – Analysis 2

	Value M&A
Value M&A	1
IFRS_Target Nation	0.050539676
Net financial transaction of total economy (% of GDP)_Target Nation	-0.035620784
Financial net worth of total economy (% of GDP)_Target Nation	0.044240614
Long-term interest rate_Target Nation	0.009329527
Short-term interest rate_Target Nation	0.051987115
Debt of total economy (% of GDP)_Target Nation	0.003385791
GDP Growth_Target Nation	0.076190855
FDI net inflows_Target Nation	0.131975222
Export (% of GDP)_Target Nation	-0.024323809
Imports (% of GDP)_Target Nation	-0.011713273
Euro Adopters_Target Nation	-0.006982517

Now, it is possible to show the regression model adopted (Borra & Di Ciaccio, 2004; Piccolo, 2010):

$$\begin{aligned}
 \log(\text{Value M\&A}_{ij}) &= \beta_0 + \beta_1 \text{IFRS}^{\text{Target Nation}} + \beta_2 \text{Net financial transaction}^{\text{Target Nation}} \\
 &+ \beta_3 \text{Financial net worth}^{\text{Target Nation}} + \beta_4 \text{Long – term interest rate}^{\text{Target Nation}} \\
 &+ \beta_5 \text{Short – term interest rate}^{\text{Target Nation}} + \beta_6 \text{Debt of total economy}^{\text{Target Nation}} \\
 &+ \beta_7 \text{GDP Growth}^{\text{Target Nation}} + \beta_9 \text{LNFDI}^{\text{Target Nation}} + \beta_{10} \text{Exports}^{\text{Target Nation}} \\
 &+ \beta_{11} \text{Imports}^{\text{Target Nation}} + \beta_{12} \text{Euro Adopters}^{\text{Target Nation}} + \epsilon_i
 \end{aligned}
 \tag{2}$$

4. Results and Robustness Tests

4.1 Analysis 1. The Relation among IAS/IFRS Adoption and FDI Flows

In Table 5, we can find the results of multiple regression analysis.

Table 5. Multiple regression analysis (paying attention to IFRS^{Investee}) – Analysis 1

	Coefficients	Standard Error	Test statistic (t test)	Significant Value
Intercept	-3.841114354	0.783118962	-4.90489254	9.55121E-07
IFRSInvestee	0.414805763	0.071359905	5.812868758	6.40134E-09
GDPGrowthInvestee	13.59590653	5.361410245	2.535882522	0.011237231
InflationRateInvestee	-0.139311503	1.623384978	-0.085815444	0.931615496
LNimports	-0.065795499	0.236244724	-0.278505686	0.780632134
LNExports	0.599911005	0.239333836	2.506586673	0.012212007
GDPPerCapitaGrowthInvestee	-15.97074327	5.325627159	-2.998847422	0.002719219
LNFDINetInflowsInvestee	0.380270459	0.030429568	12.49674209	1.79939E-35
CorporateIncomeTaxRate	-2.976604057	0.55576922	-5.355827471	8.77781E-08

The inclination of this regression model is positive ($b_1 = 0,4148$), and it means that the adoption of IAS/IFRS by target country is beneficial. Therefore, the fact that the target country uses IAS increases the volume of foreign investments by 41.48%.

So, it is possible to confirm our first hypothesis, $H1(a)$.

To be sure about these results, it is important to understand the adequacy of the adopted regression model. As suggested by some scholars (Piccolo, 2010), we conducted a residual analysis of the considered variables. This

procedure helps us to understand if there is a recognisable structure among dependent and explanatory variables. If this structure exists, it means dependent variables and explanatory variables are linked by a non-linear relation and, in this case, the adopted regression model would not be suitable. The residual analysis confirms the adequacy of the regression model chosen for this study. Notably, in Figure 1, we can see the track of residues for the most important variable IFRS^{Investee}.

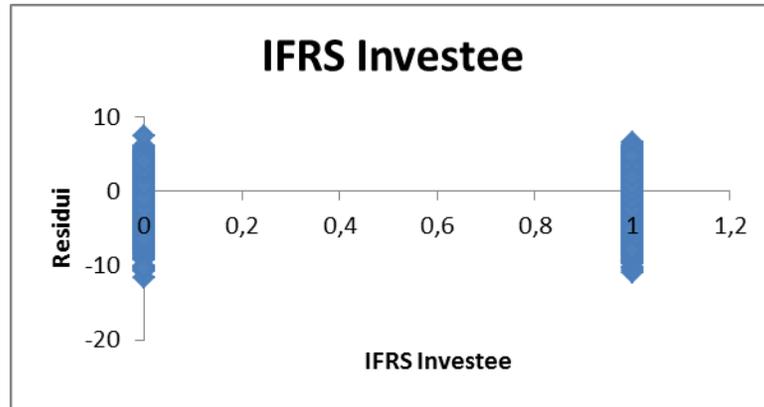


Figure 1. Track of residues – explanatory variable IFRS^{Investee}

Now, after the focus on the IFRS^{Investee} variable, it was appropriate to verify if there was a significant relation among the dependent variable and the whole of the explicative variables.

The null hypothesis is structured as follows: $H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = \beta_6 = \beta_7 = 0$ (there is no linear relation among the dependent variable and the explanatory variables).

The alternative hypothesis is structured as follows: H_1 : at least one $\beta_j \neq 0$ (there is a linear relation among the dependent variable and at least one explanatory variable).

To make this analysis, an F test had to be conducted (Borra & Di Ciaccio 2004; Piccolo, 2010). The F test is the ratio among the average of squares of the regression and the average of squares of the errors. The decision rule is: H_0 is rejected if $F > F_u$ where F_u is the critical value of the tail of the right of an F distribution with p and $n-p-1$ degrees of freedom; otherwise H_0 is accepted. Now, we show the analysis of variance (ANOVA) table for this study.

Table 6. ANOVA table to test the significance of the whole regression coefficients

	Degrees of freedom	Sum Squares	Mean Squares	F	Significance F
Regression	8	9537.695445	1192.211931	149.1351168	3.1157E-233
Residual	7258	58021.70794	7.994173042		
Total	7266	67559.40338			

Considering 0.05 as the level of significance and observing Table 6, we note that the critical value of F distribution with 8 and 7,258 degrees of freedom is about 2.01. Since F from multiple linear regression is 149.14, we have that $F > F_u$ and so it is possible to reject H_0 and conclude that there is a linear relation among the dependent variable and at least one independent variables.

It is appropriate to present another test on the hypothesis about the inclination of the regression line, to verify the significance of the relation among X and Y and to build a confidence interval to assess the inclination of the regression line. To do this, we used a test statistic to verify the hypothesis $\beta_1=0$ that, in our regression model, is represented by this formula:

$$t = \frac{b_k}{S_{b_k}} \tag{3}$$

where:

- b_k : it is the inclination of Y regarding k variable maintaining constant other variables;
- S_{b_k} : it is the standard error of regression coefficient b_k ;

- t : it is the statistic with distribution t and $n-p-1$ degrees of freedom.

Also in this case, we have the null hypothesis (H_0) and the alternative hypothesis (H_1):

$$H_0: \beta_1 = 0$$

$$H_1: \beta_1 \neq 0$$

In Table 5, the test statistic results (t test) are reported for each variable. For variable X_j (IFRS^{Investee}), t test is equal to 5.81. Considering 0.05 as the level of significance, it is possible to assess value of t test for 7,258 degrees of freedom and they are equal to +1.6450 and -1.6450. Therefore, as $t_{X1} (5.81) > t_{7,258} (1.6450)$, it is possible to reject the null hypothesis (H_0). So, we can conclude that there is a significant relation among the X_1 variable (adoption of IAS/IFRS) and the FDI flows of among country i and country j .

Following the same logic adopted before, we conducted another multiple regression analysis to consider also the explicative variable represented by the adoption of IAS/IFRS by both target and investor country (IFRS^{Both}). In Table 7 we present the results.

Table 7. Multiple regression analysis (paying attention to IFRS^{Both}) – Analysis 1

	Coefficients	Standard Error	Test Statistic (t test)	Significant Value
Intercept	-3.952669171	0.785069608	-5.034800904	4.8987E-07
IFRSBoth	0.562047145	0.155022187	3.625591643	0.000290276
IFRS Investor	-0.130428952	0.114524746	-1.138871349	0.254794415
IFRSInvestee	0.016802981	0.119303401	0.140842429	0.887998334
GDPGrowthInvestee	14.74948205	5.427896689	2.717347601	0.006596363
InflationRateInvestee	-0.210498695	1.622392584	-0.129745844	0.896771107
LNImports	-0.034213927	0.237941484	-0.143791351	0.885669226
LNExports	0.572544841	0.240374625	2.381885524	0.017249872
GDPPerCapitaGrowthInvestee	-17.18166251	5.40289156	-3.180086499	0.001478505
LNFDINetInflowsInvestee	0.383843136	0.030407748	12.62320173	3.76594E-36
CorporateIncomeTaxRate	-3.115526416	0.572282276	-5.444037925	5.37902E-08

We can see that the coefficient of the variable IFRS^{Both} is positive (0.56). It means that we can expect growth with regard to foreign investment flow if both countries are IAS/IFRS adopters.

Therefore, we can confirm hypothesis $H1(b)$.

As we did earlier, it is useful to make a test to confirm that there is a significant relation among the dependent variable and explicative variables. Also in this case, we adopted an F test to verify the hypothesis (null hypothesis H_0 : there is no linear relation among dependent variable and explanatory variables; and alternative hypothesis H_1 : there is a linear relation among dependent variable and at least one explanatory variable). Table 8 presents the ANOVA table for this analysis.

Table 8. ANOVA table to test the significance of the whole regression coefficients

	Degree of Freedom	Sum Squares	Mean Squares	F	Significance F
Regression	10	9,682.496657	968.2496657	121.3889956	5.7134E-235
Residual	7,256	57,876.90673	7.976420442		
Total	7,266	67559.40338			

Considering 0.05 as the level of significance, we can assess that the critical value for an F distribution with 10 and 7,256 degrees of freedom is about 1.88 (F_u) and since $F = 121.389$, $F > F_u$ therefore it is possible to reject H_0 . We can conclude that there is a linear relation among at least one of the explicative variables and the foreign investment flow among country i and country j .

The next passage is to adopt a test statistic to verify the significance of the relation among X and Y and to build a confidence interval to assess the inclination of the regression line. In Table 7, t-test results are reported for each variable. Also in this case, we considered both the null and the alternative hypothesis (H_0 and H_1):

$$H_0: \beta_1 = 0$$

$$H_1: \beta_1 \neq 0$$

The value of t test is about 3.63. Considering 0.05 as the level of significance, it is possible to assess the value of t test for 7,256 degrees of freedom and they are equal to +1.6450 and -1.6450. Therefore, as $t_{X1} (3.63) > t_{7,256} (1.6450)$, it is possible to reject the null hypothesis (H_0). So, we can conclude that there is a significant relation among the X_1 variable (adoption of IAS/IFRS by both countries) and the flow of FDIs.

4.1 Analysis 2 – The Adoption of IAS/IFRS and M&A Operations

In Table 9, we can see the results produced from the application of the regression model.

Table 9. Multiple regression analysis – Analysis 2

	Coefficients	Standard Error	Test Statistic (t test)	Significant Value
Intercepts	14.21257489	1.149247869	12.36684903	4.48935E-33
IFRS_Target Nation	0.59404679	0.273028368	2.175769481	0.029775397
Net financial transaction of total economy (% of GDP)_Target Nation	-0.416172709	1.410411773	-0.295071778	0.767992263
Financial net worth of total economy (% of GDP)_Target Nation	0.464310502	0.20636209	2.249979644	0.02463852
Long-term interest rate_Target Nation	8.815435848	6.136000699	1.436674518	0.15108225
Short-term interest rate_Target Nation	3.575156988	4.981130469	0.717740081	0.473063208
Debt of total economy (% of GDP)_Target Nation	0.011851728	0.011666455	1.01588084	0.309899625
GDP Growth_Target Nation	12.29233767	2.91641347	4.214881669	2.69471E-05
LNFDI Net Inflows_Target Nation	0.180494661	0.045211178	3.992257417	6.95919E-05
Export (% of GDP)_Target Nation	0.442664546	0.782365419	0.565802802	0.571638125
Imports (% of GDP)_Target Nation	-1.775509295	0.973961434	-1.822977003	0.068566178
Euro Adopters_Target Nation	0.249651613	0.156057462	1.599741586	0.109930355
R squared_{IFRS_Target Nation}	0.054298258			

As we can see in Table 9, the coefficient b_1 of the variable 'IFRS_Target Nation' is about 0.59. This means that the adoption of IAS/IFRS leads to the growth of the value of M&A operations by a percentage equal to 59.4.

So, we have confirmed our hypothesis H_2 : *The IAS/IFRS adoption has generated a growth of the M&A value among listed companies in the EU market and companies residing in the 34 OECD member countries.*

To verify the adequacy of the regression model we used, it was useful to make a residual analysis of the considered variables (as conducted in Analysis 1). Figure 2 shows the track of residues for the most important variable, IFRS_Target Nation. As there is not an identifiable structure among the dependent variable and the explicative variables, we can confirm the adequacy of the regression model adopted and the validity of the results found.

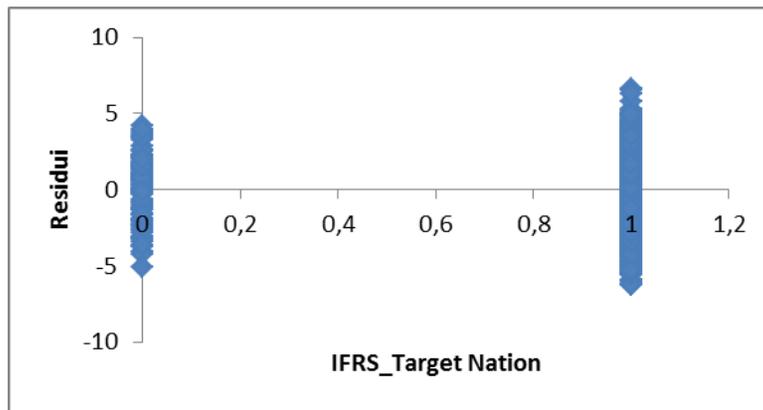


Figure 2. Track of residues – explanatory variable IFRS_Target Nation

Similar to Analysis 1, it was important to verify if there was a significant relation among the dependent variable (Value M&A) and the whole of explicative variables.

The null hypothesis is structured as follows: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = \beta_6 = \beta_7 = \beta_8 = \beta_9 = \beta_{10} = \beta_{11} = \beta_{12} = 0$ (there is not a linear relation among the dependent variable and the explanatory variables).

The alternative hypothesis is structured as follows: H_1 : at least one $\beta_j \neq 0$ (there is a linear relation among the dependent variable and at least one explanatory variable).

To test these hypotheses, an F test was conducted, and the results are presented in Table 10.

Table 10. ANOVA table to test the significance of the whole regression coefficients

	Degrees of Freedom	Sum Squares	Mean Squares	F	Significance F
Regression	11	355.0008652	32.27280593	6.007784527	1.33343E-09
Residual	1151	6182.978011	5.37183146		
Total	1162	6537.978876			

The decision rule requires that H_0 is rejected if $F > F_u$, where F_u is the critical value of the tail of the right of an F distribution with p and $n-p-1$ degrees of freedom; otherwise H_0 is accepted. Considering 0.05 as the significance level, we can assess that the critical value for an F distribution with 11 and 1,151 degrees of freedom is about 1.83 (F_u) and since $F = 6.0078$, $F > F_u$ and therefore it is possible to reject H_0 . We can conclude that there is a linear relation among at least one of the explicative variables and the value variation of M&A operations.

Now, it is possible to test the eventual influence that the *IFRS_Target Nation* variable exerts on the dependent variable (*Value M&A*). Therefore, we proceeded with a test statistic to verify the hypotheses. Also in this case, we had the null hypothesis and the alternative hypothesis:

H_0 : $\beta_1 = 0$

H_1 : $\beta_2 \neq 0$

Considering 0.05 as level of significance, it was possible to assess the value of t test for 1,162 degrees of freedom and they were equal to +1.645 and -1.645. Therefore, as t test of the variable *IFRS_Target Nation* is about 2.1758 (as shown in Table 9), we have that $t_{X1} (2.1758) > t_{1,162} (1.645)$. It means that there is a significant relation among the variable *IFRS_Target Nation* and the dependent variable *Value M&A*. Therefore, it is possible to reject the null hypothesis (H_0). So, we can conclude that there is a significant relation among the X_1 variable (adoption of IAS/IFRS) and the growth of the value of M&A operations.

5. Interpretation of the Results

5.1 Analysis 1: IFRS and FDI

Data emerging from the statistical analysis show that the adoption of IAS/IFRS has a positive impact on the FDIs among countries.

An initial explanation for this phenomenon is that the adoption of high-quality accounting standards allows for better financial information; accordingly, this reduces information asymmetry for foreign investors, allowing them to find

easier opportunities for value creation and gaining their trust in the market. So, foreign investors are encouraged to diversify their financial portfolio which then generates a virtuous growth circle (Amiram, 2012; Akisik et al., 2020). Moreover, the process of accounting harmonisation positively affects the capital market, increases the liquidity and, consequently, reduces the cost of capital (Daske et al., 2008; Li, 2010; Daske et al., 2013; de Moura et al., 2020).

However, as in the adopted regression analysis, we considered various explicative variables. Specifically, it is useful to assess the coefficient of determination (R^2) to understand how much of variability of the Y is explained by independent variables (Borra & Di Ciacci, 2003; Piccolo, 2010). R^2_Y is given by the ratio among the sum of the squares of the regression and the total sum of squares. In our analysis we found:

$$R^2_{Y_{Investee}} = 0,1412$$

$$R^2_{Y_{Both}} = 0,1433$$

This means that these explicative variables explain, respectively, the 14.12% and 14.33% of the analysed phenomenon.

Considering the previous academic literature, a reason for these relatively low rates could depend on the chosen sample. In fact, as we explained above, we selected the 34 OECD member countries in 2015 for our study, but since the 2000s, other countries have appeared in the international market and they have attracted a lot of capital and investments (Caroli, 2012; Rahmani & Motamedi, 2018). In particular, we can consider the entry of China into the World Trade Organization (WTO) which means that 1.3 billion people entered the international exchange system. Notably, this number is higher than the population of all OECD member countries. Moreover, other so-called developing countries opened up to foreign companies, incentivising corporations of developed countries to outsource their business to decrease their costs. Therefore, considering the average of FDIs in the period from 2000 to 2012, among the first 20 target countries, the data show that 9 of them are developing countries (World Bank, 2021). So, it can be sustained that taking into account also developing countries, the R^2_Y could be higher. Nevertheless, to conduct our analysis, we considered more appropriate a sample with only the OECD member countries because, in the time horizon adopted in the study, most of them had already ended the accounting harmonisation process. On the contrary, the majority of developing countries had not yet ended the process of IAS/IFRS adoption.

5.2 Analysis 2: IFRS and Cross-Border M&A

The regression analysis shows that the adoption of IAS/IFRS by a target company is a factor that makes this one more attractive, and thus, foreign companies are incentivised to set up M&A operations.

However, also in this case, it is useful to analyse the coefficient of determination R^2 .

As visible in Table 9, R^2 is about 5.43%. It is a low rate, but nevertheless, we have to consider the following aspects that help us to better understand this value.

First of all, it should be noted the role that the capital market has in the EU. In confrontation with the rest of the world, European finance is more based on the financial institutions (such as banks) rather than the equity market. Indeed, in 2015, for European companies bank credits were about 80% of their total financial assets and only 20% were bonds or equity. So, in the EU, the companies – above all, small and medium-sized enterprises (SMEs) – are mainly financed with bank loans. Subsequently, this dependency made the EU economy more vulnerable when banks reduced their propensity to lend money after the 2007–2008 financial crisis (Quaglia et al., 2016).

Another point to note is the access by companies and people to the European capital market. As stated by Quaglia et al. (2016), there is a relevant difference among nations about external funding of non-financial companies. Figure 3 shows how the European capital market is very fragmented.

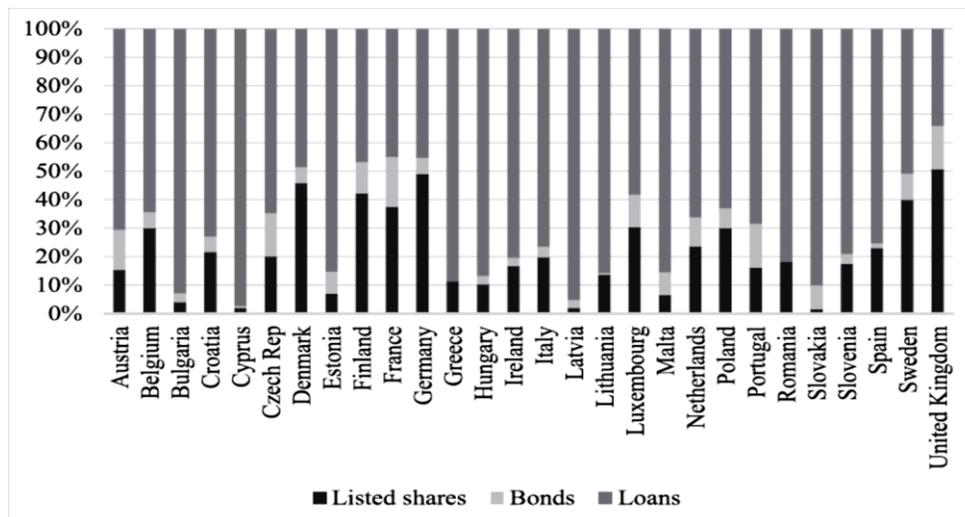


Figure 3. Structure of liabilities of non-financial companies in the EU in 2015 (Quaglia et al., 2016)

It was clear that this aspect could affect our regression analysis because we considered M&A operations occurred among listed companies working in a market that is still inefficient and underdeveloped. As evidence of these issues, the EU Commission created the Capital Markets Union (CMU) programme in order to encourage a more efficient and efficacious development of the capital market, so that it could be used by SMEs as a useful financial source alternative to the banks (European Commission, 2015).

Next, it is important to note that the time horizon considered for this research also included the years following one of the most important financial crises of the last decades. Therefore, listed markets experienced a price collapse of shares, the volatility was increased, and financial institutions had big liquidity problems (Cheung et al., 2014). This difficult situation generated mistrust in investors and companies, leading to a significant, general reduction of investment operations. This is another fact that could affect our research and its results. However, it is useful to state that the accounting harmonisation process could be a factor to help the economic recovery after the crises, because it reduces the information asymmetry and makes financial statements more comparable, thus incentivising investors to operate and reduce the cost of capital (Marcellina & Angela, 2018; Turki et al., 2020).

6. Discussion

Previous studies showed that the accounting harmonisation process could have very positive consequences on different economic aspects. The adoption of high-quality accounting standards – such as IAS/IFRS – improves the accuracy and comprehensibility of financial information, helping professional and non-professional investors in their decision-making (Diamond & Verrecchia, 1991; Leuz & Verrecchia, 2000; Biddle et al., 2009; Roychowdhury et al., 2019). Moreover, the increase of information transparency can incentivise managers to have a more investor-oriented approach, thus reducing opportunistic behaviour (Ball & Shivakumar, 2005; Shin & Oh, 2017) and agency costs (Bushman & Piotroski, 2006; Nejad et al., 2020). In addition, the adoption of common accounting language can improve the trading in the debt market, making for easier access to bank loans (Ball, 2006; Balsmeier & Vanhaverbeke, 2018).

Another important area to investigate is the role of accounting harmonisation in companies' internationalisation. So, to contribute to the very interesting topic just mentioned, our aim was to analyse the process of accounting harmonisation through the adoption of IAS/IFRS to see if it affects the internationalisation process. To do this, two multiple regression analysis were created. Accordingly, the first analysis considers the relation of the adoption of IAS/IFRS and FDI and the second analysis takes into account the relation among the adoption of IAS/IFRS and cross-border M&A operations. In fact, FDI and cross border M&A operations are considered variables that are able to represent the internationalisation phenomenon.

This study tries to give a theoretical contribution, showing that the adoption of IAS/IFRS – and so the accounting harmonisation process – has a positive impact on internationalisation. The results of the analysis outline that the adoption of IAS/IFRS helps the growth of FDI flows and also promotes the value of cross-border M&A operations.

Moreover, this study can be very useful to policymakers and accounting regulators, incentivising them to start (or strengthen) the harmonisation/convergence process with the IAS/IFRS. Furthermore, managers of the corporations

could find this study useful as our results can suggest to them to take into account the idea of adopting IAS/IFRS – if allowed in a voluntarily way – to facilitate the internationalisation process of their company.

Our research is not free from limitations. With regard to Analysis 1 (IFRS-FDI), the selected sample that only considers the 34 countries that were OECD members in 2015 can affect the relatively low R squared found, as explained in the sections of ‘Results interpretations’. Indeed, during the 2000s, new and important countries – not OECD members – opened their markets to international investors and they attracted a significant amount of private funds and investments. These countries were not considered in our analysis because most of them were only at the beginning of the IAS/IFRS convergence/harmonisation process during the time horizon we considered. Nevertheless, this is a great opportunity for further studies because when developing countries are IAS/IFRS adopters, they could be included in studies similar to this one in order to expand the sample and enhance the insights. About Analysis 2 (IFRS-M&A cross-border operations), the low R squared found can be due to the fact that the European capital market was still fragmented and undeveloped and, moreover, the time horizon includes years when the economy was very affected by the financial crisis which exploded in 2008. So, this study has revealed interesting results considering the specific features underlying the European capital market during the time span examined. Finally, in the future, when the European capital market is more mature and the economic cycle is more normalised, other scholars could replicate a similar study to try getting more significant results.

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Notes

Note 1. The following countries are considered in the sample: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Island, Ireland, Israel, Italy, Japan, Luxembourg, Mexico, Netherlands, Norway, New Zealand, Poland, Portugal, Slovenia, Slovakia, Spain, South Korea, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

Note 2. We specify that the variable $IFRS^{Investor}$ is included in this analysis for completeness, but the variables useful to verify the hypotheses are $IFRS^{Investee}$ and $IFRS^{Both}$.

Appendix A

Table 11. Analysis 1 (IFRS – FDI) – Correlation analysis (complete)

	<i>FDI_{ij}</i>	<i>IFRS_{Both}</i>	<i>IFRS_{Investor}</i>	<i>IFRS_{Investee}</i>	<i>GDPGrowth_{Investee}</i>	<i>InflationRate_{Investee}</i>	<i>Imports_{Investee}</i>	<i>Exports_{Investee}</i>	<i>GDPPerCapitaGrowth_{Investee}</i>	<i>FDINetInflows_{Investee}</i>	<i>FDIInvestee/FDIWorld</i>	<i>CorporateIncomeTaxRate</i>
FDI_{ij}	1											
IFRS_{Both}	0.009933882	1										
IFRS_{Investor}	0.026158807	0.727692091	1									
IFRS_{Investee}	0.028070492	0.777096968	0.408020358	1								
GDPGrowth_{Investee}	-0.042961597	-0.144283385	-0.106609006	-0.180249459	1							
InflationRate_{Investee}	-0.053140623	0.007643274	-0.005178011	0.007162289	0.2485839	1						
Imports_{Investee}	0.206494977	-0.092119702	0.079312992	-0.1180258	-0.096578	-0.1372195	1					
Exports_{Investee}	0.202138716	-0.059575453	0.088715607	-0.076051817	-0.11776	-0.1868868	0.970785501	1				
GDPPerCapitaGrowth_{Investee}	-0.054040391	-0.114952739	-0.110235246	-0.144878336	0.9788457	0.22174769	-0.082652252	-0.092334153	1			
FDINetInflows_{Investee}	0.301938076	0.009738217	0.077035366	0.022979084	-0.013874	-0.0731723	0.586222782	0.553274482	-0.019827438	1		
FDIInvestee/FDIWorld	0.276794188	-0.071075415	-0.032692001	-0.081958505	-0.036849	-0.1181514	0.624065687	0.578153394	-0.0440984	0.909698786	1	
CorporateIncomeTaxRate	0.056636612	-0.055092136	-0.133223174	-0.061418584	-0.032075	-0.06784	0.314284724	0.260020738	-0.043226491	0.231671286	0.2983203	1

Appendix B

Table 12. Analysis 2 (IFRS – Cross Border M&A operations) – Correlation analysis (complete)

Value M&A	IFRS_Target Nation	Net financial transaction of total economy (% of GDP)_Target Nation	Financial net worth of total economy (% of GDP)_Target Nation	Long-term interest rate_Target Nation	Short-term interest rate_Target Nation	Debt of total economy (% of GDP)_Target Nation	GDP Growth_Target Nation	FDI net inflows_Target Nation	Export (% of GDP)_Target Nation	Imports (% of GDP)_Target Nation	Euro Adopters_Target Nation	
Value M&A	1											
IFRS_Target Nation	0.050539676	1										
Net financial transaction of total economy (% of GDP)_Target Nation	-0.035620784	-0.200194995	1									
Financial net worth of total economy (% of GDP)_Target Nation	0.044240614	-0.279146024	0.541673267	1								
Long-term interest rate_Target Nation	0.009329527	-0.080254357	-0.256634202	-0.376548922	1							
Short-term interest rate_Target Nation	0.051987115	-0.129572011	-0.228268444	-0.19898412	0.530979804	1						
Debt of total economy (% of GDP)_Target Nation	0.003385791	0.05794075	0.107534841	0.089449379	-0.116154471	-0.165650595	1					
GDP Growth_Target Nation	0.076190855	-0.030223952	-0.119123191	-0.066303344	-0.065161865	0.311696862	-0.036618929	1				
FDI net inflows_Target Nation	0.131975222	0.021527938	0.037257723	0.194164998	-0.03814013	0.107282765	0.044694942	-0.019111639	1			
Export (% of GDP)_Target Nation	-0.024323809	0.032567538	0.232143222	0.091116926	-0.063051038	-0.063779541	0.683420741	0.174831432	-0.143172941	1		
Imports (% of GDP)_Target Nation	-0.011713273	0.179924436	0.132969239	0.008008728	-0.036211932	-0.056276633	0.673220105	0.181221619	-0.170167516	0.93307099	1	
Euro Adopters_Target Nation	-0.006982517	0.350942364	0.060707178	-0.147766096	-0.063423317	-0.209933283	0.193962141	-0.134875642	-0.145346534	0.22959806	0.28541161	1

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