ISSN: 2658-8455
Volume 5, Issue 8 (2024), pp. 518-532.


# The quality of accounting information: between qualitative and quantitative perspectives

# La qualité de l'information comptable : entre optique qualitative et optique quantitative

**Mounir BELLARI, *(Enseignant-Chercheur)***
*Moroccan School of Engineering Sciences*
*Ecole Marocaine des Sciences de l'Ingénieur – EMSI*

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| **Adresse de correspondance :** | École Marocaine des Sciences de l'Ingénieur (EMSI)<br>Angle rue Oqbah et rue Qssouhaili, Agdal<br>Rabat, Maroc<br>(+212) 5 37 77 64 72 |
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| **Citer cet article** | BELLARI, M. (2024). The quality of accounting information: between qualitative and quantitative perspectives. *International Journal of Accounting, Finance, Auditing, Management and Economics*, *5*(8), 518-532. https://doi.org/10.5281/zenodo.13379642 |
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# The quality of accounting information: between qualitative and quantitative perspectives

## Abstract:

The aim of this article is to identify the various ingredients of accounting information quality, drawing on both conceptual and empirical literature, by bringing together the qualitative approach supported by standard-setters (international and national frameworks) and the quantitative approach followed by researchers. The latter have proposed indicators to assess such quality, while taking into account the concerns of users of accounting information in their decision-making, particularly investors. Thus, between the truthful quality of accounting information (upstream quality) and the subjective quality of this information (downstream quality), standard-setters and researchers need to be united around a common vision as common ground.

**Keywords:** Accounting information quality, qualitative optics, quantitative optics, standard-setters, researchers.
**JEL:** M 41.
**Type:** Theoretical research.

## Résumé :

L'objectif de cet article est d'identifier les différents ingrédients de la qualité de l'information comptable en mobilisant à la fois une littérature conceptuelle et une littérature empirique à travers un rapprochement entre l'optique qualitative soutenue par les normalisateurs (cadre international et cadre national) et l'optique quantitative suivie par les chercheurs. Ces derniers ont proposé des indicateurs évaluant une telle qualité tout en tenant compte des préoccupations des utilisateurs de l'information comptable dans leur prise de décision, notamment l'investisseur. Ainsi, entre la qualité véridique de l'information comptable (qualité en amont) et la qualité subjective de cette information (qualité en aval), les normalisateurs et les chercheurs doivent s'unir autour d'une vision commune en tant que terrain d'entente.

**Mots clés :** La qualité de l'information comptable, optique qualitative, optique quantitative, normalisateurs, chercheurs.
**JEL :** M 41.
**Type :** Recherche théorique.

ISSN: 2658-8455
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## 1. Introduction

"Quality information is the cornerstone of sound decision-making". This maxim shows the hard core of all decision-making. But first of all, what is information? what is quality? and above all, what does quality information mean?

According to Romney & Steinbart (2015: 30), information is data that has been organized and processed to give meaning and improve the decision-making process. Neely & al (1995) consider quality as conformity with what is desired at a given moment, i.e. conformity with characteristics previously defined by future users. O'Brien & Marakas (2010: 350) state that quality information is an information product that has the characteristics or attributes that make the information more valuable to them. These two authors argue that characteristics of valuable information can be seen from the triptych time-content-form.

Therefore, informed decision-making depends on quality information. Incorrect or incomplete information could jeopardize the entire decision-making process, and consequently cause tangible and even extra-tangible damages to any recipient of this information.

In the accounting field, this recipient, which we can also consider to be the user of accounting information, may be internal to the company (managers, partners and employees) or external (investors, lenders, commercial partners, etc.). If we take the example of the investor, this quality accounting information facilitates the formation and revision of his anticipation, i.e., it plays a purely predictive role. Whereas for creditors and business partners, this accounting information has a more contractual role, since it ensures that the contractual provisions governing the company's business relations have been fully respected. Whoever the recipient of this accounting information is, he or she is always seeking to obtain quality accounting information, i.e., the most useful (relevant) and the most accurate (reflecting the true and fair view) information possible, a valuable information, as to be able to make decisions under the best possible conditions, while limiting uncertainty.

So, if we want to associate the concept of quality with that of accounting information, we need to identify the various characteristics likely to satisfy the needs of users in terms of decision-making. This raises the question of the ingredients of quality in accounting information, which can allow the appreciation of this quality. To answer this question, two approaches are possible: the qualitative approach supported by standard-setters and the quantitative approach followed by researchers.

The first approach distinguishes between fundamental and supporting characteristics of accounting information quality, while taking into account the triptych time-content-form. These characteristics differ from one accounting framework to another, which is why we're going to look at both the international (FASB[1]/IASB[2]) and national frameworks, showing their perception of the "truthful quality".

The second approach is purely quantitative, which identifies a several indicators to assess the accounting information quality. These indicators may be endogenous or exogenous, explaining their perception of what we can call "subjective quality" (Teoh and Wong, 1993 ; Jones, 1991 ; Barth & al, 2001 ; Cohen, 2003 ; Leuz & al, 2003 ; Francis & al, 2004 ; Lang & al, 2005 ; Ball & Shivakumar, 2005 ; Barth & al, 2008 ; Gaio, 2010 ; Dechow & al, 2010 ; Ciftci, 2010 ; Casta & Stolowy, 2012 ; Ahiawodzi & Afrifa, 2022 ; Alruwaili & al, 2023 ; Hafez & Al-Kayed, 2023 ; Dinh & al, 2023 ; Chulkov & Wang, 2023).

Although the two actors (standard-setters and researchers) adopt different means of assessing

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*[1] The Financial Accounting Standard Board (FASB) is an independent, private-sector organization responsible for establishing and improving financial accounting and reporting standards for companies and organizations in the United States. These standards are known as Generally Accepted Accounting Principles (GAAP).*

*[2] The International Accounting Standards Board (IASB) is an independent, private-sector body that develops and approves International Financial Reporting Standards (IFRS).*

the accounting information quality, they share the same objective: to identify the indicators that will enable the user of such information to make the right decision.

## 2. The qualitative optics by the standard-setters

When standard-setters try to define the concept of quality in accounting information, they are seeking to establish criteria that will enable financial statements to be drawn up and make up the basis on which users will look to validate any information useful to their decision-making (Djongoué, 2015). We will attempt to present these different criteria from an international perspective (FASB & IASB) and from a national perspective (Moroccan accounting).

### 2.1. The international framework

The American accounting standard-setter (FASB, 1976) was the first to address the issue of the quality of accounting information by proposing a definition for this concept. Indeed, SFAC (Statements of Financial Accounting Concepts) No. 2 (FASB, 1980) refers to a variety of criteria whose main objective is to facilitate the decision to invest in a company. This approach was also followed by the IASB, which, in its 1989 conceptual framework, put forward four fundamental qualitative characteristics of accounting information: intelligibility, relevance, reliability and comparability. At the same time, the same framework referred to supporting characteristics, derived from both relevance (materiality) and reliability (fair presentation, substance over form, neutrality, prudence and completeness).

It should be noted that these two standard-setters agreed, via the Norwalk[3] Agreement (2002), to design a common accounting conceptual framework[4]. Indeed, on February 27, 2006, the two protagonists published a memorandum of understanding setting out their commitments to convergence and the elimination of the most significant divergences between the two accounting standards (US GAAP & IFRS). Among the points on which the two organizations have agreed is the fact of giving priority to the notion of faithfulness rather than reliability. The rationale behind this change of direction was that faithfulness would more clearly convey the meaning intended by the two standard setters (Obert, 2011). Faithfully describing the various economic transactions is a crucial aspect in defining the usefulness of accounting information, which is the source of all financial decision-making (Avenel, 2005). This is why the conceptual framework shared by the FASB and IASB stipulates that the concept of faithfulness includes all the qualitative ingredients previously considered as properties of the reliability characteristic.

To clarify the different qualitative characteristics of accounting information under international accounting standards, we distinguish between fundamental qualitative characteristics and supporting accounting characteristics.

#### 2.1.1. Fundamental qualitative characteristics

This common conceptual framework (FASB/IASB) sets out two main qualitative characteristics for financial statements: relevance and faithful representation (that they used to call true and fair view), which represent the backbone of accounting information quality. Each of these two characteristics includes different ingredients.

##### 2.1.1.1. Relevance

The purpose of any accounting system should be to communicate relevant accounting

*[3] The agreement was named after the town where it was signed, which is located in the US state of Connecticut.*

*[4] The accounting conceptual framework is a set of principles, concepts and guidelines that provide a basis for the preparation of an organization's financial statements.*

ISSN: 2658-8455
Volume 5, Issue 8 (2024), pp. 518-532.



information. It is therefore our right to ask the question: what is relevant information? According to paragraph 26 of the IASB's conceptual framework, relevant information is any information that is likely to influence the decision-making of its user. It is a kind of relationship between accounting information and its use. The information shows the high quality, if the information is relevant and useful for decision-making (Haag & Cummings, 2009: 9). This attribute would appear to be of prime importance in the selection of accounting information to be communicated to the users concerned, given that a signal can only be considered as information for its user if it is relevant to the user's decision-making (Michailesco, 2009).
However, the effectiveness of this influence depends on a number of ingredients: the predictive value of the accounting information, its feedback or confirmation value, and its materiality.
By predictive value we mean its ability to forecast future economic results. As for its retrospective value, this is its ability to judge past performance through a financial diagnosis of the company. According to this reasoning, accounting information is said to be relevant if it is both prospective and retrospective, in other words, it gives its user the power to link the past-present-future triptych (Lequin, 1992).
It should also be pointed out that the FASB and IASB refer to the presence of another ingredient for the qualitative characteristic of relevance, stipulating that the assessment of the latter also depends on its materiality or relative importance. The conceptual framework of these two institutions considers accounting information to be material if its omission or inaccuracy could influence the decisions that users make on the basis of financial information about a given reporting entity.
It should also be stressed that relevance is a subjective attribute that varies according to the user of the information and the nature of the decision to be made (Evraert, 2000). There's no doubt that every user would like accounting information to match his or her own needs in order to satisfy them, but alas, we can venture to say that this is an ideal, even utopian, situation, given that current accounting rules treat readers of accounts as having homogeneous needs, whereas in reality they are grouped into totally heterogeneous categories (Beaver et al., 1974). For this reason, optimizing the relevance of accounting information depends largely on identifying the target stakeholder (Lenormand and Touchais, 2009), as well as defining its concerns.

#### 2.1.1.2. Faithfulness

First of all, it should be made clear that we are not referring here to faithfulness in the sense of loyalty to individuals, but rather in the sense of the accuracy of the information communicated. As Colasse (2015, p.77) humorously pointed out, "Faithfulness is not a matrimonial virtue required of accountants, but simply a quality required of the statements they produce". Thus, accounting information must give a faithful image of the transactions or economic phenomena it is supposed to reflect. Colasse (2005) likens it to a true and honest image of reality, and Pasqualini (1992, p.121) sees it as "a real vision through a fair translation of what the company is". These two definitions seem to us to be the most representative of "true and fair view"[5]notion.
In its new version (2018), the IASB conceptual framework refers to the concept of "faithful representation". The same is true of the American conceptual framework (FASB), which states in article S8 "(...) information must be a faithful representation of the real-world economic phenomena that it purports to represent." In these two versions, we note that the word "true" is

[5] *Expression first used in 1844 in the Joint Stock Companies Act (Great Britain). Then retained by the Companies Act in 1948. In 1972, the Study Group of Accountants of the European Economic Community wanted to introduce the expression "image as reliable as possible". However, the English were able to impose their vision of the matter, which is why in 1978, the 4th Directive opted for "true and fair view".*

no longer used. They use only "faithful", i.e. "good faith", which is closer to the concept of fairness (Burlaud, 2022).
For information to be accurate, it must have three ingredients: completeness, neutrality and to be error-free. With regard to the first ingredient, accounting information must be complete, in other words, it must take into account all the information necessary for its user to be able to understand the facts it reflects (Labegorre and Boubaker, 2004). It must include all the necessary valuation mechanisms, as well as descriptions and explanations of the various events involved.
As far as neutrality is concerned, accounting information must be impartial towards its various users, which means that the producer of this information must not favor one user over another in its presentation and selection of accounting information. It should be emphasized that neutrality or impartiality is reinforced by prudence, which the IASB defines as the application of a degree of care in making the judgments necessary to prepare estimates under conditions of uncertainty, to ensure that assets or revenues are not overstated, and liabilities or expenses are not understated.
Finally, accounting information must be error-free, in the sense that it must contain no errors or omissions in either its presentation or its production process, something that will boost the confidence of its user (Demaria & Dufour, 2007).

### 2.1.2. Supporting qualitative characteristics

The IASB/FASB common conceptual framework refers to four qualitative characteristics of the accounting information to be communicated through a company's financial statements. These are timeliness, comparability, verifiability and understandability.

#### 2.1.2.1. Timeliness

In terms of timeliness, accounting information must arrive at the right moment: neither too early nor too late. Indeed, any effective financial decision depends on accounting information being revealed in good time. The absence of this characteristic means that accounting information loses its ability to influence decision-making - in other words, it deprives information of its potential usefulness, without which it returns to its initial stage as mere data.
According to Chenhall and Morris (1986), two parameters determine the temporal timeliness of information: on the one hand, the availability of the information when requested, and on the other, the frequency of systematic reporting of the information collected. With reference to these two parameters, we can reconsider the general rule that the older the information, the less valuable it becomes. Indeed, in some cases, information may remain relevant for a long time, given the need for trend analysis (Obert, 2007).

#### 2.1.2.2. Comparability

According to the FASB, information is comparable if it enables its user to identify points of convergence and divergence between two sets of economic phenomena. Thus, comparability is an attribute that exists between two items of information and not an attribute that is attached to an item of information per se (Djongoué, 2015).
This auxiliary quality of accounting information is considered both vertically (in time) and horizontally (in space). Accounting information becomes more useful if it can be compared with the same entity in terms of temporal evolution, or with competing entities in terms of spatial performance.
However, two ingredients are needed to make this comparability possible: consistency of methods and homogeneity. The first ingredient takes the form of an accounting principle that

ISSN: 2658-8455
Volume 5, Issue 8 (2024), pp. 518-532.

IJAFAME International Journal of Accounting, Finance, Auditing, Management & Economics

secures the comparability of an entity's accounting information over time[6]. According to this principle, the company must use the same valuation and presentation methods from one year to the next. With regard to the second ingredient, we can assume that the improvement in the spatial comparability of accounting information is the result of the homogeneity of accounting methods applied by companies in a given sector of activity.
It should be noted that all accounting standards guarantee a minimum of comparability by imposing methods for processing and presenting accounting information (Augustin, 2000). Nevertheless, such rules are characterized by a certain degree of flexibility, since they give managers the right to opt for the most appropriate method for their companies.

#### 2.1.2.3. Verifiability

This qualitative characteristic supports the principal quality of faithfulness. Verifiability enables the user to be sure that the accounting information gives a true and fair view of the various economic phenomena that it should normally reveal. It assumes that different independent auditors, having examined the accounting information, can reach similar conclusions. Accordingly, Igalens (2004) argues that the main objective of verifiability is to provide assurance that a judgment can be made about the quality of accounting information, while at the same time describing the confidence that an independent auditor places in it.
For the IASB, this verifiability is inherent both in the direct verifiability of the value communicated (object verifiability) and in the indirect verifiability of the appropriate use of valuation and presentation techniques (process verifiability). These two types of verifiability are carried out by an independent verifier, generally an external accounting and financial auditor, who will pass judgment on the quality of the accounting information.

#### 2.1.2.4. Understandability

Also known as intelligibility, this qualitative characteristic means that accounting information must be accessible to the user. It must be explicit, clear and concise. According to the IASB/FASB common conceptual framework, information is understandable when it is classified, defined and presented in a clear and concise manner. This quality enables the user to understand the meaning of the information (Obert, 2007).
However, intelligibility presupposes that the user of accounting information already has a reasonable knowledge of economic activities (commercial, financial, managerial, etc.), and is willing to study said information with a certain level of diligence. The recipient of such information can be distinguished by a number of attributes: the nature of the decision to be made, the mechanisms used, the information already available or that can be made available, their motivation and their know-how in exploiting said information. Thus, the usefulness of information depends on the link between the information-user-decision triptych. This is where accounting information comes into its own.

### 2.2. The national framework

The Moroccan accounting standards are based, on the one hand, on law no. 09-88 relating to the accounting obligations of merchants (amended and supplemented by law no. 44-03) and, on the other hand, on the General Accounting Standards Code (GASC). Both standards call for a certain number of qualitative characteristics of accounting information, which appear in one and are eclipsed in the other.
Indeed, while the GASC puts forward a multitude of qualitative attributes, such as true and fair view, regularity, relevance, reliability and comparability, accounting law has preferred to opt

[6] *The company may depart from this principle if it can justify that the new method is preferable to the old one. The justification for such a change of method must be fully disclosed in the financial statements (notes) for the year in which the change takes place.*

solely for the concept of true and fair view. The latter was first introduced in Morocco via the GASC, then followed by law no. 9-88 on the accounting obligations of merchants. Thus, Moroccan accounting law makes no mention of the other qualitative characteristics cited by the GASC: they have doctrinal value, but not legal value.
Furthermore, a simple comparison with French accounting law, the source of inspiration for Moroccan law, shows that French accounting legislation combines the concepts of true and fair view, regularity (compliance with applicable rules and procedures) and fairness (application of these rules and procedures in good faith). Regularity is an obligation of means, while fairness is a moral obligation. In Morocco, neither the GASC nor law no. 09-88 refer to the concept of fairness as a qualitative characteristic of accounting information. We believe that this choice is mainly due to the fact that fairness is more a quality attributed to individuals than to information. In fact, some authors, such as Colasse (2015), believe that the assessment of fairness should be aimed not at accounting documents but at the managers responsible for producing them. It should be noted that, although the concept of fairness is absent from the two Moroccan accounting standards, other laws refer to it for specific entities and in various contexts. The following table gives an idea of the use of the three concepts (true and fair view, regularity and fairness) in Moroccan legal texts.

***Table 1: Moroccan legal texts referring to the concepts of regularity, fairness and true and fair view***

| Legal Text | Concept Retained | Article |
|---|---|---|
| Law No. 24-83, related to cooperatives | Regularity and fairness | Article 73 |
| Law No. 09-88, related to the accounting obligations of merchants (amended and supplemented by Law No. 44-03) | True and fair view | Article 11 |
| Law No. 15-89, related to the profession of chartered accountant | Regularity and fairness | Article 1 |
| Dahir enacting Law No. 1-93-211, related to the stock exchange (September 21, 1993) | Regularity | Article 72 |
| Dahir enacting Law No. 1-93-212, related to the CDVM and information required from legal entities making APE (September 21, 1993) | Fairness | Article 17 |
| Dahir enacting Law No. 1-93-213, related to OPCVM (September 21, 1993) | Regularity and fairness | Article 100 |
| Law No. 17-95, related to public limited companies | Regularity, fairness, and true and fair view | Article 175 |
| Law No. 05-96, related to general partnerships, limited partnerships, joint-stock partnerships, limited liability companies, and silent partnerships | True and fair view | Article 107 |
| Law No. 17-99, enacting the insurance code | Regularity, fairness, and true and fair view | Article 137 |
| Law No. 69-00, related to state financial control | Regularity | Article 2 |
| Law No. 41-05, related to collective real estate investment schemes | True and fair view | Article 7 |
| Law No. 103-12, related to credit institutions | Regularity<br>Fairness | Article 182<br>Article 100 |
| Law No. 130-13 (Organic Finance Law) | Regularity, fairness, and true and fair view | Article 31 |
| Order of the Minister of Youth and Sports No. 1100-16 of April 6, 2016 enacting the standard statutes of sports associations | Regularity and true and fair view | Article 37 |

***Source: Author***

ISSN: 2658-8455
Volume 5, Issue 8 (2024), pp. 518-532.


To sum, we can say that Moroccan accounting standards are increasingly inspired by international standards (IASB/FASB), in order to meet international requirements in terms of the quality of accounting information.

## 3. The quantitative optics by the researchers

While international and national accounting standard-setters have preferred a qualitative perception of accounting information, the research community has followed a purely quantitative approach to identifying such information. Thus, the researcher leaves aside the qualitative specifications that accounting information should normally represent, and choses to mobilize a set of measurable indicators to achieve this objective.

One of the first indicators of this kind is the earning response coefficient (ERC). The purpose of this indicator is to examine the link between accounting results and the financial market, i.e. the interactions between an endogenous variable such as accounting results and an exogenous variable such as the share price. Teoh and Wong (1993) speak of assessing the correlation between firms' unusual accounting results and the abnormal evolution of their stock prices.

Researchers such as Dechow & al (2010) have identified a link between the accounting results reported by companies and the information used by investors on the stock market to evaluate the securities they are likely to buy.

Other researchers, such as Casta and Stolowy (2012), recognize that the earnings response coefficient leads the investor in the financial market towards an assessment of the level of accounting information relevance. In his study, Ciftci (2010) used this coefficient to measure the information content or relevance of accounting earnings for the financial market, in other words, the impact of a unit of accounting earnings on stock market profitability. Thanks to this coefficient, the author was able to associate the financial market's profitability with the publication of earnings and non-expected earnings.

Theoretically, this coefficient is based on the theory of market efficiency, which postulates that stock prices are only a reflection of the information available on the financial market (Fama, 1970), and consequently, a quality accounting result can only be considered if it is related to financial market prices (Vidal, 2008). If we take the work of Wilson (2015) as an example, we can see from his conclusion that firms that manipulate annual accounts and thereby affect the quality of accounting information have a below-average earnings response coefficient, which shows the correlation between these variables.

The results response coefficient is not the only indicator proposed in the literature. Other indicators of accounting information quality also exist. For example, the indicator measuring the correlation between cash flows and earnings has been mentioned in several works, such as those by Jones (1991), Barth & al. (2001), Cohen (2003), and many others, who recommend that the accounting results reported by firms are considered to be of high quality if they take into account future economic benefits in the form of future cash flows.

Such an approach is based particularly on the question of the time lag that remains between said cash flows and accounting results. This time lag is the result of the basic accounting assumption, referred to as accrual accounting, laid down in the general accounting standard, which aims to better reflect the company's economic reality in the annual financial statements. In this way, taking into account such a periodic time lag between commitment transactions and cash transactions will lead the company, using the accounting results, towards a better forecast of future economic benefits. Deferred charges are a good example of this type of reasoning.

Dechow (1994, 1998) has shared this line of reasoning in his various research studies, considering that forecast cash flows provide better predictability based on current earnings, compared with present cash flows. Thus, if the relationship between these two flows is weak,

we can deduce an indication of a deterioration in the quality of the accounting information communicated by the firm.
Alongside authors who have adopted a unidimensional approach, using a single criterion to assess the quality of accounting information, other authors have opted for a multidimensional approach, using several criteria at the same time. This is the case of Lang & al (2005), Barth & al (2008), Dechow & al (2010), Gaio (2010) and many others.
Barth & al (2008), for example, opt for a triptych of criteria for assessing the quality of accounting information. These include the relevance of information, earnings management and loss recognition. For the first criterion, the authors use the earnings response coefficient. For the second criterion, they are interested in detecting whether the firm uses earnings management as a specific form of accounting manipulation of the company's results. The last criterion is the recognition of losses in time, detected by the redundancy of significant loss-making results. The fact that this redundancy is deemed significant facilitates the timely recognition of losses (neither too early, nor too late), and thus the presumption that accounting information is of good quality.
Following the example of Barth & al (2008), Dechow & al (2010) have also opted for a triptych measure of the quality of such information, referring to the following three criteria: earnings properties, investor reaction to earnings and external indicators of earnings errors. The first one comprises a multitude of yardsticks, the most significant of which are abnormal accruals, representing the supreme index of earnings management detection, and the earnings smoothing criterion. The investor reaction indicator is estimated via the earnings response coefficient. The last criterion refers to the disciplinary and regulatory measures provided by the SEC, the American stock market regulator, or to the fragility of the firm's internal control system.
In the study carried out by Francis & al (2004), accruals are again used as an indicator of the accounting information quality, alongside other measurement indices such as the predictability of results, the sustainability of results, etc. Francis & al (2004) argue that, in order to assess investors' perception of the accounting information quality, we need to examine the correlation between these different indices and the cost of capital. Their research validates this hypothesis for almost all the criteria they have chosen. According to them, once investors express reluctance regarding the quality of accounting information, the cost of capital tends to increase significantly. It is the same case for Ball & Shivakumar (2005), studying the accounting information quality for the U. K. private firms, using to assess it via timeliness of loss recognition, conservatism in earnings and accrual quality.
Francis & al (2004) work has been developed by Gaio (2010), using seven indicators to measure this quality, and dividing them into two classes: accounting attributes (accrual quality, earnings persistence, earnings predictability and earnings smoothing) and market attributes (the combination of relevance/reliability as the informational unit of earnings, timeliness/up-to-dateness of earnings and earnings conservatism).
As for Leuz & al (2003), they chose a different path, based on an analysis of the link between the regulatory framework protecting investors and the quality of accounting information. The authors opted for criteria such as earnings smoothing, the ratio of accruals to cash flows, the extent of accruals and the avoidance of small losses, in order to assess the quality of accounting information. The same reasoning was adopted by Lang & al (2005), in pursuit of the same objective of correlating the two aforementioned variables, opting for the criteria of earnings smoothing, earnings manipulation aimed at bypassing thresholds, loss detection and information relevance.
For some recent studies, like those of Ahiawodzi & Afrifa (2022), Alruwaili & al (2023), Hafez & Al-Kayed (2023), Dinh & al (2023), Chulkov & Wang (2023) and others, they used different indicators to evaluate the accounting information quality. Indeed, for example, Alruwaili & al (2023) study investigates the impact of IFRS adoption on the disclosure quality and firm-specific

ISSN: 2658-8455
Volume 5, Issue 8 (2024), pp. 518-532.


characteristics in the Saudi Stock Market. They analyzed data from 184 Saudi listed firms over the period 2016 to 2020. To assess the financial reports quality, they used comparability, transparency and relevance. It is about the three characteristics which are going to be improved by the IFRS 18[7].

Ahiawodzi & Afrifa (2022) chose another way to evaluate the accounting information quality. Through their empirical study, they investigate the relationship between corporate governance practices and earnings management in Ghana, using various measures of accounting information quality like board diversity, ethical standards, transparency stakeholder engagement and compliance with laws and regulations (adherence to legal standards and industry regulations).

Brief, although the two accounting actors (standard-setters and researchers) have postulated divergent perspectives, we can note points of convergence for certain accounting specifications, especially when it comes to the characteristic of relevance. The following table provides a summary framework for both perspectives:

***Table 2: Summary of indicators for assessing the accounting information quality***

| Perspective | Actor (Standard-setter / Researcher) | Assessment indicators |
|---|---|---|
| **Qualitative perspective (Standard-setters)** | International Standard-setter (IASB / FASB) | **Basic Indicators:**<br>• Relevance<br>• Faithfulness.<br>**Supporting Indicators:**<br>• Timeliness<br>• Comparability<br>• Verifiability<br>• Understandability |
| | Moroccan Standard-setter | • Regularity<br>• True and fair view |
| **Quantitative perspective (Researchers)** | Jones (1991)<br>Cohen (2003) | Future cash flows |
| | Leuz & al (2003) | • Earnings smoothing<br>• Correlation between accruals and cash flows<br>• Magnitude of accruals<br>• Avoidance of small losses |
| | Francis & al (2004) | • Accrual quality<br>• Earnings persistence<br>• Earnings predictability<br>• Earnings smoothing<br>• Relevance<br>• Timeliness of earnings<br>• Conservatism of earnings |
| | Ball & Shivakumar (2005) | • Timeliness of loss recognition<br>• Conservatism in earnings<br>• Accrual quality |
| | Lang & al (2005) | • Earnings smoothing<br>• Earnings management through thresholds<br>• Loss recognition<br>• Relevance |

[7] *IFRS 18 replaces IAS 1 Presentation of Financial Statements. It incorporates many of the provisions of IAS 1 unchanged. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, but earlier application is permitted. The resulting changes will depend on companies' current presentation methods and information systems.*

| | | |
|---|---|---|
| | Barth & al (2008) | • Earnings response coefficient<br>• Use of earnings management practices<br>• Loss recognition |
| | Dechow & al (2010) | • Earnings properties<br>• Investor reactions to earnings<br>• External indicators of earnings errors |
| | Cifti (2010) | Earnings response coefficient |
| | Gaio (2010) | • Accounting attributes (e. g. Asymmetric timeliness)<br>• Market attributes (e. g. Stock return volatility) |
| | Ahiawodzi & Afrifa (2022) | • Board Diversity<br>• Ethical Standards<br>• Transparency<br>• Stakeholder Engagement<br>• Compliance with Laws and Regulations (adherence to legal standards and industry regulations) |
| | Alruwaili & al (2023) | • Comparability<br>• Transparency<br>• Relevance |

***Source: Author***

Thus, standard-setters and researchers use plenty of endogenous and exogenous indicators to assess the accounting information quality. We can talk about two complementary approaches.

## 4. Conclusion

Defining the quality of accounting information is justified by its role in economic life, and by the virtuous circle that quality information is supposed to initiate. At the begininig, the accounting information quality was perceived as the truthful quality or what we can call "upstream quality", which is measured in relation to standards scientifically established by the standard-setters, in order to contribute to an overall balance that is binding on all (in the accounting field, market efficiency and optimal allocation of financial resources). For example, in the USA, fairness is based on the definition of accounting principles: fairness is associated with the search for accounting truth in the construction of a company's economic reality. But does accounting truth exist? What is the cost of achieving it? Is there an acceptable level of quality for this truth? Is it the same for everyone, given the variety of users and their expectations? There are many potential users of accounting information (Burlaud, 2022): actual or potential investors, the financial analysts, commercial partners (suppliers and customers), bankers or bondholders, company employees, tax authorities, etc.

Thus, a subjective quality appears, what we can also call "downstream quality". Faced with divergent needs, the company decides to select a single protagonist of this economic life, who guides its activity through the expectations it must satisfy: the investor. Quality is therefore a contract between the company and this protagonist, in reference to the principal of the agency relationship, who can suffer from the opportunistic behavior of management. His expectation is that he will receive quality information that will enable him to make an investment decision. Richard (2010), for example, sees accounting as a subjective discipline, since it is shaped by a subject with power according to his or her concerns. Thus, accounting, according to such reasoning, is an image configured by the postulate of the predominant stakeholder. The notions of users and needs are only there to create a rational framework that justifies not only the established norms, but also the choices made by managers when creating the representation of the company's reality. For this reason, from one group of users to another, the hierarchy of qualitative characteristics varies, as empirical studies show. This subjectivity results from the different degrees of importance of each qualitative characteristic (Alruwaili & al, 2023). This is why researchers proposed a variety of indicators to assess this quality, in order to satisfy different users of accounting information, but overall, the investor.

Furthermore, the fairness of representation through compliance with accounting principles, introduced by standard-setters, is understood in the sense of fairness between stakeholders: the representation constructed is a basis for dialogue. This reasoning gives rise of the "total quality" of accounting information, which must unite different actors: standard-setters, stakeholders and researchers. We admit that the quality of accounting information is a legitimate expectation on the part of the investor, and results as much from accounting standards as from the internal workings of the company. This latest evolution in the meaning of accounting information quality, after imposing the investor as the main protagonist, now conveys, more globally, a specific governance model that seems to be accepted by all, despite the changes it implies.

In Morocco, the accounting information quality has received little attention, since the General Accounting Standards Code is not really a conceptual framework, and the interpretation of the "true and fair view" principle is still too ambiguous, especially in the absence of a legal definition. However, efforts to define the notion of quality are still ongoing, as demonstrated by the current project of the Ministry of the Economy and Finance who recently proposed a draft law (April 2024) on consolidated financial statements, aimed at improving the quality of group accounting information by aligning with IFRS. According to Article 5 of this bill, publicly-traded companies will be required to present their consolidated financial statements in accordance with IFRS.

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