

# Analysis of Ukraine's accounting transformation through the New Institutional Accounting



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# Introduction




Today the International Financial Reporting Standards (IFRS) has become universal language in accounting. It is reported that vast majority of countries worldwide require or allow usage IFRS.

At the same time there are a lot of researches questioning whether adoption of international standards really taken place, due to institutional differences between jurisdictions.

# New institutional accounting (NIA) theory

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The New Institutionalism is a recent development in organization theory with great relevance to accounting research. New institutionalists view accounting practices as one of a larger set of features that can legitimize organizations through construction of an appearance of rationality and efficiency.

# Analysis of Ukraine`s transformation through the prism of the NIA



It may begin with simple question:

“Why did Ukraine try to adopt international standards at all?”

- ☞ Firstly, there was no need to independently create something already existing.
- ☞ Secondly, standards give clarity in reporting and so attract foreign investments.
- ☞ Thirdly, it would allow local companies to quote shares on foreign stock exchange.

# How transformation went, looking through the lens of NIA?



In Ukraine there are no strict mechanism of implementation and no market-based reporting motive so far in place, which are important components of NIA. Consequently it may be concluded that it is not enough to conduct adoption just on technical level, because intense changes on institutional level are needed. After adoption of IFRS it is under the same type of pressure that created previous standards and therefore, reporting in Ukraine remains unchanged and just only new technical rules are applied.

# Conclusion



To improve situation it is necessary to aim on aligning of institutional aspect of the issue. Incentives, enforcement and complementarities of reporting are connected and need to be considered together. To ensure reliable reporting it should come together with powerful enforcement incentives.

For all jurisdictions with an institutional infrastructure similar to Ukraine's it is the best to strengthen management's reporting incentives and enforcement mechanisms.

Thank you for  
attention!!!

