

IFRS ADOPTION AND STOCK PRICE DELAY: THE CASE OF ROMANIA

Andra Maria ACHIM (NASCA)¹

Adriana TIRON-TUDOR²

Abstract: *The International Financial Reporting Standards (IFRS) are gaining more and more importance at the global level and determine a series of changes in the national economies. The intended benefits of the IFRS adoption consists in increasing the comparability and transparency of the financial reporting, reducing information asymmetry in capital markets, attracting foreign capital and decreasing the cost of capital. The aim of this research is to assess whether there is any impact of the IFRS adoption upon the informational efficiency of the Romanian stock market. We quantify the informational efficiency of the stock market through the stock price delay. Starting from 2012, all the Romanian listed companies on Bucharest Stock Exchange should report their individual financial statements using IFRS. We divide the time horizon into two sub-periods: ex-ante (2005-2010) and ex-post (2011-2014) IFRS adoption. This way we can capture the impact of IFRS adoption on the behavior of the stock prices. Using econometric models, we test if the IFRS adoption has caused some changes in the incorporation of the available information into the stock prices. The results show that the stock price delay is greater in the post-adoption period, as compared to the pre-adoption period. We conclude that IFRS adoption in Romania had a negative influence on the incorporation of information into stock prices. The results of our study might be of great interest to the policy standard setters as these organizations can define and learn from the policies adopted and applied.*

Keywords: IFRS adoption, stock price delay, capital market, informational efficiency, financial reporting, accounting quality.

JEL Classification: M41, M48

¹ Babes-Bolyai University, Faculty of Economic Studies and Business Administration, Cluj-Napoca, Romania, E-mail: andra.achim@econ.ubbcluj.ro

² Babeş-Bolyai University, Faculty of Economic Studies and Business Administration, Cluj-Napoca, România.