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Accounting quality and countries institutional characteristics: Evidence from multinational firms

Nizar Berrim¹, Imen Ghadhab^{2*} and Hamza Nizar³

¹ Sousse University, Tunisia.

² University of Tunis, BESTMOD Laboratory Institut Supérieur de Gestion, Tunisia

³ Sousse University, Tunisia.

Abstract

This paper provides an original evidence regarding the dynamics of cross-listing in the United States and accounting quality. Using a sample of non US firms cross-listed in the US, we show that cross-listing improves accounting quality. We also find that the positive impact of cross-listing on accounting quality is stronger for firms from countries with weaker institutions. Finally, we find that accounting quality following cross-listing in the United States translates into better investment efficiency. Our results are robust to endogeneity concern.

Keywords: Cross-listing, Accounting quality, Bonding theory.