

# The need to be “financially bilingual”

## US GAAP vs IFRS

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# I. INTRODUCTION

## INTERNATIONAL TOPICS

This presentation contains information, in addition to the material prepared and provided by the professor, from:

1. Elizabeth A. Gordon, Temple University, Jana S. Raedy, University of North Carolina, Alexander J. Sannella, Rutgers Business School, ©2016, Pearson | ISBN13: 9780132162302
2. Donald E. Kieso, Jerry J. Weygandt, Terry D. Warfield, Intermediate Accounting, 16th Edition
3. March 2016, ©2016
4. Doupnik T. and Perera H. INTERNATIONAL ACCOUNTING- CONT4029 (Custom Edition by Prof. Aida Lozada and Prof. Carmen Ríos. McGraw-Hill, 2014. ISBN 9781308235059.
5. Timothy, D., Finn M., Gotti, G. and Perera, H. 5ed. INTERNATIONAL ACCOUNTING. Mc Graw Hill 2020, New York.
6. J. David Spiceland, James Sepe, Mark Nelson, Intermediate Accounting, 6th edition, McGraw-Hill, 2014. ISBN-13: 978-0077614065 ISBN-10: 0077614062
7. Other: Official Websites

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# INTERNATIONAL PERSPECTIVE

## READING #1: HOW TO DEVELOP A GLOBAL MINDSET

By Cheryl Meyer / January 16, 2018

[https://www.journalofaccountancy.com/news/2018/jan/how-to-develop-a-global-mindset201717417.html?utm\\_source=mnl:extracredit&utm\\_medium=email&utm\\_campaign=13Mar2018](https://www.journalofaccountancy.com/news/2018/jan/how-to-develop-a-global-mindset201717417.html?utm_source=mnl:extracredit&utm_medium=email&utm_campaign=13Mar2018)

## READING #2: THE GLOBAL MINDSET INVENTORY

The Global Mindset Inventory (GMI) is the premier assessment tool developed by Thunderbird to help determine a global leader’s ability to better influence individuals, groups, and organizations unlike themselves. The GMI is designed to measure the Global Mindset profile of the survey-taker using an integrated, scientifically verified framework with a specific set of attributes and characteristics. Link: <https://thunderbird.asu.edu/facultyand-research/global-mindset-inventory>

## READING #3: BREAKING THE MIRRORS

[Aida Lozada](#)

## READING #4: INTERNACIONAL INTELLIGENCE

[Aida Lozada](#)

*“Having many stamps in  
your passport  
doesn’t mean you have a  
global mindset”*

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## GLOBAL MINDSET INVENTORY: 3 CAPITALS

global  
social  
psychological

**READINGS**

## WORK ENVIRONMENTS:

multicultural  
cross-cultural  
intercultural

**READINGS**

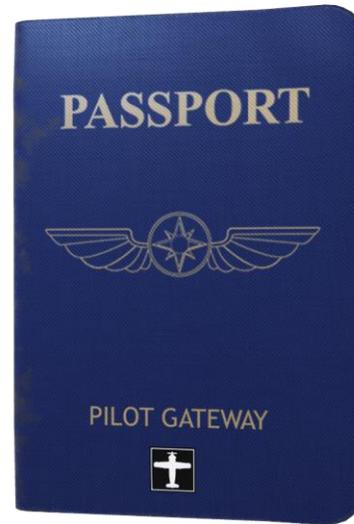
## BILINGUAL

*Mentally, Financially and Culturally*

## INTERNACIONAL INTELLIGENCE

international capital  
cultural capital  
culture of self awareness  
cultural worldview  
monocultural  
Inter- cultural sensitivity  
Inter- cultural competence

*Traveling around the world: Yes, you can do it!!!*



*“LIFE IS A JOURNEY: ENJOY”*

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## **ASSESSMENT ACTIVITY**

### ***1. HOW TO DEVELOP A GLOBAL MINDSET***

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## II. BACKGROUND AND CONCEPTS

INTERNATIONAL

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# GLOBALIZATION

Globalization has transformed technological, economic, social and cultural aspects worldwide, has fueled the increase in communication and has unified international markets. It is an entrepreneurial process that has changed laws, customs, communication and ideologies.

In accounting terms, it has modified the way in which companies disclose their information to the user.

Thesis, Dr. Lozada

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### Globalization is achieved through:

1. Exporting
2. International licensing
3. International joint ventures
4. Wholly owned international subsidiaries
5. Global sourcing
6. Partnership
7. Investment abroad
8. Trading (shares ) and other investments
9. Exchange Capital (resources, human knowledge)
10. Etc.

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# MNE

The **search for opportunities** and foreign capital has forced companies to disclose a large amount of information. These changes have caused the proliferation of multinational companies (MNE). The MNE have had the opportunity to import and export their products and services, promoting integration and commercial exchange at the international level. An interaction of the participants in the various capital markets develops that fosters reciprocity of **information**, increases **international commercial transactions** and **increases the number of users** of financial statements.

Thesis Dr. Lozada

### Multinationality index

**(geographical distribution of sales, assets and employees)**

1. foreign assets / total assets
2. foreign sales / total sales
3. foreign employment / total employment

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## **MULTINATIONALITY: PERSONAL INDEX**

### **1. How Many Countries Have You Visited**

**Countries Visited   ?   / 190 (Average Country Numbers) =**

### **2. How Many Countries Have You Visited**

**Countries You Plan to Visit   ?   / 190 (Average Country Numbers) =**

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### Commercial triangle- “Triad”

The United States, Japan and the European Union have the largest number of multinational companies.

### Increase in commercial and international transactions

(ie: FDI) is due to the liberalization of investment laws in many countries.

### Increase in Cross - listing

\*Practices to trading shares in different Stock Exchanges internationally.

\*acquire local currency and buy other assets

\*have access to financial resources and opportunities that are only accessible to local companies.

## Advantages of internationalization (Companies)

Increase Income

Reduce costs (raw material, labor, etc.)

Maintain competitive advantage

Gain competitive advantage (emerging markets)

Create a new (unique) market

Protect your market

Acquire resources (new technology, knowledge, etc.)

Free yourself from local restrictions (import quotas)

Obtain financing (capital and debt)

Competing in the stock markets

Risk diversification

Obtain tax advantage

Exploit natural resources

Maintain dominance or control of the market

## Internationalization challenges

Adaptation

Risks (political, exchange rates, economic, etc.)

Language

Adaptation to culture

Establish transfer prices (intercompany sales) to reduce taxes internationally.

Double compliance

Greater control

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## MNE MUST CONSIDER THE FOLLOWING

### SOCIAL FACTORS

1. Norms
2. Attitudes
3. Culture
4. Environments rules

### POLITICAL AND ECONOMICS FACTORS

1. Government Structure
2. Laws
3. Public Policies
4. Administrative Rules
5. Economic Policies
6. Healyh Policies
7. Educational Policies
8. Homeland Security
9. Demographics Data
10. Employment Percentage
11. Infraestructure
12. Technology
13. Exchange Rate
14. Inflation
15. Distribution Channels
16. GDP
17. Technology
18. Innovation
19. Local Risks
20. Quality Control Rules

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### Forms of internationalization (Types of investment)

\*Export

\*Foreign Direct Investment (FDI) (possession and control of assets abroad) Manufacturing Plant.

\*Mergers and Acquisition

\*Build new companies (FDI: Green Field Investment)

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**Did you know?**

**9 of top 20**

**global companies in terms of sales are from  
U.S.**

Kieso, Weygandt, & Warfield, 17ed

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## Global Companies in Terms of Sales

Rank	Company	Country	Revenues (\$ millions)	Rank	Company	Country	Revenues (\$ millions)
1	● Wal-Mart Stores	U.S. ●	\$509,343	11	● Apple	U.S. ●	\$229,234
2	State Grid	China	348,903	12	Samsung Electronics	South Korea	211,940
3	Sinopec Group	China	326,953	13	● McKesson	U.S. ●	208,357
4	China National Petroleum	China	326,008	14	Glencore International	Switzerland	205,476
5	Royal Dutch Shell	Netherlands	311,870	15	● United Health Group	U.S. ●	201,159
6	Toyota Motor	Japan	265,172	16	Daimler	Germany	185,235
7	Volkswagen	Germany	260,028	17	● CVS Health	U.S. ●	184,765
8	BP	U.K.	244,582	18	● Amazon.com	U.S. ●	177,866
9	● ExxonMobil	U.S. ●	244,363	19	EXOR Group	Italy	161,677
10	● Berkshire Hathaway	U.S. ●	242,137	20	● AT&T	U.S. ●	160,546

Kieso, Weygandt, & Warfield, 17ed / 2019

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**Your thoughts...**

*"I am not going to work for a Multinational Company (MNE),  
I will stay in PR at a local company"*

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**LOOK THIS...**

# REAL JOB OFFER: January 2020



## Employment Positions:

1. **International** Account Payable Clerk
2. **International** Account Receivable Clerk

“act local

but

think international”