

Does a move to IFRS help or hurt smaller businesses and entrepreneurs?

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Abstract

Small businesses and entrepreneurs have been the back bone of this nation's economic growth since our founding fathers signed the Declaration of Independence in 1776. Internationally, small businesses are also important to the global market. You will find that most of our nation's larger companies were once small businesses that were started by entrepreneurs. A few notable examples are Google, Microsoft, and EBay. A small business is an independently owned and operated company that has a limited number of employees. In the United States, a small business is a company that is operating with less than 100 employees. In the European Union, it is a company operating with less than 50 employees. Often, small businesses face a variety of problems that causes it to fail at the beginning. Some of the problems encountered are insurance costs, energy costs, and taxes. If they are asked to change to International Financial Reporting Standards (IFRS) from their countries' GAAP, they will have to also figure out how to prepare their financial statements different than before. So we will ask, does a move to IFRS help or hurt smaller business and entrepreneurs?