

## Conditional Conservatism in Regulatory and Corporate Standards in Brazilian Electrification Cooperatives

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### AUTHORS

**Paulo Vitor Souza  
de Souza<sup>1</sup>**

Universidade Federal  
do Paraná (UFPR),  
Brasil  
paulovsouza@ufpr.br

**Gabriela Mel dos  
Santos Rêgo**

Universidade Federal  
do Pará (UFPA), Brasil  
gabriela.rego@icsa.  
ufpa.br

**Priscila Pontes  
Nunes**

Universidade Federal  
de Pernambuco  
(UFPE), Brasil  
priscilapontesnunes@  
gmail.com

1. Contact Author: Prefeito  
Lothário Meissner Avenue,  
632. Jardim Botânico,  
Curitiba – PR, Brasil. CEP:  
80210-170.

*Conservadurismo Condicional en los Estándares Regulatorio y Societario en Cooperativas de Electrificación Brasileñas*

*Conservadorismo Condicional nos Padrões Regulatório e Societário nas Cooperativas de Eletrificação Brasileiras*

*This study analyzes conditional conservatism in regulatory and corporate financial statements of Brazilian electrification cooperatives, using data from ANEEL (2011-2022) from 36 cooperatives. The Ball and Shivakumar (2005) model of conditional conservatism was applied using fixed-effects regressions. The results showed significant differences: the regulatory standard presented a more optimistic perspective, while the corporate standard was more conservative. The quality of accounting information varies according to the accounting standard, impacting the perception of conservatism. This study is useful for regulators and cooperatives, expanding the understanding of the quality of accounting information in electrification cooperatives.*

*Este estudio analiza el conservadurismo condicional en los estados contables regulatorios y societarios de cooperativas de electrificación brasileñas, utilizando datos de ANEEL (2011-2022) de 36 cooperativas. Se aplicó el modelo de conservadurismo condicional de Ball y Shivakumar (2005) mediante regresiones de efectos fijos. Los resultados mostraron diferencias significativas: el estándar regulatorio presentó una perspectiva más optimista, mientras que el estándar societario fue más conservador. La calidad de la información contable varía según el estándar contable, lo que impacta la percepción del conservadurismo. Este estudio es útil para los reguladores y los cooperativistas, ampliando la comprensión de la calidad de la información contable en cooperativas de electrificación.*

*Este estudo analisa o conservadorismo condicional em demonstrativos contábeis regulatórios e societários de cooperativas de eletrificação brasileiras, utilizando dados da ANEEL (2011-2022) de 36 cooperativas. O modelo de Ball e Shivakumar (2005) de conservadorismo condicional foi aplicado com regressões por efeitos fixos. Os resultados mostraram diferenças significativas: o padrão regulatório apresentou uma perspectiva mais otimista, enquanto o padrão societário foi mais conservador. A qualidade das informações contábeis varia conforme o padrão contábil, impactando a percepção de conservadorismo. Este estudo é útil para reguladores e cooperados, ampliando a compreensão da qualidade da informação contábil em cooperativas de eletrificação.*

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## 1. Introduction

The regulation of economic sectors aims to protect consumers from potential monopolistic exploitation and can be exercised by regulatory agencies, which seek to ensure benefits to the society that consumes essential services (Parker, 2002; Stigler, 1971). In the Brazilian context, regulatory agencies play a fundamental role in mitigating political and ideological influences by contributing to the maximization of social welfare (Antonelli et al., 2018; Holanda & Coelho, 2020).

The electric sector, as a provider of essential resources for the functioning of society, requires state intervention to ensure fair prices and quality in the services provided (Andrade & Martins, 2017; Ferreira et al., 2021). The creation of the National Electric Energy Agency (ANEEL) in Brazil aimed to regulate and supervise companies in the electric sector to ensure sustainability, fair remuneration for investors, and adequate tariffs for consumers (Andrade & Martins, 2017).

A particularity of companies regulated by ANEEL is the obligation to present financial statements based on different accounting standards, which are divided into two distinct accounting systems: regulatory and corporate (Ferreira et al., 2021; Ribeiro & Silva, 2017). This accounting duality can generate discrepancies in the recognition and measurement of accounting elements such as assets, liabilities, revenues, and expenses (Ferreira et al., 2021).

In this regulatory and accounting environment, electric cooperatives emerge as a viable alternative for providing energy to rural areas and promoting the socioeconomic development of these regions (Scheffer et al., 2021). The main difference of electric cooperatives is their collective decision-making process, which involves members who participate in deliberative decisions democratically (Scheffer et al., 2021). These entities are governed by ANEEL and, therefore, are subject to the same regulatory norms as other companies in the sector. Consequently, cooperatives may face unique challenges in preparing and presenting financial statements due to their particularities.

In this context, the quality of accounting information is fundamentally important for effective decision-making, especially because that regulation can have on financial statements (Moraes et al., 2019). Accounting conservatism, through the timelier recognition of losses compared to gains, emerges as a relevant measure of informational quality, particularly in environments where the credit market plays a significant role (Ball & Shivakumar, 2005).

The analysis of the effects of different accounting standards on the quality of accounting information in the electric sector reveals a gap in the literature, with few studies addressing this particularity comprehensively. While research such as that by Flores and Lopes (2019) indicates that the adoption of international accounting standards in Brazil negatively affected the relevance of accounting information in electric distribution companies, studies conducted by Ferreira et al. (2021) and Souza et al. (2024) suggest that information prepared under the corporate standard is more relevant compared to information under the regulatory standard in companies in the Brazilian electric sector.

### KEYWORDS

**Electrification  
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Conditional  
Conservatism;  
Economic  
Regulation;  
Corporate  
Standard;  
Regulatory  
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### PALABRAS CLAVE

**Cooperativas de  
Electrificación;  
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### PALAVRAS-CHAVE

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This discrepancy highlights the complexity of the relationship between different accounting standards and the quality of accounting information in the specific context of electric companies in Brazil. Given this scenario, the present research aims to investigate whether conditional conservatism in electrification cooperatives differs between regulatory and corporate financial statements, considering the nuances of the regulatory and accounting environment in which these entities operate.

Investigating the behavior of conditional conservatism in electric cooperatives allows for a deeper understanding of how they operate within regulatory and corporate contexts, highlighting their role in providing electric services in rural areas and their impact on the socioeconomic development of these regions. By analyzing the differences in conditional conservatism between regulatory and corporate financial statements of electrification cooperatives, the study can provide valuable insights to improve sector regulation, ensuring better consumer protection and greater transparency in the accounting information presented by companies in this industry.

The study contributes to theoretical development by exploring the application of the concept of conditional conservatism in a specific context, such as electric cooperatives, as it can open new perspectives and research areas within the field of accounting and economic regulation. Therefore, by understanding how differences in accounting standards affect conditional conservatism in electric cooperatives, managers of these entities can make more informed strategic decisions aimed at operational efficiency, financial sustainability, and compliance with regulatory obligations.

## 2. Theoretical Framework

### 2.1. Regulation and the Role of Regulatory Agencies

The economic regulation of public services results from the need to protect consumers from monopolistic exploitation (Parker, 2002). Therefore, regulation can be sought or imposed on a sector, as it is designed and operated to benefit the society that consumes essential services (Stigler, 1971).

In Brazil, regulation is carried out through regulatory agencies, which aim to regulate a specific matter, seeking to mitigate political and ideological influences in their activities (Antonelli et al., 2018). Thus, as Holanda and Coelho (2020) state, the presence of regulatory agencies can reduce or prevent political interference in a sector, thereby maximizing society's welfare.

Organizations belonging to sectors providing public utility services require high investment for their operation, resulting in few companies exploiting such activities. Therefore, economic regulation aims to ensure that services are offered to consumers in a fair manner, avoiding the imposition of excessive prices (Siotis et al., 2023). Sectors that provide public utility services, such as fuels, electricity, telecommunications, and transportation, most need organization based on regulation. In this context, it is necessary to create regulatory agencies to grant public services, ensuring adequate supervision and establishing specific regulatory standards (Hinterleitner et al., 2024).

Therefore, from the perspective of Public Interest Theory of Regulation, regulation should be guided by collective interest, so that correcting market failures results in benefits for service consumers and society in general. However, the Economic Theory of Regulation posits that regulation is established to benefit smaller but more organized interest groups, such as the industry, while larger and more diffuse groups, such as consumers, would be disadvantaged (Stigler, 1971).

Observing these perspectives, it is notable that regulation can contribute both to achieving collective benefits, according to Public Interest Theory of Regulation, and to serving the interests of specific groups to the detriment of the collective, according to Economic Theory of Regulation. These reflections are interesting to observe, especially in specific sectors with available information.

## 2.2. Electric Sector and Report Disclosure

Electricity is a vital resource for the functioning of society's activities, and its proper supply can enhance a population's welfare (Ferreira et al., 2021; Li et al., 2024). Therefore, given its importance, there is a need for state intervention to seek, through regulation, fair prices and quality in the provision of electricity services (Andrade & Martins, 2017).

The National Electric Energy Agency (ANEEL) was created to regulate and supervise companies in this sector through public policies aimed at ensuring the sector's sustainability, fair remuneration for investors, and affordable tariffs for consumers (Andrade & Martins, 2017). However, Brazilian companies regulated by ANEEL have a peculiarity related to the mandatory presentation of their financial statements based on two accounting standards, through regulatory and corporate accounting (Ferreira et al., 2021).

Thus, as Ribeiro and Silva (2017) point out, regulatory accounting was instituted to meet regulatory needs and concepts. However, as Brugni et al. (2012) state, regulatory and corporate financial statements can present observable differences in the recognition and measurement of various accounting elements, such as assets, liabilities, revenues, and expenses, by concessionary companies. Therefore, financial statements presented in regulatory and corporate forms exhibit divergences arising from the accounting process (Flores & Lopes, 2020; Ferreira et al., 2021; Souza et al., 2024).

## 2.3. Electric Cooperatives

The distribution of electricity is an essential public service for society, and its demand is increasing. Faced with these needs, some electricity concessionaires in Brazil have offered services collaboratively through electrification cooperatives (González et al., 2023).

Electrification cooperatives emerged due to the need to make the concession of electricity in rural areas viable. Investment in these areas, through infrastructure for electricity distribution, was neither viable nor attractive to other electricity concessionaires, as building electric networks would be required, and this market was not considered profitable (Scheffer et al., 2021; Yadoo & Cruickshank, 2010). Thus, to reduce the electrification deficit, especially in rural areas, electric cooperatives emerged in Brazil (Kowalski et al., 2010).

Electrification cooperatives play an important role in society by providing electricity to more remote areas and can consequently foster the socioeconomic development of these regions (Scheffer et al., 2021). Thus, these entities can set up, build, and operate their own plants, acting as producers or distributors of electricity, with activities that can have significant environmental impacts (Kowalski et al., 2010).

Through electrification cooperatives, the users, or members, invest their own resources in building electric networks, making them more involved in the organization (Scheffer et al., 2021). In this context, Munaretto and Corrêa (2016) comment that, compared to other societies, cooperatives have several standout points, such as: non-profit orientation, as net surpluses are returned to members; equal rights and obligations of members; service provision to members; and the member is both a user of the service and the owner of the cooperative.

Scheffer et al. (2021) point out that the main difference of electric cooperatives is their collective decision-making process, as members participate in deliberative assemblies. Thus, cooperatives can offer some benefits compared to other entities, such as resource sharing; combination of competencies; sharing of burdens; sharing of risks and costs in exploring new opportunities; and offering superior quality services to society (Campos et al., 2016).

Electric energy cooperatives are regulated by ANEEL in the same way as other companies in the sector, and are subject to the same rules (Silva et al., 2024). Thus, these entities must also prepare their financial statements based on the standards established by ANEEL, through regulatory and corporate accounting (Ferreira et al., 2021). Therefore, it becomes important to verify whether the information provided in these statements is of quality by analyzing information in the regulatory and corporate domains and identifying if there are differences in these quality levels.

## 2.4. Information Quality and Conditional Conservatism

The quality of accounting information can be affected by the regulatory environment, either positively, due to increased monitoring, or negatively, through the discretion existing in the regulation process. Quality information is understood to be that which can provide advantages to a decision-maker (Morais et al., 2019).

Accounting conservatism represents a measure of informational quality, where there is unequal recognition in a company's accounting, through a tendency to recognize losses timelier than gains (Jarva & Lof, 2024; Souza & Morais, 2024). Basu (1997) points out that the tendency to recognize bad news (losses) more promptly than good news (gains) related to a company's future cash flows is called conditional conservatism.

Conservatism is an important attribute in establishing contractual relationships between the company and its creditors, who aim to ensure the minimum conditions for fulfilling obligations (Ball & Shivakumar, 2005). Thus, according to Ball et al. (2000), conservatism can increase the efficiency of contracts by reducing optimistic management through the timelier presentation of negative results. Therefore, conservatism is a quality measure used in environments where the credit market is a constant source of financing for organizations (Ball et al., 2000).

When analyzing the behavior of measures representing accounting informational quality, it is noted that some studies have observed the quality under different accounting standards from both regulatory and corporate perspectives. The studies by Ferreira et al. (2021) and Souza et al. (2024) examined the relevance of accounting information under both standards and found that information from corporate statements tends to have greater relevance, while regulatory information tends to be less relevant. Therefore, a distinct behavior between these standards is observed in electric companies.

The topic of conservatism in accounting information is contentious in academia, with differing views on its impact on information quality. Some argue that conservatism improves the accuracy of financial reporting (Ahmed et al., 2013), while others believe it undermines neutrality and increases information asymmetry (Wang, 2013). Studies by Vale and Nakao (2017) and Daryaei et al. (2022) suggest that conservatism can reduce earnings quality and be exploited by executives for higher compensation, thus negatively affecting the overall quality of accounting information. Based on the above, since conservatism is a proxy representing the quality of accounting information, and considering that electric companies, including cooperatives, present statements with distinct accounting standards (Ferreira et al., 2021; Souza et al., 2024), serving different needs (Ribeiro & Silva, 2017), the following hypothesis were delineated:

*H1: The level of conditional conservatism in electrification cooperatives is lower in corporate financial statements.*

*H2: The level of conditional conservatism in electrification cooperatives is higher in regulatory financial statements.*

### 3. Research Methods

#### 3.1. Sample and Data Collection

The information aiding this study in its objective to verify conditional conservatism in the financial statements of Brazilian electric cooperatives originates from the Economic-Financial Information Center of the National Electric Energy Agency (ANEEL). The Economic-Financial Information Center of ANEEL presents information related to 49 electric cooperatives from 2011 to 2022. The criteria adopted for the exclusion of observations are listed below in **Table 1**:

**Table 1. - Sample Selection Criteria**

Specification	Quantity
Electric cooperatives during the analysis period	49
(-) Companies not recurring in all analyzed periods	(13)
(=) Final Sample	36

Source: Prepared by the authors

According to the criteria for reaching the final sample, 13 companies were excluded due to the listed criteria, resulting in 36 analyzed cooperatives. The conditional conservatism model used requires two lags in the analyzed variables (t-1 and t-2) due to the analysis of information variation from one period to another and the variables with a lag. Therefore, the years 2011 and 2012 were excluded from the analysis, leaving the years 2013 to 2022 for the research. Thus, 360 observations were analyzed, deriving from the 36 companies over 10 years.

It is noteworthy that information from a regulatory perspective was only available from 2015 onwards, and according to the model, data from 2017 onwards were used, covering a total of 6 years, with 216 observations analyzed based on regulatory statements.

### 3.2. Conditional Conservatism – Ball and Shivakumar (2005)

Conditional conservatism is understood as a behavior where the decision-maker tends to recognize bad news more promptly than good news by timely recognizing losses over gains (Basu, 1997). Therefore, conservatism represents a conduct where there is an imbalance between losses and gains, tending to recognize losses in advance. Ball and Shivakumar (2005) developed a model that relates the timely recognition of losses to the organization's negative cash flows, meaning conservatism represents poor economic performance in the company's current period. The model proposed by Ball and Shivakumar (2005) is represented by the equation:

$$\Delta SL_{it} = \beta_0 + \beta_1 D_{it-1} + \beta_2 \Delta SL_{it-1} + \beta_3 Cons. + \varepsilon_{it} \quad (1)$$

Where:

$\Delta SL_{it}$  represents the variation in the cooperative's net accounting surplus from year t-1 to year t;  $D_{it-1}$  represents a dummy variable indicating whether there is a negative variation in the cooperative's net accounting surplus from year t-2 to year t-1, taking a value of 1 if  $\Delta SL_{it-1} < 0$ ; and 0 otherwise;  $\Delta SL_{it-1}$  represents the variation in the cooperative's net accounting surplus from year t-2 to year t-1;  $Cons.$  represents the variable that represents the cooperative's conditional conservatism, through the interaction  $D * \Delta SL_{it-1}$ ; and  $\varepsilon_{it}$  represents the regression error term. All variables related to net income are weighted by the total asset value at the beginning of the period.

The information regarding the variables in the Ball and Shivakumar (2005) conditional conservatism model was obtained from the income statements of electric cooperatives under two different accounting standards, either based on regulatory or corporate standards.

Therefore, results were generated using variables based on distinct bases, meaning the result used for quantifying the variables is based on statements from the same company for the same period but under different accounting standards. Thus, the analysis of conditional conservatism in electric cooperatives will be conducted through an investigation aimed at identifying whether the quality of accounting information, measured by conservatism, differs between these two perspectives of information generation.



## 4. Research Results

### 4.1. Descriptive Results

The following presents results on descriptive statistics related to measures of position and dispersion of variables, through information on mean, standard deviation, minimum, and maximum. This information is presented in two distinct columns, representing information on the same variables but under two different accounting standards. See **Table 2**:

**Table 2. - Descriptive Statistics**

Variáveis	Regulatory Standard				Corporate Standard			
	Mean	Standard Deviation	Min	Max	Mean	Standard Deviation	Min	Max
$\Delta SL_{it}$	0.0103	0.0084	-0.1300	0.1776	0.0107	0.0067	-0.2076	0.3791
$D_{it-1}$	0.3889	0.0000	0.0000	1.0000	0.4139	0.0000	0.0000	1.0000
$\Delta SL_{it-1}$	0.0116	0.0090	-0.1300	0.1776	0.0133	0.0079	-0.2076	0.3791
<i>Cons.</i>	-0.0091	0.0000	-0.1300	0.0000	-0.0151	0.0000	-0.2076	0.0000

Source: Prepared by the authors.

Based on the data, the variation in the current net surplus, both in the corporate standard and the regulatory standard, is similar, with a positive mean and small differences close to the thousandths. Additionally, regarding the standard deviation, it is notable that information from a regulatory perspective tends to be slightly more dispersed than from the corporate standard, representing a small difference in the variation of information. However, when analyzing the minimum and maximum values of the variables related to current and past surpluses, it is evident that there are observable differences, as the regulatory standard has less total dispersion than the corporate standard.

Finally, when verifying the measures related to the dummy variable of negative net surpluses, it was observed that corporate information shows greater negative variations in net surplus compared to the regulatory standard. Lastly, the measure of conservatism shows observed differences concerning its mean and minimum values between both standards.

### 4.2. Diagnostic and Validation Tests

The behavior of the research data was analyzed through panel diagnostic tests and regression model validation tests. The panel diagnostic was conducted using the Chow, Breusch-Pagan, and Hausman tests. **Table 3** presents the value of the statistics for the tests:



**Table 3. - Panel Diagnostic Tests**

<i>Model 1 – Regulatory Standard</i>				
<i>Testes</i>	<i>H0</i>	<i>H1</i>	<i>Result</i>	<i>Model</i>
Chow	Pooled	Fixed Effects	p-value = 0.0001	Fixed Effects
Breusch-Pagan	Pooled	Random Effects	p-value = 0.0000	Random Effects
Hausman	Random Effects	Fixed Effects	p-value = 0.0167	Fixed Effects
<i>Model 2 – Corporate Standard</i>				
Chow	Pooled	Fixed Effects	p-value = 0.0037	Fixed Effects
Breusch-Pagan	Pooled	Random Effects	p-value = 0.0000	Random Effects
Hausman	Random Effects	Fixed Effects	p-value = 0.0038	Fixed Effects

Source: Prepared by the authors.

From the results presented in the table above, it is clear that for both regression models, whether for conservatism through regulatory standards or corporate standards, the fixed effects panel is the most suitable. Thus, the fixed effects panel model will be adopted.

Regarding the validation tests of the regression models, three tests were conducted to provide insights into the validity of the data: heteroscedasticity, through the White test; normality; and multicollinearity, through the Variance Inflation Factors (VIF). **Table 4** presents the results of the statistics for these tests:

**Table 4. - Panel Diagnostic Tests**

<i>Models</i>	<i>Heteroscedasticity Test</i>	<i>Normality Test</i>	<i>Multicollinearity Test</i>
	<i>p-value</i>		<i>VIF (range)</i>
Model 1	0.0966	0.0000	2.001 and 2.863
Model 2	0.0000	0.0000	1.871 and 2.251

Note: This table reports the results for the p-values of the tests for heteroscedasticity, normality, and multicollinearity of the residuals of the two panel regression models used in the study. Source: Prepared by the authors.

As observed in the table above, at a significance level of 10%, both models present heteroscedastic residuals, meaning it was necessary to correct the residuals for robust standard errors. Regarding the normality tests, for both models, it was observed that the test statistic was significant, indicating a lack of normality. However, considering the number of observations ( $N = 360$ ), the assumption of non-normality can be relaxed. Finally, the multicollinearity test resulted in values ranging from 1.871 to 2.863, indicating no evidence of correlation between the independent variables.

### 4.3. Regression Model Results

The regressions used to identify evidence of conditional conservatism in Brazilian electric cooperatives and whether there are differences between the regulatory and corporate accounting standards are presented below. **Table 5** presents two regression models, which differ only in the base statement for obtaining information.

**Table 5. - Panel Data Regressions – Dependent Variable –  $\Delta SL_{it}$**

<i>Variables</i>	<i>Model 1 - Regulatory Standard</i>	<i>Model 2 - Corporate Standard</i>
Constant	0.0194	0.0211
Dit-1 ( $\beta_1$ )	(0.0061)***	(0.0064)***
$\Delta SL_{it-1}$ ( $\beta_2$ )	0.0017	-0.0167
Cons. ( $\beta_3$ )	(0.0062)	(0.0078)**
N	-0.4579	-0.3512
R <sup>2</sup>	(0.1764)**	(0.1266)***
Panel	0.4987	-0.0837
HAC	(0.0931)*	(0.2401)*
	216	360
	0.16304	0.125684
	Fixed	Fixed
	Yes	Yes

Note: Values outside the parentheses represent coefficients, while numbers inside the parentheses represent standard errors; \*\*\*, \*\*, and \* represent significance levels of 1%, 5%, and 10%, respectively. Source: Prepared by the authors.

The variable representing the variation in the cooperative's net surplus from year t-2 to t-1 ( $\Delta SL_{it-1}$ ) was negative and significant in both models. This result indicates that there are timely recognitions of gains that may be reversed in subsequent periods.

For a better interpretation regarding the timely recognition of gains or losses, it is necessary to sum the coefficients  $\beta_2$  and  $\beta_3$ . If the value obtained from the sum is less than zero, it can be inferred that companies are adopting a conditionally conservative stance.

It was observed, from the results reported in **Table 5**, that there are evident differences in the existence of conservatism for electric cooperatives when their information is analyzed from different accounting statements. It was noted that summing the coefficients  $\beta_2$  and  $\beta_3$  of the conservatism model under the regulatory perspective resulted in 0.0408, a value above zero, representing an optimistic rather than conservative perspective of this information. This result allows the rejection of  $H_1$ .

On the other hand, under the corporate perspective, analyzing the coefficients  $\beta_2$  and  $\beta_3$  of the conservatism model resulted in -0.4350, a negative value below zero, indicating that the information disclosed under the corporate standard presents a conservative perspective on the results. This result allows the rejection of  $H_2$ .

This finding allows for the inference that within organizations, the same information presents different perspectives depending on the orientation given to the accounting statements. It is evident, thus, that in accordance with the observed accounting standard, the quality of the information provided changes, as in the Brazilian electric sector there are two distinct accounting standards, one for meeting regulatory demands and the other for meeting corporate requirements, the timeliness in recognizing gains or losses is altered according to the required standard.

#### 4.4. Results Discussion

The main results of the research demonstrate that there are differences in conservatism in electric cooperatives between the accounting information under the regulatory and corporate standards. Under the regulatory standard, there is a less conservative perspective, with companies tending to anticipate gains rather than losses. Conversely, under the corporate standard, companies display a more conservative outlook, anticipating losses over gains.

These findings challenge the perspective of previous studies, which reported that regulatory statements provide less relevant information than corporate statements, though in a different informational context. Additionally, the companies analyzed in the previous studies were profit-driven, whereas the companies in the current research are cooperative organizations, where the cooperative member serves as the principal and agent in an agency relationship. Therefore, it is observed that in cooperative companies, due to the lower informational asymmetry between principal and agent, there may be a greater incentive to meet the demands of the regulatory body by placing a stronger emphasis on the informational quality of regulatory statements. Therefore, as pointed out by Ferreira et al. (2021), divergences are observed in accounting oriented by regulatory and corporate standards, which also reflects on the quality of the statements. These findings are in accordance with the study by Morais et al. (2019), who pointed out that the quality of accounting information can be affected by the regulatory environment in which the company operates, in this case, the electric sector.

Additionally, it is notable that the results also converge with the findings of Ribeiro and Silva (2017), who pointed out that regulatory accounting was created to meet the specific needs of the regulator, meaning there is an incentive for information under the regulatory scope to be of higher quality. Ball et al. (2000) pointed out that conservatism can increase the efficiency of contracts by representing a reduction in managerial optimism, which is desirable in organizations. Thus, due to the lesser conservatism observed in regulatory reports, which aligns with greater information neutrality, there arises the possibility of identifying evidence of meeting specific regulatory needs.

Electric cooperatives are responsible for playing an important role in society by providing electricity to more remote areas, which denotes a high capacity to economically develop such regions (Scheffer et al., 2021). Considering the characteristics of a cooperative entity, related to the collectivism of cooperative agents in decision-making, it was expected that reduced informational asymmetry could result in more neutral information in these entities. However, it is notable that even in cooperative entities, there are differences in the quality of accounting information, which corroborates the results of Ferreira et al. (2021) and Souza et al. (2024), who identified differences in the relevance of accounting information in publicly traded Brazilian companies that are energy distributors.

Thus, it is noticeable that there is evidence converging with Stigler's (1971) Economic Regulation Theory, in which smaller interest groups, such as the industry itself, can have their interests met to the detriment of the collective. However, there is a question to be observed in cooperative entities, since the consumer is the cooperative member, which makes it interesting to analyze the distinct perspectives observed in the quality of information provided in regulatory and corporate scopes.

## 5. Conclusion

The analysis of conditional conservatism in the regulatory and corporate financial statements of Brazilian electric cooperatives reveals a significant duality. This study demonstrated that under the regulatory standard, cooperatives tend to adopt a more optimistic stance, whereas under the corporate standard, they exhibit a more conservative perspective. These differences highlight the significant influence of regulatory and corporate contexts on the quality of accounting information, which can directly impact the perception of conservatism in the results.

The findings of this study corroborate previous discoveries by suggesting that regulatory norms and accounting standards can shape the presentation of financial information, affecting its quality and relevance for investors and regulators. This research broadens the understanding of the quality of accounting information in electric cooperatives by providing valuable insights for regulators, investors, and managers regarding the interpretation of financial statements.

Additionally, by highlighting the divergences between accounting standards and their implications for conditional conservatism, this study contributes to theoretical development in the field of accounting and economic regulation. It also emphasizes the importance of considering these differences in formulating more effective regulatory policies to ensure better consumer protection and greater transparency in the accounting information presented by electric cooperatives.

By understanding how different accounting standards affect conditional conservatism, cooperative managers can make more informed decisions to ensure operational efficiency and compliance with regulatory obligations. This study underscores the continuous need for research and analysis in this field to promote more informed and responsible management in the electric sector.

Despite the significant results obtained in this study, it is important to recognize some limitations that may have impacted the analysis. One limitation is data availability, as the financial statements of electric cooperatives may have gaps or incomplete information. Additionally, the lack of standardization in the financial statements of cooperatives may have resulted in data heterogeneity, complicating direct comparisons between companies. The absence of uniformity in information may have also introduced bias in the analysis, affecting the accuracy of the results.

For future research, it is suggested to investigate ways to overcome these limitations by seeking alternative data sources or developing standardization methods for the financial statements of electric cooperatives. Moreover, expanding the scope of analysis to include a larger number of cooperatives and a longer and more comprehensive period could yield more robust and generalizable results. Another promising area for future research is exploring how differences in accounting standards affect other financial and operational performance metrics of cooperatives, beyond conditional conservatism.

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