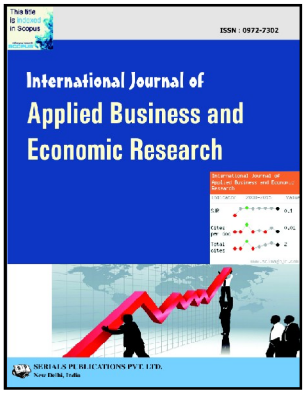

International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at http: www.serialsjournal.com

© Serials Publications Pvt. Ltd.

Volume 15 • Number 9 • 2017

IFRS Implementation–An Institutional Theory Perspective

Balwinder Singh[1] and Shivani Inder[2]

1 Chairman, Cost Accounting Standards Board, The Institute of Cost Accountants of India, Email: balwinder@costaccountant.in
2 Assistant Professor, Chitkara University, Punjab, India, Email: shivaniinderchopra@gmail.com

Abstract: Corporate Regulators in India have made it mandatory for Listed Entities and Other Large Entities to follow Accounting Standards (Ind AS) aligned with International Financial Reporting Standards from financial year 2016-17 and onwards, in phases. This study intends to review the literature for the challenges faced and perceived by corporates across different nations while implementing IFRS. Considering the theoretical framework of Institutional Theory, the study would attempt to bucket the factors under coercive, mimetic and normative isomorphism. The study would enable the policy makers to look out for the relevant grey areas where special attention is required to make IFRS implementation a success in an emerging economy like India.

Keywords: IFRS, implementation, Institutional theory, isomorphism.

JEL Classification: K34,M00, M41,M48.

International Financial Reporting Standards (IFRS) are Globally acceptable Standards of Accounting, prescribing principles of recognition of various financial transactions and theirreportingin financial statements. IFRS are issued by International Accounting Standards Board (IASB) which has been set up to formulate standards of accounting that are based on utmost clear principles and are understandable beyond geographical jurisdictions, thus ensuring their acceptability across the globe.

IFRS are increasingly being recognized as the Global Financial Reporting Standards. The process of convergenceof National Level accounting standards and accounting principles with IFRS has been started by various jurisdictions in the recent years.A large number of countries have already completed the process of adoption or convergencewith IFRS. Presently, IFRS are being followed by 116 countries. In addition, 24 countries have already formulated their strategies to converge their accounting standards with IFRS.

1. IFRS – A SHIFT IN INDIAN ACCOUNTING REPORTING SYSTEM

The era of globalization has made it possible for emerging economies to attract various multinational companies to establish their businesses in such jurisdictions. The globally accepted common accounting standards are required to understand financial statements in a commonly understood language. The implementation of IFRS is for better quality of financial information to shareholders and regulators. better access to Global Capital markets and easier Global Comparability. Further, IFRS implementation intends to eliminate Multiple Reporting, facilitate Global Market Listing and thus leading to reduced Cost of capital due to global access to funds.

Although, the way towards IFRS convergence brings various benefits attached to it, the number of challenges are also on the way to such implementation process. There are significant differences between Indian Accounting Standards and principles as compared to IFRS and further the deliberations and awareness on IFRS, the convergence process, the impact of IFRS on financial statements, etc is a major challenge. Lack of training and education, regulatory amendments, change in tax liabilities, re-negotiation of contracts due to variance in financial results under IFRS are major challenges in the implementation if IFRS in India. The corporate houses need to make necessary amendments in the accounting and information systems.

In India, the accounting professional body - The Institute of Chartered Accountants of India, the regulatory bodies - Securities and Exchange Board of India, Reserve Bank of India, Insurance Regulatory Development Authority and Ministry of Corporate Affairs have made it mandatory to follow Accounting Standards (Ind AS) converged with International Financial Reporting Standards. The commitment by India in G-20 has led to such mandate. In addition, International grant agencies such as - International Monetary Fund and World Bank force the implementation of IFRS

Walking on the same line, the study intends to review the factors and challenges involved in implementation of IFRS under the theoretical framework of Institutional Theory. We intend to discover the factors and challenges through narrative analysis on accounting literature. We have developed our research by considering various published papersthat are included in ProQuest Central database.

The theoretical framework under which different factors have been analysed are discussed in the following section. Thereafter, summary of papers reviewed have been provided.

2. THEORETICAL FRAMEWORK – INSTITUTIONAL THEORY

"Organisations need to achieve not only technical, operational efficiency but also social legitimacy" (Abernethy & Chua, 1996,pp.571). DiMaggio and Powell's (1983) institutional theory proposedthe theoretical framework of Institutional Isomorphism which focused on the rules and constraints leading towards the homogeneity of organizational structure. They stated that it is not the efficiency of the markets that leads to define organizational structures but the uncertainty and constraints imposed by state and professional institutions are the driving forces.

DiMaggio and Powell (1983) focuses on explaining the reasons behind the variation in different organisational structures and practices by focussing on the reasons underlying the explanation of homogeneity and not the variation in the organisational practices and structures. They state that in the initial years the organisations develop in the diversity and once the field(set of key suppliers, consumers, regulators, competitors) for the industry has been developed, the organisations tend to push themselves towards homogenization (DiMaggio and Powell 1983).

The theory tries to accommodate the process of homogeneity through the concept of 'Isomorphism'. Isomorphism is a "constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions."(DiMaggio & Powell, 1983).DiMaggio and Powell (1983) state that "at the population level, such an approach suggests that the organisational characteristics are modified in the direction of increasing compatibility with environmental characteristics, the number of organisations in a population is a function of environmental carrying capacity; and the diversity of organisational forms is isomorphic to environmental diversity."

Delineating the concept of Institutional isomorphism,the theory suggests that the corporates struggle for a better share of resources, customers, political power and legitimacy of institutions in order to secureits economic and socialhealth.

Institutional isomorphism basically explains the changes in the corporatethat leads towards the Institutional isomorphism. According to Institutional Theory, the mechanism for institutional isomorphism involves three basic components i.e. Coercive Isomorphism (expectations from society, government, law and holding companies), Mimetic Process (Uncertainty of environment leading to imitation) and Normative Pressures (pressures from professional institutions).

3. MEASURES OF ISOMORPHISM: CLASSIFICATION BASED ON INSTITUTIONAL ISOMORPHISM THEORY

Since the language of accounting has tried to harmonize the factors affecting the implementation of IFRS provided in the researchliterature, ithas been tailored in different forms of isomorphism to assess the challenges relevant to the industry and nation. In our study, we have identified the classification of isomorphism used in various research papersin order to ascertain significant forces impacting the adoption of IFRS as the new language of corporate reporting.

4. COERCIVE ISOMORPHISM

Coercive Isomorphism represents the influences (formal as well as informal) exerted on corporates by other organizations having power cropping up from resource dependency and legitimacy concerns. Scott(2001,p.170) has specifically mentioned this as an ultimatum to “Confirm, either now or latter!”. Armstrong (2008) examined the investor’s expectations (through three day market adjusted returns to a portfolio of publicly traded European firms) regarding the net cost or benefits of IFRS adoption in Europe. He observed a positive reaction towards the increase in the likelihood of IFRS adoption indicating that the event of IFRS adoption would lead to the surpassing of costs by the benefits

It has been argued that the benefits from capital market would accrue only when the implementation of IFRS has been provided with strong reporting incentives from the institutional environments and when there are strict enforcement regimes (Daske et.al, 2007).

Cortese & Irvine (2010) studies the role of powerful oragnisations and the coercive forces inthe process offormulation of international accounting standards under the phenomenon of “black box”. It is a metaphor which is used for accounting standard setting process that consider the interaction of social factors and complexities. The black box process is difficult to measure empirically and involve the lobbyists interaction with the standard setters in order to shape the conclusion of the regulatory process. This concept enables the recognition of latent lobbying activities that shape the nature of accounting standard setting. Black box concept infers the factors affecting the standard setting process into two categories i.e unseen influences and visible inputs. Unseen influences include the lobbying activities, whereas the visible input involve exposure drafts of accounting standards, putting opinions through industry coalition.

Coercive Isomorphism has relevance in accounting field as various international grant agencies make it necessary for the recipient state, i.e, developing countries to follow International Financial Reposting Standards. (Mir & Rahaman, 2005; Nurunnabi, 2015). Some states contend that some of the IFRS are not understandable even by the issuer. It is utmost important to consider the cultural as well as environmental factors as these are significant for adoption. Exhibit 1 summarizes different factors recognized by the researchers under coercive isomorphism.

Exhibit 1: Factors identified under Coercive Isomorphism

- Pressure, from western forces and from international aid organizations. (Ashraf and Ghani, 2005; Alfredson, Leo, Picker, Pacter & Wise, 2007; Irvine, 2008, Judge et al., 2010 and Hassan et al., 2012)
- Resource dependence - Dependence on Govt and other agencies for accessing resources in the market (Hassan et al., 2012)
- Public expectations for conformity - perception of public of better governed foreign companies. (Hassan et al., 2012, Guerreiro et. al., 2012)
- Access to funds through global capital markets and direct foreign investment, (Irvine, 2008; Naoum et.al., 2011; Sofocleous & Clark, 2011; Hassan et al., 2012;)
- Governmental Pressure due to membership of WTO (Hassan et al., 2012)
- Compliance to International Accounting Standards for quality of its capital market (Hassan et al. 2012)
- Pressure from Govt for improvement of corporate governance (Hassan et al., 2012)
- Openness to international trade (Hassan et al. 2012)
- Dominant role of globally active auditing firms in international standard setting (Botzem, 2012; Guerreiro et al., 2012)
- Compliance with the demands of external institutions. (Scott, 2001; Guerreiro et al., 2012)
- International interests and Membership of IFAC, IOSCO and G-20, specifically organisations in accounting which are related to IASB (Hamidaha et. al, 2015)
- Pressures of institutions such as Stock Exchanges, Securities and Exchange Commission,accounting professional bodies, IASB and donor agencies like the World Bank and IMF (Nurunnabi,2015)
- Conformity and Enforcement by Regulators (Maguire & Hardy, 2009; Scott, 2001; Alon & Dwyer, 2016)

4.1. Mimetic Isomorphism

Mimetic Isomorphism represents the pressures on the company to imitate other successful organisations in the industry. It suggests that organisations tend to imitate the proved successful corporate practices of big organizations because of the uncertainty. Uncertainty stems from poor or improper understanding of the organisational technologies, ambiguity in goals etc.Brüggemann, Hitz & Sellhorn (2012) suggeststhe benefits arising from implementation of IFRS would be limited by the limitations of the institutional environment in which an entity operatesand entity level incentives.Therefore, entities attempt to mimic other organisations in similar field that are considered as more legitimate (Dimaggio & Powell, 1983).Exhibit 2 summarizes the factors identified by the research literature and come under the preview of the mimetic isomorphism.

Exhibit 2: Factors identified under Mimetic Isomorphism

- Desire to advance like the trade partners, multinational corporations and alignment with accounting profession. (DiMaggio & Powell, 1983; El-Gazzar, Finn, & Jacob, 1999; Hassan et al. 2012)
- Symbolic adoption of IFRS for following governance and investor protection regimes. (Hassan et al., 2012; Borker, 2012)

- Cooperation of International Accounting Standards Board (IASB) with governments and regulators, and other regional and international organizations. (Hassan et al., 2012)
- Company's institutional context has high levels of environmental uncertainty and interconnectedness (Kanthapaint et. al., 2011; Guerreiro et. al., 2012)
- Influence of identical institutions (Guerreiro et. al., 2012)
- Exhibit of cultural values (such as statutory control, uniformity, conservatism and secrecy) associated with the development of accounting systems (Borker, 2012)

4.2. Normative Isomorphism

Normative Isomorphism refers to the pressures which stem from the professionalism. Professionalism has been elaborated as "the collective struggle of members of an occupation to define the conditions and methods of their work, to control "the production of producers" and to establish cognitive base and legitimation for their occupational autonomy." (DiMaggio and Powell, 1983; p. 152). Professionalism can be further bifurcated into formal education and professional networks across organisations. Formal education refers to the skills developed by universities and professional networks across organizations that indicate towards the professional associations leading the promulgation of the normative rules about the behaviour of the professionals. Exhibit 3 summarizes the challenges and factors contributing to normative isomorphism by the researchers.

Exhibit 3: Factors identified under Normative Isomorphism

- Funding to education sector esp. accounting education. (Hassan et al., 2012)
- Amount of Accounting Training. (Hassan et al., 2012; Laga, 2013; Yeow & Mahzan, 2013)
- Adequacy of information content of the roadmap for successful implementation of IFRS (Isa, 2014)
- Adequacy of information dimensions on education and awareness creation of IFRS. (Isa, 2014)
- High cost of transition and project planning is a key challenge in IFRS adoption (Sudalaimuthu & Jesintha, 2011; Isa, 2014)
- IFRS education and appropriate accounting technology (Chamisa, 2000; Madawaki, 2012; Siaga, 2012, Isa, 2014)
- Legal protection of investor and development of financial markets (Guerreiro et. al., 2012)
- Political environment, economic and social institutions involving professionals impact adoption of IFRS (Chua & Taylor, 2008; Borker, 2012;Hamidaha et. al, 2015)
- Inadequate training, corruption, education, quality of newly qualified auditors are negative factors (Laga, 2013; Kanakraju, 2015; Nurunnabi,2015)
- Investor Protection, Countries Level of Accounting & Auditing Enforcement (Ahmed, Chalmers & Khlif, 2013)
- Dominance of International Accounting Firms through excess dependence and reliance on explanations of accounting provisions in IFRS given by Big 4 firms (Hoogendoorn, 2006; Albu, Albu, Pali-Pista, & Vladu, 2011; Ahmed, Chalmers & Khlif, 2013, Alon & Dwyer, 2016)
- The cultural dimensions(like, professionalism vs. statutory control, uniformity, flexibility, secrecy, transparency prevailing in the BRICS economies (Broker, 2012)

The existing research conducted in various countries on adoption of IFRS provides evidence that institutional theory has a firm pathway for its significance in the implementation of IFRS. The study intends to identify the pressures prevailing in the Indian accounting information system under the framework of Institutional Isomorphism theory.

5. CHALLENGES IN IFRS IMPLEMENTATION – A LITERATURE REVIEW

On the basis of study of selected research papers, we find that researchers have provided mixed results on the challenges faced by different countries across the globe while adopting IFRS. Exhibit 4 tries to capture the evidences on the factors affecting implementation of IFRS in different countries.

Exhibit 4: Evidences on the factors affecting implementation of IFRS

Study	*Year*	*Country*	*Aim of the study*	*Findings*
Bedia, D. D.; Patodi, K.	2016	India	To examine the benefits of adopting International Financial Reporting Standards (IFRS) by Indian entities and the effects on companies' segment reporting.	IFRS provides an opportunity to the users of financial statements to examine the performance from the senior management perspective and facilitates the users of financial statements to examine the control by its senior decision makers
Manganaris, P.; Spathis, C.; Dasilas, A.	2015	European Union (all financial companies listed in EU stock markets)	To ascertain the change in the value relevance of accounting information after the mandatory IFRS adoption.	IFRS does not improve the quality of information for the French origin companies. IFRS have a positive effect on the quality of information of both earnings and book values of German and Scandinavian companies. Companies with English origin demonstrate stability or even deterioration in its value relevance.
Sovbetov, Y.	2015	United Kingdom (80 largest firms are selected from FTSE 100 index)	To study the impact of IFRS adoption on value relevance in the UK and key financial indicators of firms	IFRS has positive impact on value relevance. The aftermath of TEST-B rejects the H02 hypothesis for all profitability ratios (ROE, ROCE, ROA, and PM) and gearing ratios (GR). It concludes that profitability and gearing ratios are affected by IFRS adoption, whereas efficiency-liquidity ratios are not.
Oliveira, J. S.; G. M. C. Azevedo; Oliveira, M. J. F.; Almeida, S. G. M.	2015	Portugal	To examine the quantitative impact of the first-time adoption of the Portuguese Accounting Standardization System on individual annual reports of Portuguese unlisted companies in the cork and olive tree culture sector	Biological assets, inventories, liabilities, current ratio, and return on assets show significant changes. Cultural aspects and country enforcement regimes did not influence the adoption of IAS/IFRS-based accounting standards by Portuguese unlisted companies in the cork and olive tree culture sectors.
Hamidaha; Triyuwono, I.; Sukoharsono, E. G.; Djamhuri, A.	2015	Indonesia	To identify the major factors that could influence the consideration of International Financial Reporting Standards (IFRS) adoption by Vietnamese Policy makers.	IFRS adoption in Vietnam was under strong institutional isomorphic pressures; namely coercive, mimetic, normative isomorphism and legitimacy motives
Nurunnabi, M.	2015	Bangladesh	To study impact of cultural factors on the implementation of global accounting standards (IFRS) in Bangladesh	Pressures of coercive, mimetic and normative institutional isomorphism for the pursuit of legitimacy via social

(*contd... Exhibit 4*)

Study	*Year*	*Country*	*Aim of the study*	*Findings*
				expectations. Coercive isomorphism causes the most profound changes in inhibiting IFRS implementation.
Sodha, S. S.	2015	India	To identify the issues and significance in globalizing the accounting standards on various industries	IFRS will make financial business process smoother but at that the same it will raise the expense and need skilled work force to manage book keeping required to adopt IFRS
Kanakraju, K.	2015	India	To examine the impact of IFRS costs on introducing of IFRS in India. Namely transition costs and training costs.	100 percent of variation in training and IT costs was explained by the independent cost variables, and there was a significant difference between each variables and also highlights that cost incurred to make changes in the IT infrastructure compensation policies was more favorable towards the training and IT costs
Alon, A.; Dwyer, P. D.	2014	71 Countries	To examine factors that contributed to the early national-level adoption that occurred prior to broad global acceptance of IFRS	Countries with greater resource dependency, as evidenced by weak governance structures and weak economies, were the early adopters, despite absence of supportive infrastructure.
Seay, S.	2014	Georgia	To study the key reporting differences between IFRS and U.S. GAAP as reflected in a reporting entity's financial ratios, to study valuation models, consolidation standards, financial statement presentation, and disclosure requirements	• Higher potential revenues under IFRS; higher total assets; higher contingent liabilities • Potentially higher depreciation and amortization expenses under IFRS • Less expense related to development costs; extraordinary items prohibited • Lower cost of goods sold expense; higher ending inventories; potentially higher taxes • Reclassification; greater disclosure requirements; higher stockholders' equity
Isa, M. A.	2014	Nigeria (Survey of 140 accountants)	To assess the dimensions of IFRS transition roadmap information content and its adequacy in guiding IFRS transition in Nigeria.	The Nigeria's IFRS roadmap information content is not inclusive. There is inadequate IFRS education and appropriate accounting technology
Maigoshi, Z.S.	2014	Nigeria	To empirically evaluate impact of mandatory adoption of IFRS on accounting quality using the publicly quoted companies.	Developing nations should adopt IFRS astheir financial reporting standard as it is capable of increasing their accounting quality
Kilic, M.; Uyar, A.; Ataman, B.	2014	Turkey	To examine the effect of several factors such as experience, education level and preparedness of the accounting professionals on their perception of the IFRS for SMEs.	Experience has a significant positive variable and concluded that the cost of IFRS implementation exceeded its benefits. Lack of training was a significant negative variable.
Zehri, C.; Abdelbaki, A.	2013	74 developing countries (37	To identify explanatory factors in application of IFRS considering the	Variables like Culture, Existence of a capital market, Political system and

(*contd... Exhibit 4*)

Study	*Year*	*Country*	*Aim of the study*	*Findings*
		countries who have adopted IFRS, 37 countries which have not adopted as on 2008)	macro economic variables like culture, economic growth, status of capital markets, openness of economy, legal system and political environment.	Internationality, do not significantly impact the decision to adopt IFRS whereas the growth, legality and education level are the positive factors for the adoption of IFRS.
Ahmed, K.; Chakmers, K.; Khlif, H.	2013	30 Countries	To ascertain whether IFRS adoption increased financial reporting quality and improved analysts' information environment	IFRS adoption improves financial reporting information environment. IFRS assists analysts' in accurate forecast earnings, thus boost investor confidence.
DeFond, M.; Hung, M.; Li, S.; Li, Y.	2013	US Stock Exchange (10,220 firms, including 8,472 non-financial and 1,748 financial firms)	To test whether mandatory IFRS adoption affects firm-level 'crash risk,' defined as the frequency of extreme negative stock returns, both non-financial firms and financial firms.	Crash risk decreases among non-financial firms after IFRS adoption, especially among firms in poor information environments. Whereas, Crash risk does not change among financial firms after IFRS adoption, on average, but decreases among financial firms that are less affected by IFRS's fair value provisions, and increases among banks in countries with weak banking regulations.
Nafti, O; Boumediene, E.; Boumediene, S. L.	2013	France	To examine whether the adoption of IAS-IFRS increasesthe information content of financial statements and also to identify the key accounting variables that have beenaffected by this adoption.	Application of IAS-IFRS increases the information content. Dividends, long-term debts, equity,and revenue variables are most correlated with stock returns.
Laga, M.	2013	Libya	To identify the practical obstacles that may face the implementation of IFRS in Libya.	Adequate professional education and training, Strengthened Professional accountancy body and Review of existing laws and regulations framework of accounting may serve as useful inputs to facilitate the process of adopting and implementing of IFRS in Libya
Yeow, P.S.; Mahzan, N.	2013	Malaysia(Survey of 150 responses)	To examine external drivers that influence the preparedness of companies for IFRS convergence on the basis of Neo institutional theory by DiMaggio & Powell	Adequate resource and training, financial reporting systems changes, impact awareness, communication to external stakeholders and involvement of externalconsultants are the significant factors in IFRS implementation besides the push of enforcement mechanism
Bhatia, P.	2013	India(30 companies based on BSE-SENSEX and 50 companies based on NSE-NIFTY for 2010-11 & 2011-12.)	To study the challenges and risks specific to India in adoption of IFRS and compare profitability of companies converging its accounts as per IFRS and accounts made on the basis of Indian GAAPs	There are a number of challenges that India is likely to face while dealing with convergence with IFRS. Structuring of ESOP schemes, training of employees, tax planning, modification of IT system, compliance with debt covenants, investors understanding etc. No significant differences have been found in profitability of companies as per statistical tools, although differences in actual

(*contd... Exhibit 4*)

Study	*Year*	*Country*	*Aim of the study*	*Findings*
				figures of profits are material and it can affect the decision of any decision maker.
Marulkar, K. V.	2013	India	To study the challenges posed by the adoption of IFRS in India and particularly the role of academicians.	IASB, ICAI, Industry associations, Government and the regulators need to work collectively to ensure smooth convergence. Further, training to academicians about various intricacies of the IFRS is necessary to get their contribution in such implementation.
Rakesh H. M., Shilpa, R.	2013	India	To study the relationship between IFRS adoption and FDI and effect on Indian economy.	With adoption, Indian companies will produce more credible financial statements. They invariably boost investors' confidence and attract cross border financial transactions which is the basis for economic growth.
Kossentini, A.; Othman, H. B.	2012	50 Emerging Economies	To investigate the country-level effects of institutional pressures of isomorphic changes as well as economic network pressures on the extent of IFRS adoption in emerging economies.	Both coercive and mimetic isomorphism shows a strong and consistent positive effect on the level of IFRS adoption. Whereas strength of the accounting profession based on IFAC membership, representing the proxy of normative isomorphism, affects IFRS adoption negatively
Horton, J.; Serafeim, G.; Serafeim, I.	2012	IFRS adopting countries 8124 firms, out of which 2235 were first time adopter and 635 were voluntary adopters, for the time period from Dec 2001 to Dec 2007.	To examine the attributes of IFRS that cause improvement in information environment by analysing the forecast accuracy for mandatory and voluntary adoption.	Following the transition to IFRS, in case of mandatory adopters' quality of information environment increased significantly more relative to non-adopters and voluntary adopters. Mandatory setting firms are more likely to be affected by reporting externalities i.e. disclosure by one firm being useful in valuing other firms through intra-industry information
Jiao, T.; Koning, M.; Mertens, G.; Roosenboom, P.	2012	European Union	To study the impact of IFRS adoption on analysts and the effect of IFRS on the quality of reported earnings.	Ability of analysts to forecast earnings improved. Mandatory adoption of IFRS in Europe improved the quality of reported earnings as is reflected in more accurate analyst forecasts and more agreement about the interpretation of the company reports among analysts.
Cascino, S.; Gassen, J.	2012	Germany & France	To examine the effects of mandatory IFRS adoption on the comparability of financial accounting information	The overall comparability effect of mandatory IFRS adoption is marginal at best. Variance in the comparability effect of mandatory IFRS adoption is systematic with firm-level incentives, suggesting that only firms with high compliance incentives experience substantial increases in comparability
Guerreiro, M. S.;	2012	Portugal	To examine the effect of institutional pressures in voluntary adoption of IFRS	Subsidiaries of multinational corporations (resource dependence) and companies

(*contd... Exhibit 4*)

Study	*Year*	*Country*	*Aim of the study*	*Findings*
Rodrigues, L. L.; & Craig, R.			by unlisted companies in Portugal	belonging to industries that are more organized (organizational inter connectedness) are more likely to adopt IFRS voluntarily
Hassan, E.A.; Rankin, M.; Lu, W.	2012	Iraq	To analyze, from an institutional perspective, the decision to adopt International Financial Reporting Standards	IFRS adoption is in response to a combination of coercive, normative, and mimetic pressures. These pressures primarily emanate from the World Bank, capital markets, Big 4 accounting firms, trade partners, and multinational corporations.
Borker, D. R.	2012	Brazil, Russia, India and China	To analyze the culturally derived accounting orientations of four major e merging economies - Brazil, Russia, India and China, to identify accounting value dimensions most linked with IFRS and compare them with the results from the BRIC analysis.	Russia and Brazil exhibit cultural values associated with the development of accounting systems characterized by statutory control, uniformity, conservatism, and secrecy. This is opposite from the values proposed to represent the profile for IFRS, i.e., professionalism, flexibility, optimism and transparency. In the case of India and China, results are closer to IFRS value profile. However, neither reflects values entirely consistent with IFRS.
Wang, Y.; Campbell, M.	2012	China	To study the potential influence of IFRS on earnings management practices using Chinese domestically listed companies.	IFRS discourages earnings smoothing compared with China GAAP (Generally Accepted Accounting Principles) but encourages earnings aggressiveness. However, the evidence is rather weak. Study did not find strong evidence that implementation of IFRS reduced earnings management in Chinese companies; neither did it increase earnings management.
Sunita A. R.	2012	India	To study the Problems and Challenges faced by Indian Companies in the process and measures taken to address the Challenges	Measures taken by ICAI and other regulatory bodies give the positive idea that the country is ready for convergence. However, Corporates need to have constant updating and not only for the first time adoption.
Rudra, T.; Bhattacharjee, D.	2012	India	To examine the earnings quality of IFRS adopting firms.	Results contradict most of the previous findings based on developed countries by indicating that firms adopting IFRS are more likely to smooth earnings compared to non-adopting firms.
Bruggemann, U.; Daske, H; Homburg, C; Pope, P.	2011	31 Countries (Sample of 5,637 firms from 31 countries around the world collected, from Frankfurt Stock	To examine the impact of global IFRS adoption on cross-border equity investments by individual investors.	The collective IFRS adoption has the potential to reinforce cross-border equity investments by individual investors.

(*contd... Exhibit 4*)

Study	*Year*	*Country*	*Aim of the study*	*Findings*
		Exchange that contains information on trading volume in the Open Market for the period January 2002 to June 2008.)		
Pope, P. F.; McLeay, S. J.	2011	European Union	To discuss the implementation framework for IFRS in European Union	Firms and users do benefit from IFRS adoption. However, recognition, measurement and disclosure requirements of IFRS are not optimal for all types of firms and all stakeholder groups in all countries.
Paul, A.; Burks, E.	2011	United States Studied survey s conducted by AICPA, Price waterhouse Coopers and KPMG together.	To study the timeline of convergence of IFRS and its impact on Accounting education.	A) Of the respondents, 30% had no knowledge of IFRS. Only 10% had adopted IFRS or were actively preparing for adoption. B) Only a very small number are truly prepared. The major concerns for the initial implementation of IFRS were time and cost, complexity of conversion, and lack of in house talent-knowledge. C) University's administration did not appreciate thechanges needed, did not have an understanding of the efforts needed and did not see the need for allocating resources.
Naoum, V.; Sykianakis, N.; Tzovas, C.	2011	Greece Questionnaire Survey of 42 responses from large listed companies (out of 100)	To examine the cost benefit relationship from the financial managers point of view	IFRS implementation improved the quality of information and prospects of raising funds globally but on the flip side, the cost (personnel training costs, consultants' fees, preparation of two sets of accounts and costs to adjust existing information systems) was a challenge.
Kanthapanit, C.; Sofocleous, S; Clark, C.	2011	Thailand	To investigate the influence of the adoption of International Accounting Standards in Thailand on investment decision making by individual shareholders in the Stock Exchange of Thailand.	For making investment decision, Individual shareholders use following information in order of ranking : financial statements; relevance and reliability of accounting information; reputation; financial opinions; and impairment of assets. Chairperson and Director's report, Announcements on environment and policies and change of scope of company operations are other influencing factors.
Cai, F.; Wong, H.	2010	G8 Countries	To examine the relationship between IFRS adoption and the subsequent integration of the capital market among countries and to examine the effect of the	1) Adopting IFRS seems to reduce the diversity of accounting practices. 2) Efficient movement of capital across borders is reflected.

(*contd... Exhibit 4*)

Study	*Year*	*Country*	*Aim of the study*	*Findings*
			adoption of international financial accounting standards (IFRS) on global capital market integration.	3) All countries show greater integration with each other over time, compared to their non adopting counterparts, the IFRS adopting countries seem to enjoy a greater integration of their capital market after the IFRS adoption.
Li, S.	2010	European Union	To examine whether the mandatory adoption IFRS in the European Union in 2005 reduces the cost of equity capital.	Mandatory IFRS adoption significantly lowers firms' cost of equity, if a country has strong legal enforcement together with increased disclosure and enhanced information comparability
Guggiola, G.	2010	European Union	To analyze the key institutional facts related to IFRS adoption in theEurope.	Anglo-Saxon countries allow unlisted companies to choose between IFRS and local GAAP. Countries with "Creditor protection oriented" accounting systems have been more cautious, often maintaining local GAAP at least for individual accounts.
Kolsi, M. C.; Zehri, F.	2009	74 Emerging Countries (37 adopting IFRS and 37 non adopting)	To identify both micro and macro economic variables affectingthe decision to adopt IFRS by developing countries	Probability to adopt IFRS is consistent with both micro economic and macro-economic factors - culture, economic growth, educational system, common legal system. However, leverage ratio, political system, financial market, foreign operations and international listing status seem have no effect on the decision to adopt IFRS by developing countries.
Leventi, T.	2009	Global Market	To study in brief the impacts of the implementation of International Accounting Standards.	International harmonization of accounting standards did not exist in isolation but in a mosaic of complex sets of institutions, capital markets, stock markets etc.
Kinsey, J. P.; Jermakowicz, E. K.; Vongphanith, T.	2008	European Union (157 European firms that implemented IFRS in 2005	To examine the capital market consequences of European firms' mandatory adoption of IFRS, i.e., the value relevance of earnings and its information content and the influence by the legal system of the country in which firms are domiciled.	IFRS financial reports are more value relevant and informative, resulting in a lower cost of capital. IFRS adoption in European Firms resulted in decrease in Cost of equity capital and increase in value relevance and information content of earnings.
Armstrong, C.; Barth, M. E.; Jagolinzer, A. D.; Riedl, E. J.	2008	European Union (Events of 3,265 European firms)	To examine the European stock market reaction to events associated with the adoption of IFRS in Europe.	On average, investors in European firms reacted positively to events that increased the likelihood of adoption of IFRS, and negatively to events that decreased it. Further, equity investors expect that the benefits associated with IFRS adoption will outweigh the costs.
Wai Fong Chua, Stephen L. Taylor	2008	Australia	To examine the primary justifications (i.e., economic rationale) given for the increasing recognition to IFRS	Political and social considerations have played a key role in the development and diffusion of IFRS. Three popular economic rationales, transparency, quality and comparability, for the spread of IFRS all lack empirical support.

6. CONCLUSION

This study contributes to the literature by identifying the broader motives from the institutional isomorphism perspective. The research literature supports the argument the “to survive organisations need to achieve not only technical , operational efficiency but also social legitimacy” (Abernethy & Chua, 1996, p.571). It may be suggested that considering the theoretical framework of Institutional theory, the mandatory compliance by the organisations turn out to be a strategic response shaped under the factors operating under coercive, mimetic and normative isomorphism. Implementation of IFRS may be identified with the Scott’s ultimatium to “conform, either now or later!”.(Scott, 2001, p. 170). Thus, the study helps the policy makers to identify various factors that had an impact on the implementation of IFRS across the globe.

REFERENCES

Abernethy, M. A., & Chua, W. F. (1996), A field study of control system‘‘redesign’’: The impact of institutional processes on strategic choice. *Contemporary Accounting Research, 13, 569–606.*

Ahmed, K.; Chakmers, K.; Khlif, H. (2013), A Meta-analysis of IFRS Adoption Effects, *The International Journal of Accounting 48 (2013) 173–217*

Alfredson, K., Leo, K., Picker, R., Pacter, P., & Wise, W. (2007), Applying International Financial ReportingStandards, *Enhanced Ed. Milton, Australia: John Wiley & Sons.*

Alon, A.; Dwyer, P. D. (2014), Early Adoption of IFRS as a Strategic Response to Transnational and Local Influences, *The International Journal of Accounting, xx (2014) xxx–xxx*

Alon, A., Dwyer, P.D. (2016), SEC’s acceptance of IFRS-based financial reporting: An examination based in institutional theory, *Accounting, Organizations and Society, 48, 1-16*

Armstrong, C.; Barth, M. E.; Jagolinzer, A. D.; Riedl, E. J. (2008), Market Reaction to the Adoption of IFRS in Europe, *American Accounting Association and European Accounting Association Annual Congress*

Ashraf, J., & Ghani, W. I. (2005), Accounting development in Pakistan.*The International Journal of Accounting, 40, 175–201.*

Bedia, D. D.; Patodi, K. (2016), A Comparative Study of Segment Reporting Under AS-17 and IFRS 8: Empirical Evidence from India, *The IUP Journal of Accounting Research & Audit Practices, Vol. XV, No. 1*

Bhatia, P. (2013), Convergence of Accounting Standards with International Financial Reporting Standards in India: Impact on Profitability of Selected Companies

Borker, D. R. (2012), Accounting, Culture and Emerging Economies: IFRS in the BRIC Countries, *Journal of Business & Economics Research, Volume 10, Number 5*

Botzem, S. (2012), The politics of accounting regulation: Organizing transnationalstandard setting in financial reporting. *Edward Elgar Publishing*.

Bruggemann, U.; Hitz, J. M.; Sellhorn; Thorsten (2012): Intended and unintended consequences of mandatory IFRS adoption: A review of extant evidence and suggestions for future research, SFB 649 discussion paper, No. 2012-011

Bruggemann, U.; Daske, H; Homburg, C & Pope,P. (2011), How to Individual Investors react to Global IFRS Adoption?,*Lancaster University*. 1-46

Cai, F.; Wong, H. (2010), The Effect of IFRS Adoption on Global Market Integration.*International Business & Economics Research Journal, 9(10).*25-34

Cascino, S.; Gassen, J., (2012), Comparability effects of mandatory IFRS adoption, *SFB 649 discussion paper, No. 2012-009*

Chamisa, E. E. (2000), The relevance and observance of the IASC standards in developing countries and the particular case of Zimbabwe. *The International Journal of Accounting*, 35(2), 267-286.

Christensen, H. B.; Lee, E.; Walker, M. (2007), Cross-sectional variation in the economic consequences of international accounting harmonization: The case of mandatory IFRSadoption in the UK, *The International Journal of Accounting, 42 (2007) 341–379*

Chua, W. F.; Taylor, S. L. (2008), The rise and rise of IFRS: An examination of IFRS diffusion, Account. Public Policy 27, 462–473

Cortese, C. L.; Irvine, H. J. (2010), Investigating International Accounting Standard Setting: the black box of IFRS 6, *Research in Accounting Regulation, 22 (2), 87-95.*

Crawford, L.; Ferguson, J.; Helliar, C. V.; Power, D. M. (2013), Control over accounting standards within European Union: The Political controversy surrounding the adoption of IFRS 8, *Critical Perspectives on Accounting xxx (2013) xxx–xxx*

Daske, H., Hail, L., Leuz, C., & Verdi, R. (2008), Mandatory IFRS reporting around the world: Early evidence on the economic consequences. *Journal of accounting research*, *46*(5), 1085-1142.

DeFond, M.; Hung, M.; Li, S.; Li, Y.; (2013), Does Mandatory IFRS Adoption Affect Crash Risk?

Dhankar, R. S.; Gupta, A.; (2014), Transition to International Financial Reporting Standards (IFRS) or Ind AS in India, *Global Journal of Finance and Management. ISSN 0975-6477 Volume 6, Number 7 (2014), pp. 609-614*

DiMaggio, P.J. & Powell, W.(1983), "The iron cage revisited" institutional isomorphism and collective rationality in organizational fields, *American Sociological Review*, 48, 147-160.

DiMaggio, P.J. & Powell, W.(1991), "The New Institutionalism in Organisational Analysis"

Dimple (2014); Convergence with International Financial Reporting Standards: Challenges and Opportunities

El-Gazzar, S. M., Finn, P. M., & Jacob, R. (1999), An empirical investigationof multinational firms' compliance with International Accounting Standards, *International Journal of Accounting, 34, 239–248.*

Guerreiro, M. S.; Rodrigues, L. L.; & Craig, R. (2012), Voluntary adoption of International Financial Reporting Standards by large unlisted companies in Portugal—Institutional logics and strategic responses.*Accounting, Organizations and Society, 37, 482–499.*

Guggiola, G. (2010), IFRS Adoption in the E.U., Accounting Harmonization and Markets Efficiency: A Review, *International Business & Economics Research Journal, Volume 9(12)*

Hamidaha; Triyuwono, I.; Sukoharsono, E. G.; Djamhuri, A. (2015), The Hegemony of International Interests on IFRS Adoption in Indonesia: an Accounting Ecology Perspective, *Procedia - Social and Behavioral Sciences 211 (2015) 104 – 110*

Hassan, E.A.; Rankin, M.; Lu, W. (2014), The Development of Accounting Regulation in Iraq and the IFRS Adoption Decision: An Institutional Perspective, *The International Journal of Accounting xx (2014) xxx–xxx*

Hoogendoorn, M. (2006), International accounting regulation and IFRS implementationin Europe and beyond experiences with first-time adoption in Europe, *Accounting in Europe, 3(1), 23-26.*

Horton, J.; Serafeim, G. & Serafeim, I. (2012), Does Mandatory IFRS Adoption Improve the Information Environment?.*Contemporary Accounting Research.* 1-64

Irvine, H. (2008), The global institutionalization of financial reporting:The case of the United Arab Emirates. *Accounting Forum, 32, 125–142*

Isa, M. A. (2014), Dimensions of IFRS transition roadmap's information content in LDCs: A case of Nigeria International Conference on Accounting Studies, *ICAS 2014*

Jiao, T.; Koning, M.; Mertens, G. & Roosenboom, P. (2012), Mandatory IFRS adoption and its impact on analysts' forecasts, *International Review of Financial Analysis,*21, 56–63.

Kanakraju, K. (2015), Impact of IFRS Costs on Introducing of IFRS in India, *SIES Journal of Management, Vol. 11(1), 26-37*

Kanthapanit, C.; Sofocleous, S & Clark, C. (2011), Adoption of International Accounting Standards in Thailand: Influence on Decision Making of Individual Shareholders. *Global Review of Accounting and Finance ,*2(1), 18-28.

Kilic, M.; Uyar, A.; Ataman, B. (2014), Preparedness for and Perception of IFRS for SMEs: evidence from Turkey. *Accounting and Management Information Systems,* 13(3), 492-519

Kinsey, J. P.; Jermakowicz, E. K.; Vongphanith, T. (2008), Capital Market Consequences of European Firms' Mandatory Adoption of IFRS

Kolsi, M. C.; Zehri, F., The Determinants of IAS/IFRS adoption by emergentcountries

Kossentini, A.; Othman, H. B. (2012), A study of the institutional and economic determinants of IFRS adoption in emerging economies

Kaur, G.; Kumar, A. (2014), IFRS and India: Problems and Challenges*, Research Directions, ISSN:-2321-5488, Volume 1 , Issue 7*

Laga, M. (2013), Obstacles of Adoption and Implementation of IFRS in Libya, *Research Journal of Economics Business and ICT, ISSN: 2045-3345, Vol.8*

Leventi, T. (2009), The impacts of the implementation of International Accounting Standards, *MIBES.*, 423-429

Li, S., (2009), Does Mandatory Adoption of International Financial Reporting Standardsin the European Union Reduce the Cost of Equity Capital?,*The Accounting Review, Online*

Madawaki, A. (2012), Adoption of International Financial Reporting Standards in Developing Countries: The Case of Nigeria. *InternationalJournal of Business and Management,* 7(3): 152-161

Maguire, S., & Hardy, C. (2009), Discourse and deinstitutionalization: the decline ofDDT. *Academy of Management Journal, 52(1), 148-178*

Maigoshi, Z.S. (2014), The Impact of Mandatory Adoption of International Financial Reporting Standard on Accounting Quality in Nigeria.*Project Paper - Othman Yeop Abdullah Graduate School of Business, University Utara Malaysia*

Manganaris, P.; Spathis, C.; Dasilas, A. (2015), The Effects of Mandatory IFRS Adoption andConditional Conservatism on European Bank Values, *Journal of International Accounting, Auditing and Taxation*

Marulkar, K. V. (2013), Globalisation of Financial Reporting System through Implementing IFRS in India*, International Journal of Advance Research in Computer Science and Management Studies ISSN: 2321-7782, Volume 1, Issue 3, August 2013*

Mir, M. Z., & Rahaman, A. S. (2005), The adoption of international accounting standards in Bangladesh: An exploration of rationale and process, *Accounting, Auditing & Accountability Journal, 18, 816–841.*

Nafti, O; Boumediene, E.; Boumediene, S. L., (2013), IAS-IFRS Adoption Impact on Accounting Information:The Case of France, *Journal of Modern Accounting and Auditing, ISSN 1548-6583*, *Vol. 9, No. 3, 321-334*

Naoum, V.; Sykianakis, N.; Tzovas, C. (2011), The Perceptions of Managers of Greek Firms Regarding the Costs and Benefits ensuing from the adoption of International Financial Reporting Standards in Greece.*International Journal of Economic Sciences and Applied Research, 4(3), 59-74*

Nurunnabi, M. (2015), The impact of cultural factors on the implementation of global accountingstandards (IFRS) in a developing country, *Advances in Accounting, incorporating Advances in International Accounting*

Oliver, C. (1991), Strategic responses to institutional processes.*Academy of Management Review,* 16, 145–179.

Oliveira, J. S.; G. M. C. Azevedo; Oliveira, M. J. F.; Almeida, S. G. M. (2015), The Accounting Standardization System in Portugal and Its First-Time Adoption Effects in the Olive and Cork Tree Cultures, *Academic Journal of Economic Studies, ISSN 2393-4913,Vol. 1, No.2, pp. 132–150*

Paul, A.; Burks, E. (2011), Preparing for International Financial Reporting Standards. *Journal of Finance and Accountancy.* 1-8

Phan, D. H. T. (2013), What factors are perceived to influence consideration of IFRS adoption by Vietnamese policymakers?

Pope, P. F.; McLeay, S. J. (2011), The European IFRS Experiment: Objectives, Research Challenges and some Early Evidence, *ICAEW Information for Better Markets Conference, London*

Rudra, T.; Bhattacharjee, D. (2012), Does IFRS Influence Earnings Management? Evidence from India,*Journal of Management Research, ISSN 1941-899X, Vol. 4, No. 1: E7*

Rakesh H. M., Shilpa, R. (2013), Effect of IFRS and Financial Statements: Implications on FDI and Indian Economy, *International Journal of Commerce, Business and Management, ISSN: 2319–2828 Vol. 2, No.5, October 2013*

Scott, W. R. (2001); Institutions and organizations.*Thousand Oaks, CA: Sage.*

Seay, S. (2014),The Economic Impact of IFRS - A Financial Analysis Perspective, *Academy of Accounting and Financial Studies Journal, Vol.18, No.2, 119-140*

Sodha, S. S. (2015), A Study of IFRS and its impact on selected companies

Sovbetov, Y. (2015), How IFRS affects Value Relevance and Key Financial Indicators? - Evidence from the UK, *International Review of Accounting, Banking and Finance, Vol.7, No.1, 73-96*

Siaga, S. F. (2012), Challenges to the adoption of International Financial Reporting Standards in Africa. University ofJohannesburg, South Africa.

Sudalaimuthu, S. & Jesintha, P. (2011), Auditors Perception towards International Financial Reporting Standards (IFRS): Benefits and Keychallenges. *Indian Journal of Accounting,* 11(2), 27-35.

Sunita A. R. (2012), IFRS- Problems and Challenges In First Time Adoption, *International Indexed & Referred Research Journal, ISSN- 2250-2556; Vol. I, Issue I*

Wang, Y.; Campbell, M. (2012), Earnings Management Comparison: IFRS vs. China GAAP, *International Management Review, Vol. 8 No. 1 2012*

Yazdifar, H., Zaman, M., Tsamenyi, M., & Askarany, D. (2008), Management accounting change in a subsidiary organisation.*Critical Perspectives on Accounting, 19, 404–430*

Yeow, P.S.; Mahzan, N. (2013), The Responses of Malaysian Public Listed Companies to the IFRS Convergence.*Asian Journal of Business and Accounting, 6(1).* 95-120.