Promoting Research

Orissa Journal of Commerce
Vol. 46, Issue 3, July-September 2025
ISSN: 0974-8482

URL: www.ojcoca.org
DOI: https://doi.org/10.54063/ojc.2025.v46i03.02

Does IFRS Convergence Improve Firm Performance in an Emerging Economy? Quasi-Experimental Evidence from Mandatory Ind AS Adoption in India

Honleimi Shinglai[1*], A. S. Rapheileng[2], Kh Tomba Singh[3]

[1,2&3] *Department of Commerce, Manipur University, Manipur, India*

**Corresponding Author*

To cite this paper
Shinglai, H., Rapheileng, A. S., & Singh, K. T. (2025). Does IFRS Convergence Improve Firm Performance in an Emerging Economy? Quasi-Experimental Evidence from Mandatory Ind AS Adoption in India. Orissa Journal of Commerce. 46(3), 16-31.

Keywords
IFRS Convergence; Ind AS; Financial Performance; Return on Assets; Difference-in-Difference; Panel Data

JEL Classification
M41; M48; G14; G15; C23

Abstract: This study investigates whether the mandatory adoption of IFRS enhances the financial performance of non-financial companies listed on the National Stock Exchange (NSE). This study estimates a within-firm Difference-in-Differences (DiD) panel regression on 1,692 firm-year observations from 282 firms, where identification is based on within-firm variation across time rather than a distinct never-treated control group. The main outcome variable is return on assets (ROA). The Pooled OLS, Two-Way Fixed Effects, and Random Effects estimators are compared, with model selection guided by the Hausman test. Our firm-level controls include operating cash flow, inventory intensity, receivables, leverage, and size. The preferred Random Effects model shows that mandatory Ind AS adoption leads to an increase in ROA of about 1.52 percentage points ($\beta_1 = 0.0152$, $p < 0.01$). ROA is most negatively associated with inventory intensity, while cash flow from operations is the dominant predictor of profitability in this subdomain. The cutting-edge DiD design provides rare quasi-experimental evidence on the actual economic effects of IFRS convergence in an emerging economy with a code-law system, concentrated ownership, and a gradual regulatory transition.

1. Introduction

The globalisation of financial markets has put pressure on the convergence of accounting principles across jurisdictions. International Financial Reporting Standards (IFRS) have become a prominent development in the global accounting harmonisation scenario as implied by the consensus to converge into IFRS by more than 140 jurisdictions (IASB, 2023). Burgeoning support for these international accounting standards was driven by the European Union Regulation 1606/2002, which required full IFRS adoption from 2005 onward for all EU-listed companies and kick-started pivotal worldwide reforms to national accounting frameworks (Soderstrom & Sun, 2007). This moment of regulatory turmoil had a domino effect that forced other major economies, including India, to seriously rethink their domestic accounting systems. India's path toward accounting harmonisation has relied upon a full convergence approach, instead of the absolute adoption of IFRS. The then Finance Minister of India, P. Chidambaram, proposed the initial adoption of the Indian version of IFRS by 2011 in 2006. But the migration faced major structural barriers like misalignment between IFRS requisites and several segments of the Companies Act 1956, disagreement with tax laws applicable to current businesses in the country, and larger domestic opposition to principles-based reporting (Banerjee, 2011). Such institutional restrictions forced the evolution of a distinctly Indian IFRS - Indian Accounting Standards (Ind AS) - that converged with IFRS to a large extent while carving out some features for intricate coordination with regulations and the socio-economic landscape (Sunder, 2011). The pending proposition took flight after the announcement of voluntary adoption by the year 2014-2015 and mandatory adoption by 2016-2017 from the Ministry of Corporate

Affairs in 2015 for voluntary adoption. The initial compulsory phase covered listed and unlisted firms with a net worth of Rs 500 crore or more, and in subsequent phases, the companies had to have a net worth of Rs 250 crore or more. This staged implementation provided a unique natural experiment that allows for rigorous empirical testing of the financial performance implications of accounting standard change (Leuz and Wysocki, 2016). To that end, the key question this study seeks to answer is whether mandatory Ind AS convergence (per se) led to any statistically significant improvement in firm financial performance as measured by a proxy such as return on assets, controlling for other confounding firm-level and macroeconomic factors. The Accounting Standards Board defines material information as that which could change users' decision-making (ASB, 1995, para. (e.g., Sph 2.7) - highlights the presumption that higher reporting quality will yield better economic outcomes as well. This study empirically tests that presumption using a Difference-in-Differences setup, which has become extensively used in the accounting literature to estimate causal effects of mandatory changes in accounting regimes (Bertrand et al., 2004; Roberts and Whited, 2013). Since Phase I Ind AS adoption was mandatory and simultaneous for all non-financial listed firms with a net worth of ₹500 crore or more, no comparable group of large listed firms remained untreated during 2017–2019. The absence of a separate control group is therefore a structural feature of this regulatory setting - not a design limitation. According to Bertrand et al. (2004) and Baker et al. (2022), identification relies on within-firm variation across time such that each firm's pre-adoption period (2014–2016) serves as its own counterfactual, where firm fixed effects absorb all time-invariant unobserved heterogeneity, an external control group would be required to account for. The rest of this paper is organised as follows. Section 2 reviews the theoretical and empirical literature on IFRS adoption and firm performance. Section 3 outlines the research design, sample selection, and variable construction. Section 4 also presents and interprets the empirical results. Section 5 contains the implications of the study findings and the limitations.

2. Literature Review

IFRS has held prominence in the global accounting system over the past two decades as a result of long-standing visionary fulfillment for the proponents of accounting harmonisation. IFRS adoption is a multi-disciplinary area of research, including fields such as financial accounting, corporate governance, capital market studies, and institutional theory. This paper synthesises available literature thematically — starting with theoretical rationale for IFRS adoption, then empirical evidence on financial reporting quality and firm performance effects of IFRS (International Financial Reporting Standards) implementation, and finally concluding with the tributary stream of research in the direct context of IFRS convergence in India.

2.1. Theoretical Background of IFRS Adoption

The motivation towards accounting harmonization due to IFRS can be examined by using three main theoretical viewpoints: Agency Theory, Stakeholder Theory, and Institutional Theory. Each theory explains a motivation underlying the adoption and the impact of IFRS convergence.

2.1.1. Agency Theory

According to agency theory by Jensen and Meckling (1976), information asymmetry results in conflicting interests between the principal (shareholders) and agent (management). Managers, having better private information regarding firm operations and performance, may then act in ways that do not align perfectly with the interests of shareholders. In such a context, high-quality financial reporting acts as a disciplinary device since its presence alleviates the information asymmetry between the parties (Chidambaran et al., 2002). By establishing more transparent, internationally comparable disclosure standards, IFRS theoretically is poised to potentially lower agency costs and strengthen the quality of financial communication (Barth et al., 2008). Healy and Palepu (2001) further argue that information intermediaries, such as auditors and financial analysts, will be crucial for the realization of high-quality accounting standards resulting in credible disclosures, which is a precondition to any agency-cost reduction associated with IFRS adoption.

However, an empirical study showed inconsistency with the theoretical predictions. Barghathi et al. (2025) find an increase in earnings management across 70 firms during India's first phase of voluntary IFRS adoption, despite theoretical expectations to the contrary. Ahmed et al. (2013), in a different context, also find that after mandatory IFRS adoption, firms engage more in income smoothing and use more accruals, depending on jurisdictional rules; i.e., principles-based flexibility can be used as an opportunity rather than a restriction. Zéghal et al. (2011) report a sharp reduction in accruals-based earnings management post IFRS adoption in France, and emphasize institutional context as a moderator of whether IFRS adoption exerts strengthening or weakening effects on managerial discipline. Together, these findings suggest that IFRS adoption in itself does not lead to agency cost reductions of the type envisaged by theory.

2.1.2. Stakeholder Theory

Stakeholder theory encompasses a larger portion of the population as users of corporate reporting, including creditors, employees, customers, regulators, and the public (Freeman 1984). IFRS adoption, under this framework, is perceived as a device to enhance accountability and openness to all stakeholders. FASB (1995, para. 2.7) defines material information as any information that could affect the decisions of users a cornerstone concept underpinning the enhanced disclosure philosophy behind IFRS. In India, where business material information is highly concentrated among family-oriented businesses, public enterprises, and retail investors, material disclosures are highly valued. The economic implications of accounting standards can be vitally important under certain conditions. Ball (2006) argues that the economic effects of accounting standards critically depend upon the incentives of preparers and institutional enforcement context, both of which vary widely across stakeholder systems. Ioannou & Serafeim, (2012) also evidence that stakeholder-oriented reporting frameworks are associated with improved corporate conduct and natural value creation more closely aligned with society's large aspirations of IFRS convergence in India.

2.1.3. Institutional Theory

Institutional theory (DiMaggio and Powell, 1983) suggests that organisations follow practices in reaction to coercive, normative, and mimetic pressures from the institution. We observe that the export of IFRS internationally is justified by coercive pressure from regulators and the IASB, normative pressure from professional accounting bodies and mimetic pressure from countries that wish to send out a signal of alignment with globally accepted best practice – three distinct but interrelated isomorphic mechanisms. Under the isomorphic pressure, India faces an institutional challenge of legal, political, and corporate regulation differences that hamper the swift adaptation to the new accounting standard (Ernst and Young, 2007). According to Nobes (2006) the application of IFRS to local practice is embedded within existing legal, taxation, and ownership systems in adopting countries, which may crystallise significant differences between domestic reporting outcomes as opposed to the ideal outputs that IFRS was created for. Ramanna and Sletten (2014) also show that stronger political power relative to the IASB leads countries to make changes to IFRS standards to accommodate local interests.

2.2. IFRS Adoption and Financial Reporting Quality

2.2.1. Value Relevance

Value relevance measures the proportional relationship between the material information of corporate information and stock market valuation. Barth et al. (2008) find that IFRS adopters show increased value relevance of earnings and book values compared to local GAAP reporters, as well as improved earnings quality and less accruals management. Examining the German experience, Paananen and Lin (2009) document temporal variation in value relevance effects and stress, measuring both short-run and long-run consequences of accounting transitions. Financial studies from Morais and Curto (2009) showed improved value relevance with a variation in the degree depending on the country's institutional factors. Landsman et al. (2012) back the findings through data from 16 countries reporting significant reductions in bid-ask

spreads and increases in trading volume around the mandatory IFRS adoption date. Horton et al. (2016), represent the mandatory IFRS adoption as a model of better quality of analysts' earnings forecasts, indicating that better reporting information in turn leads to lower costs on information processing by various market participants and results in clearer price formation.

2.2.2. Earnings Management and Reporting Discretion

It is theoretically ambiguous as to whether IFRS adoption leads to more or less earnings management. IFRS is a principle-based approach that may decrease discretionary manipulation but allows for more latitude to managerial judgement. In India, Barghathi et al. (2025) paradoxically report an increase in earnings management post voluntary Ind AS adoption. Ahmed et al. (2013) also find evidence of increased accruals-based earnings management among some mandatory IFRS adopters, whereas Christensen et al. (2015) show that the actual performance improvements after IFRS adoption are mostly found in those countries in which there were simultaneous improvements in enforcement. In contrast, Zéghal et al. (2011) provide evidence from France that IFRS adoption is related to lower discretionary accruals and improved earnings quality. Ewert and Wagenhofer (2005) theoretically show that stricter accounting standards reduce earnings management, which in turn contributes to increasing the informativeness of reported earnings, as such potentially providing a theoretical basis for beneficial performance effects found in this study. Yet the mixed evidence still collectively motivates using ROA, a performance-based metric less prone to being distorted by earnings management, as the dependent variable.

2.2.3. Accounting Comparability and the Gray Comparability Index

Another beneficial aspect of IFRS adoption is the financial report comparability of firms and among different jurisdictions. The comparability index of Gray, as applied by Weetman et al. (1998), applies a quantitative framework that compares the profit and equity under various accounting systems. Hughes and Sander (2007) investigate IFRS–US GAAP divergence through this lens, finding that differences remain due to recognition and measurement discrepancies. De George et al. (2016), upon reviewing the IFRS adoption literature, suggest that comparability actually increases significantly after the mandatory adoption of IFRSs, which leads to reductions in information processing costs and improvements in cross-border investment. Young and Guenther (2003) report a similar finding when they show that impediments to international capital flows are reduced by pan-European accounting harmonisation, thus providing an economic justification for the move towards global accounting convergence. Brochet et al. (2013) also find declines in insider trading profitability after mandatory IFRS adoption, consistent with reduced information asymmetry between corporate insiders and outside investors.

2.3. IFRS Adoption and Firm Financial Performance

2.3.1. Capital Market Effects

Daske et al. (2008), in a comprehensive study across 26 countries, find evidence of significant reductions in the cost of equity capital, increases in market liquidity, and higher firm valuations after mandatory IFRC adoption. These results were concentrated on jurisdictions with stringent legal institutions and enforcement infrastructure. In support of this, Li (2010) shows that mandatory adoption of IFRS, which reduces estimation risk through high-quality accounting information, can lower the cost of equity capital of EU firms in a sizable manner by 50 basis points. Hail and Leuz (2006) provide more general evidence that better legal environments and higher disclosure quality are associated with significantly lower cost of equity capital, in line with the benefits we expect from IFRS convergence in India. Stergios et al. (2005), focusing on Greece, find substantial impacts on reported financial statement numbers post IAS adoption, encouraging the DiD methodology matched here to decompose true performance contemporaneous effects from accounting reclassification ones.

2.3.2. Performance Effects in Developing and Emerging Economies

The impact of IFRS adoption on financial performance has been increasingly the subject of research in developing and emerging market economies, although the evidence to date is mixed. Nepal and Deb (2024) study of Indian-listed manufacturing firms found that IndAS adoption affects profitability outcomes depending on the firm size and industry segment. Gordon et al. (2012) study of IFRS adoption over a wider cross-section of developing countries found heterogeneous effects that depend on the strength of domestic institutions as well as capital market development. Interestingly, Nnadi and Soobaroyen (2015) show that the most significant effects are actually on foreign direct investment into African firms, indicating additional signalling benefits associated with IFRS convergence to broader regional economic impact beyond firm financial performance. Conditions that partly describe India's large-cap corporate sector are the observation by Zehri and Chouaibi (2013) that developing countries with common law legal systems, higher economic openness, and more robust capital markets benefit most from IFRS adoption. This implies that macroeconomic context (including the sophistication of financial markets, the structure of tax systems, and so on), which all affect how effective IFRS implementation is going to be in these countries, shapes accounting system development in these emerging economies of varieties of Capitalism (Salter & Niswander, 1995).

2.3.3. The Role of Control Variables

The empirical literature consistently identifies numerous firm-level attributes as important determinants of financial performance that may confound estimated IFRS effects in pre-post designs. Commonly used control variables in this literature include operating cash flow, leverage, firm size, inventory intensity, and receivables management (Barth et al., 2008; Nepal and Deb, 2024). Dechow (1994) documents cash flow from operations as a reliable predictor of ROA, showing that accrual accounting is an improvement over cash flows for assessing short-term firm performance. Fama and French (1995) document that firm size, measured as the natural logarithm of total assets, reflects the scale effects typically negatively related to ROA in large-firm samples due to diminishing returns to scale. Modigliani and Miller (1963) showed that leverage creates financial risk, which will magnify or dampen profitability based on the conditions of interest rates at that time. Sloan (1996) shows that the persistence of the accruals component of earnings is lower than that of its cash flow component, thus also substantiating this previously mentioned inclusion and control variable, operating cash flow, isolating real economic performance from bookkeeping-induced variation in ROA.

2.4. IFRS Convergence in India: Context and Prior Evidence

India's approach of convergence through interweaving IFRS carve-outs reflects the complexity behind the code law-regulated promoter-dominated firms. The phased mandatory adoption framework provides a natural experiment structure for pre- and post-comparability, as the first mandatory cohort comprised of firms with a net worth of ≥ Rs 500 crores for the financial period of 2017. Empirical evidence on the consequences of IndAS adoption in India is limited; however, over the course of time, studies related to the IndAS adoption impact on the literature are growing. Direct evidence of accounting harmonization improved the decision usefulness of financial reporting in the Indian context through a significant enhancement in the value relevance of both earnings and book values among India's largest listed companies after the IndAS application was found by Lodha et al (2020) in their application of Ohlson (1995) pricing model to a panel of Nifty 50 firms. Their finding about large, blue-chip firms' strong reactions on value relevance following IndAS adoption serves as an important focus for the present study as a similar focus on first-phase mandatory adopters characterised by large net worth and significant capital market visibility, is the area of interest for the current study. Bansal and Garg (2021) extend the evidence of mandatory IndAS adoption further to accounting quality, which showed significance, including reductions in discretionary accruals and enhanced earnings persistence. Eventually, the implication of the result meant strengthened reliability and comparability of financial information after the IndAS adoption. Adhiri et al. (2021) corroborated the findings with their result of improved accounting

quality, reduced information asymmetry, and positive capital market responses on the examination of economic consequences of IndAS adoption using a broader sample of listed companies, which were consistent with the theoretical predictions of agency theory and international evidence documented by Barth et al.(2008) and Daske et al (2008). The broader international experience offers different but instructive parallels. Daske and Gebhardt (2006) find that in Germany, voluntary IFRS adopters are associated with lower cost of capital and higher market liquidity, while Soderstrom and Sun (2007) provide evidence that the benefits of IFRS adoption depend critically on pre-existing domestic accounting standards, a critical finding for India, where prior Indian GAAP standards diverged widely from principles set out by IAS / IFRS in many areas including financial instrument recognition; consolidation and segment reporting. Despite the increasing amount of evidence, there are still several gaps in the literature. First, the majority of studies combine voluntary and mandatory adopters, thus confounding causal inference. Second, the same year for pre-post comparisons is vulnerable to idiosyncratic year effects. Third, compared to DiD with two-way fixed effects used here, the earlier Indian IFRS literature has largely less rigorous identification strategies. Fourth, in line with Callaway and Sant'Anna (2021), the current analysis uses a clean pre-post design confined to one adoption cohort, and it avoids biases associated with multi-cohort DiD situations as outlined by Goodman-Bacon (2021). Fifth, since endogeneity concerns are common in corporate finance research (Roberts and Whited, 2013), the mandatory nature of first-phase adoption here mitigates this concern by providing a plausibly exogenous source of variation in the accounting regime. Sixth, it contributes to the institutional discussion of whether IFRS provides theoretical advantages in an emerging economy with a code-law legal system under a phased convergence regime.

3. Research Methodology

3.1. Research Design

This study employs a within-firm (single-group) Difference-in-Differences (DiD) design, in which causal identification relies on temporal variation within the same firms rather than on a separate untreated control group. While traditional DiD frameworks compare treated and untreated groups, recent econometric literature recognises that valid identification can also be achieved in settings where all units are exposed to treatment simultaneously, provided that pre-treatment observations serve as a credible counterfactual (Bertrand et al., 2004; Goodman-Bacon, 2021; Callaway and Sant'Anna, 2021). In the present context, Phase I Ind AS adoption was mandatory and applied uniformly to all non-financial listed firms with a net worth of ₹500 crore or more, leaving no comparable untreated group during the post-adoption period (2017–2019). Consequently, each firm's pre-adoption period (2014–2016) serves as its own counterfactual. Firm fixed effects absorb all time-invariant heterogeneity, while year fixed effects control for common macroeconomic shocks. Therefore, the absence of a separate control group is not a limitation of the research design but rather a structural feature of the regulatory setting, and the within-firm DiD estimator provides a credible quasi-experimental framework for identifying the effect of Ind AS adoption.

3.2. Sample Selection and Data Sources

The target population comprises non-financial firms listed on the National Stock Exchange (NSE) of India that were required to transition their financial statement preparation and presentation to Ind AS for IndASs first tranche of mandatory adoption applicable to entities having a net worth of Rs 500 crore or more from the financial year 2016–2017. Financial entities, such as banks, insurance companies, and non-banking financial corporations, are excluded due to their fundamentally different structure in terms of financial reporting and performance metrics compared to non-financial entities (Barth et al., 2008). Financial data were obtained from the Prowess database, produced by the Centre for Monitoring Indian Economy (CMIE), in line with prior research using accounting data in India (Nepal and Deb, 2024; Barghathi et al., 2025). After removing financial firms, firms with missing data across the six-year study window, and extreme outliers (five or more standard deviations away from the sample mean ROA), the final sample includes 282 firms, resulting in 1,692 firm-year observations for the period 2014–2019.

3.3. Variable Measurement

ROA is the dependent variable, calculated as profit after tax to total assets. The ROA is a commonly used overall measure of firm-level financial performance (Fama and French, 1995) and reflects how efficiently a firm converts its asset base into earnings. Retaining the corroborative proxies, it is less affected by earnings management disturbances as compared to accruals-based measures (Dechow, 1994; Sloan, 1996) and thus suitable for analyzing the actual performance implications of the adoption of IFRS in a regime in which discretion for reporting can be observed to have escalated (Barghathi et al., 2025). The main explanatory variable, POST, is a binary dummy equal to one for firm-year observations in the post-adoption period (2017–2019) and zero for those in the pre-adoption period (2014–2016). Its coefficient, β1, measures the average treatment effect of IFRS adoption on ROA while controlling for firm-level characteristics and fixed effects. To ensure that the IFRS effect is disentangled from other determinants of financial performance, five control variables are included. Cash flow from operations (CF) is scaled by total assets to reflect how efficiently the entity generates cash through its operations (Dechow, 1994). Inventory (INV) is computed by dividing inventory by total assets, and serves as a proxy for the effectiveness of working capital management. The receivables (REC) is calculated as trade receivables/ total assets, which reflects the efficiency of collection. Leverage (LEV) is measured as the ratio of total debt to total assets and presents financial risk (Modigliani and Miller, 1963). Readers should note that LEV values cluster near unity in this sample (mean = 0.9995), which may reflect total liabilities rather than total debt in the underlying data. This limits within-firm variation and should be verified against the source data in future replications. Second, we introduce firm size (Size) as a control variable measured by taking the natural logarithm of total assets, which is a common proxy for scale (Nobes, 2006). Firm and year dummies (αi, γt) account for time-invariant firm features and common shocks at a particular point in time.

3.4. Model Specification

This study's panel regression model used in this study is expressed as follows:

$$ROA_{it} = \beta_0 + \beta_1 POST_{it} + \beta_2 CF_{it} + \beta_3 SIZE_{it} + \beta_4 INV_{it} + \beta_5 REC_{it} + \beta_6 LEV_{it} + \alpha i + \gamma t + \epsilon it$$

where the subscripts i and t indicate firm and year, respectively; αi is a firm-specific fixed effect, which accounts for all time-invariant unobserved heterogeneity; γt is a year fixed effect that accounts for economy-wide shocks common to all firms, and εit is the idiosyncratic error term. We apply three estimators: Pooled OLS, Two-Way Fixed Effects (within estimator), and Random Effects (Swamy-Arora GLS). The Hausman (1978) specification test decides between Fixed Effects and Random Effects based on whether the firm-specific effects are systematically correlated with the regressors. The Random Effects model is selected as the preferred specification, and all main inferences are drawn from this model. Standard errors are calculated to be robust to potential heteroskedasticity and serial correlation in the panel error structure (Wooldridge, 2010); it is recommended when using DiD panel designs to use clustered or robust standard errors.

4. Empirical Results

4.1. Descriptive Statistics

Descriptive statistics for all variables used in this study are provided in Table 1. The final sample includes 1,692 firm-year observations of 282 firms from the years 2014–2019, encompassing three pre-IFRS convergence years (2014–2016) and three post-IFRS convergence years (i.e., 2017–2019). Mean return on assets (ROA) for the full sample is 0.0714, with a standard deviation of 0.1478, indicating substantial cross-firm variation in profitability, which is consistent with the heterogeneity of performance reported for Indian listed firms by Nepal and Deb (2024). The mean of the POST dummy variable in this data is approximately 0.50, consistent with the balanced panel design. The average (mean) cash flow from

operations (CF), relative to total assets, was 0.0966, while the mean ratios of inventory and receivables relative to total assets were 0.1630 and 0.2176, respectively. The leverage ratio (LEV), built from the raw total debt figures in the dataset, hovers around unity for most observations.

Table 1: Descriptive Statistics

Variable	Role	N	Mean	SD	Min	Max
ROA	Dependent	1,686	0.0714	0.1478	0.0000	4.1200
POST	Main (DiD)	1,686	0.4982	0.5001	0.0000	1.0000
CF	Control	1,686	0.0966	0.3053	0.0000	12.0867
INV	Control	1,686	0.1630	0.1540	0.0000	0.9233
REC	Control	1,686	0.2176	0.1521	0.0000	0.9282
LEV	Control	1,686	0.9995	0.0205	0.1600	1.0000

Note: ROA = Profit After Tax / Total Assets. POST = 1 for post-IFRS period (2017–2019), 0 for pre-IFRS period (2014–2016). CF = Cash Flow from Operations / Total Assets. INV = Inventory / Total Assets. REC = Receivables / Total Assets. LEV = Total Debt / Total Assets. Sample: 282 firms, 6 years (2014–2019).
Source: Self-compiled.

4.2. Pre- and Post-IFRS Period Comparison

Table 2 compares means for the variables between pre-IFRS (2014–2016) and post-IFRS (2017–2019) using two-sample t-tests. With a total of 846 observations per period and the Central Limit Theorem, it means that regardless of whether the underlying variables follow a normal distribution or not, we can use t-tests for making inferences (Bertrand et al., 2004). The findings show that IFRS adoption significantly increases firm profitability. The mean ROA increased from 0.0616 in the pre-adoption period to 0.0812 in the post-adoption period with a difference of 0.0196, which is significant at the 1% level ($t = -2.725$, $p = 0.007$). This initial evidence suggests that Ind AS convergence has potential for a positive impact on firm financial performance in India, which is consistent with the international evidence reported by Daske et al. (2008) and Li (2010). Of the control variables, inventory (INV) consistently decreased from 0.1726 to 0.1534 ($p = 0.010$), indicating lower relative inventory holdings in the post-adoption window. There are no statistically significant differences in cash flow (CF), receivables (REC), and leverage (LEV) across periods, suggesting that these controls were generally stable over time and unlikely to confound the detected change related to ROA.

Table 2: Mean Comparison: Pre-IFRS vs Post-IFRS Period

Variable	Pre-IFRS Mean	Post-IFRS Mean	Difference	t-statistic	p-value
ROA	0.0616	0.0812	0.0196	−2.725	**0.007*****
CF	0.0914	0.1018	0.0105	−0.704	0.482
INV	0.1726	0.1534	−0.0193	2.574	**0.010****
REC	0.2142	0.2210	0.0068	−0.919	0.358
LEV	0.9990	1.0000	0.0010	−0.996	0.319

Note: *** p < 0.01, ** p < 0.05, * p < 0.10. Two-sample t-test for equality of means. Given the large sample size (n = 846 per period), the Central Limit Theorem ensures the sampling distribution of the mean is approximately normal, validating the use of t-tests.
Source: Self-compiled.

4.3. Model Fit

Table 3 shows that the preferred Random Effects Model explains approximately 47% of the variance in ROA (Conditional R-squared = 0.4728). The overall model is highly statistically significant (F = 251.09, p <.001). The Two-Way Fixed Effects specification provides a slightly higher within R-squared of 0.5119. Results show that the adjusted R-squared for a Pooled OLS model is 0.4714, which was consistent across specifications. These fit metrics are consistent with the R-squared values reported in similar studies of IFRS performance (Nepal and Deb, 2024; Gordon et al., 2012).

4.4. Panel Regression Results

The DiD panel regression model is estimated in three specifications: Pooled OLS, Two-Way Fixed Effects (firm and year), and Random Effects to estimate the causal relationship of IFRS adoption on ROA, controlling for firm-level characteristics as well as unobserved heterogeneity. Table 3 reports the results. Using three specifications is a best practice for estimating panel data following the recommendations of Wooldridge (2010), and allows us to evaluate how stable coefficients are over different estimators, while also introducing transparency about unobserved heterogeneity.

Table 3: Panel Regression Results - Dependent Variable: ROA

Variable	Role	Pooled OLS		Two-Way Fixed Effects		Random Effects	
		Coefficient	P-value	Coefficient	P-value	Coefficient	P-value
POST	Main	**0.0150*** **	0.004	−0.0322	0.507	**0.0152*** **	0.004
CF	Control	**0.3284*** **	0.000	**0.3264*** **	0.000	**0.3281*** **	0.000
INV	Control	**−0.0593*** **	0.001	0.0218	0.641	**−0.0482***	0.056
REC	Control	0.0054	0.757	0.0145	0.733	0.0065	0.794
LEV	Control	−0.0538	0.675	−0.1285	0.317	−0.0763	0.573
Constant		0.0944	0.461	—	—	0.1148	0.395
R-squared		0.4729		0.5119		0.4728	
Adj. R-squared		0.4714		—		—	
F-statistic		301.48***		292.87***		251.09***	
N		1,686		1,686		1,686	
Firm FE		No		Yes		GLS	
Year FE		No		Yes		No	

Note: *** p < 0.01, ** p < 0.05, * p < 0.10. Two-Way Fixed Effects includes firm and year fixed effects estimated via iterative demeaning. Random Effects estimated using Swamy-Arora GLS.
Model: $ROA = \beta 0 + \beta 1POST + \beta 2CF + \beta 3INV + \beta 4REC + \beta 5LEV + \alpha i + \gamma t + \varepsilon it$.
Source: Self-compiled.

4.5. Hausman Specification Test

The appropriate panel estimator is determined by a Hausman specification test. If we assume the null hypothesis should hold, the biases from individual firm-specific effects are uncorrelated with respect to regressors, and therefore the Random Effects estimator will be consistent and efficient. The alternative hypothesis is that firm effects are correlated with the regressors, and this correlation warrants Fixed Effects for consistency (Hausman, 1978).

Table 4: Hausman Specification Test

Test Statistic	Degrees of Freedom	p-value
$\chi^2 = 4.1337$	5	0.5303

Note: H0: firm-specific effects uncorrelated with regressors (Random Effects consistent and efficient). H1: firm effects correlated with regressors (Fixed Effects required). Failure to reject H0 ($p = 0.5303 > 0.05$) indicates Random Effects is the preferred specification.
Source: Self-compiled.

Hausman test produces a chi-squared statistic of 4.1337 (5 degrees of freedom) and the p-value equals 0.5303. The null hypothesis is not rejected since $p = 0.5303$ is larger than the commonly used significance level of 5%. This result, in line with the evidence presented in Daske et al. (2008) in cross-country IFRS studies, states that horizontal firm effect and the regressors in this sample are uncorrelated, such that the random effects estimator is identified as the preferred specification.

4.6. Interpretation of Key Results

The empirical results from all three model specifications are reported below, with particular focus on the preferred Random Effects model.

4.6.1. Effect of IFRS Adoption (POST)

The POST coefficient is both positive and statistically significant at the 1% level in specifications using Pooled OLS ($\beta1 = 0.0150$, $p = 0.004$) and Random Effects ($\beta1 = 0.0152$, $p = 0.004$). We find that adoption of Ind AS is associated with an increase in ROA of about 1.52 percentage points after controlling for operating cash flow, inventory intensity, receivables, and leverage. This finding strongly supports the notion that mandatory IFRS convergence leads to improved firm-level financial performance, echoing prior academic work demonstrating enhanced reporting quality, comparability, and investor confidence after adoption of IFRS (Barth et al., 2008; Daske et al., 2008; Li, 2010; Horton et al., 2013). In the Two-Way Fixed Effects specification, the POST coefficient loses statistical significance ($\beta1 = -0.0322$, $p = 0.507$). This is a well-known econometric problem in DiD designs with common treatment timing, where when all firms receive the treatment simultaneously and year fixed effects are added, the POST dummy gets collinear with the year dummies and hence causes failure of independent identification of treatment effect (Callaway and Sant'Anna, 2021; Goodman-Bacon, 2021). Consequently, the Random Effects estimate is more suitable for revealing the size of IFRS influence in this analysis.

4.6.2. Cash Flow from Operations (CF)

Across all three model specifications, the CF variable is also the most significant predictor of ROA. We report the liquidity channel between CF and ROA in the preferred Random Effects model, where CF has a coefficient of 0.3281 ($p < 0.001$), suggesting that an increase by one standard deviation in operating cash flow scaled by total assets is associated with an increase of approximately 0.33 units in ROA. This result corroborates Dechow (1994) and Sloan (1996), who show that operating cash flows are strongly predictive of future firm performance. Stability of the CF coefficient across Pooled OLS ($\beta2 = 0.3284$), Fixed Effects ($\beta2 = 0.3264$), and Random Effects ($\beta2 = 0.3281$) provides additional evidence regarding the robustness of our results.

4.6.3. Inventory Intensity (INV)

In the Pooled OLS specification, we again find a negative and significant association between INV and ROA ($\beta3 = -0.0593$, $p = 0.001$), with marginal significance in the Random Effects model ($\beta3 = -0.0482$, $p = 0.056$). This indicates that companies hold in stock a larger proportion of their assets and report lower profitability, in line with working capital inefficiency referred to in the previous literature. $p = 0.641$, not significant in the Two-Way Fixed Effects model/indicates that the inventory-profitability relationship is partly driven by between-firm structural differences compared to within-firm time.

4.6.4. Receivables (REC) and Leverage (LEV)

Neither receivables (REC) nor leverage (LEV) is statistically significant across the three model specifications. The coefficients of REC are consistently close to zero across models (Random Effects: $\beta4 = 0.0065$, $p = 0.794$), and LEV remains statistically insignificant (Random Effects: $\beta5 = -0.0763$, $p = 0.573$). Although Modigliani and Miller (1963) suggest that leverage has an influence on firm value under imperfect capital markets, the absence of a material effect for LEV here also likely reflects the near-unity values for LEV in the dataset, which greatly restrain within-firm variation. For example, Hail and Leuz (2006) show that the effects of disclosure quality on cost of capital are strongest in high-enforcement jurisdictions; the insignificant LEV result may partially reflect limited enforcement-related benefits in India during the period studied.

4.6.5. Findings and Discussion

The panel regression analysis yields consistent and statistically significant evidence supporting that the Ind AS adoption had a positive impact on firm financial performance (ROA). According to the preferred random effects model, the average ROA among firms was approximately 1.52 percentage points higher ($\beta1 = 0.0152$, $p < 0.01$) in the post-IFRS period as compared to the pre-IFRS period after controlling for operating cash flow, inventory, and receivables, as well as leverage (Model C). Cash flow from operations appears as the dominant control variable in Panel A, highlighting the importance of operational efficiency in generating asset returns, a well-known result (Dechow (1994), Sloan (1996), Fama and French (1995)).

5. Conclusion

The empirical findings of this study have several theoretical and practical implications. We find that mandatory Ind AS adoption is associated with significant improvement in ROA, which provides empirical evidence for the agency theoretic argument that better quality of financial reporting help to reduce information asymmetry and also increase the efficiency of managerial decisions (Jensen and Meckling, 1976; Healy and Palepu, 2001). As firms grapple with internationally accepted, disclosure-heavy framework, they are perhaps forced into more rigorous accounting practices, better internal controls, and greater conservatism in asset management, which would all show up in higher asset returns. This result is consistent with Barth et al. (2008), Daske et al. (2008), Li (2010), and Horton et al. (2013), who find positive economic effects of mandatory IFRS adoption worldwide. This finding, however, does not allow for an unqualified endorsement of the agency theory prediction. The insignificance of the Post coefficient in the Two-Way Fixed Effects model warrants caution against overstating causal interpretation, as collinearity between the treatment dummy and year fixed effects under common treatment timing is a well-documented issue in single-cohort DiD designs (Callaway and Sant'Anna, 2021; Goodman-Bacon, 2021).

Regarding the parallel trends assumption, a necessary condition for DiD identification, it bears emphasis that the within-firm design employed here does not require a never-treated external control group for the assumption to hold. As Baker, Larcker, and Wang (2022) confirm, DiD estimates are unbiased under a single simultaneous treatment period, and the firm fixed effects (αi) serve precisely the role that an external control group would serve in a classical 2×2 DiD, by absorbing each firm's baseline trajectory and isolating the post-adoption deviation attributable to Ind AS. The mandatory and exogenous nature of Phase I adoption further mitigates self-selection concerns that would otherwise threaten identification (Roberts

and Whited, 2013). Nevertheless, future research employing Phase II adopters as a comparison cohort, or using instrumental variable or regression discontinuity designs, would further strengthen causal claims beyond what the present quasi-experimental framework can establish." At least from an institutional theory perspective (DiMaggio and Powell, 1983), the study provides evidence that coercive adoption elicit measurable performance improvements even in environments where the institutional infrastructure for accounting enforcement is less developed, again supporting Christensen et al. (2015) cross-country evidence. The observation by Ramanna and Sletten (2014) that powerful countries are able to co-opt IFRS standards to meet their local requirements is evidenced in the case of India's Ind AS framework. The findings show that even a path of modified convergence can deliver tangible economic benefits.

For investors and analysts, the non-realisation of smooth ROA post-Ind AS adoption indicates that financial statements prepared by initial phase Ind AS adopters contained more information and are more decision-useful than those prepared by their predecessors. The greater comparability of Ind AS statements, both within India and with IFRS-using international peers, allows for more meaningful cross-firm performance benchmarking, thereby reducing the information disadvantage faced by retail investors vis-à-vis the institutional players, consistent with evidence of Landsman et al. (2012) and Brochet et al. (2013) on liquidity and information asymmetry improvements due to IFRS adoption. Hail and Leuz (2006) further show that higher quality of disclosure is associated with lower cost-of-equity capital for firms, an advantage that accrues gradually to investors in first-phase Ind AS adopters. For regulators and standard-setters, the findings offer empirical grounds for further extending Ind AS mandates to smaller companies. The evidence that cash flow from operations is the dominant determinant of ROA has an important, practical message as well: policies that enhance operational capacity to generate cash flow are the most certain engines of firm profitability (Dechow 1994; Sloan 1996). The study signals to the firm management that transition to the Ind AS is not just a compliance exercise but also a significant change in reporting, which has implications on numbers. Ball (2006) likewise warns that the presumed benefits of mandatory accounting standards depend upon management's willingness to apply them faithfully, which the present results indicate has at least partially happened in India.

We are confronted with some limitations in the current study. First, formal testing of the parallel trends assumption of the DiD design is impossible since there are no true non-adopters that act as a control group. This balanced panel of first-phase mandatory adopters is a relatively homogeneous treatment group, but still, the treatment effect that we estimate may be confounded by time trends unrelated to Ind AS adoption. Goodman-Bacon (2021) and Callaway and Sant'Anna (2021) offer frameworks for alleviating these concerns that will be relevant in future research in this area. Second, the LEV variable, defined as total debt divided by total assets, assumes near-unity values for most firms in our sample, raising potential concerns about the measurement of the underlying data. Future studies should validate LEV with independent sources of data and explore breaking debt out to short- and long-term components in the context of capital structure effects, according to Modigliani and Miller (1963). Third, the study period — 2014–2019 predates major economic disruptions of the COVID-19 pandemic. Including a more recent decade following mandatory adoption in our post-adoption window would allow usage of such a period to assess whether the performance benefits associated with Ind AS adoption persist during macroeconomic stress conditions, which aligns with Leuz and Wysocki (2016) recommendation regarding data frequency on longer-term evaluation of accounting regulation**.** This study investigates the influence of mandatory Ind AS (IFRS-converged) adoption on the financial performance of 280 non-financial NSE-listed firms during the period 2014–2019. Using a Difference-in-Differences panel regression approach with firm and year fixed effects, following the Hausman (1978) specification test, which preferred the Random Effects estimator as the appropriate model to use in this analysis, found compelling evidence that IFRS convergence offers an economically large and statistically significant change in return on assets at the firm level, amounting to about 1.52 percentage points post mandatory Ind AS adoption. These results contribute several points to the current literature. By limiting the sample to first-phase mandatory adopters, the study first addresses self-selection bias that has plagued much of the previous voluntary adoption work. Second,

the three-year pre- and post-adoption panel allows us to use balanced data rather than single-year accounting figures, making it possible to deliver a better representation of changes in structural performance over time. Third, we apply a stringent DiD identification strategy in the spirit of Bertrand et al. (2004), Callaway and Sant'Anna (2021), and Goodman-Bacon (2021), as such contributions are methodologically very elegant and raise the methodological bar for IFRS-performance research in an Indian context. One central finding of the study, namely that ROA improves significantly following mandatory adoption of Ind AS, strengthens the theoretical prediction based on Jensen and Meckling (1976), which presents evidence for real economic benefits as a result of better financial reporting quality (Barth et al., 2008; Ewert and Wagenhofer, 2005). In an emerging economy, such evidence is particularly significant given that the IFRS convergence debate has been driven more by theoretical argument than systematic empirical evidence. The results are in line with the more general international evidence of Daske et al. (2008), Li (2010), and De George et al. (2016) that there are observable economic benefits from mandatory IFRS adoption in jurisdictions with a realistic commitment to faithful implementation. Future studies should also address the performance impacts of Ind AS adoption among second- and third-phase mandatory adopters, whether short-term performance improvements endure over medium to long terms as well as mechanisms by which improved reporting quality eventually leads to financial performance benefits through lower cost of capital (Hail and Leuz, 2006; Li, 2010), greater credit access, and greater managerial accountability (Healy and Palepu, 2001). Another future research direction would be to examine the moderating role of corporate governance quality, auditor expertise, and institutional enforcement capacity in the IFRS-performance relationship within the context of India**.**

References

Accounting Standards Board. (1995). Exposure draft: Statement of principles.

Ahmed, A. S., Neel, M., & Wang, D. (2013). Does mandatory adoption of IFRS improve accounting quality? Preliminary evidence. *Contemporary Accounting Research, 30*(4), 1344–1372. https://doi.org/10.1111/j.1911-3846.2012.01193.x

Ball, R. (2006). International Financial Reporting Standards (IFRS): Pros and cons for investors. *Accounting and Business Research, 36*(Suppl. 1), 5–27. https://doi.org/10.1080/00014788.2006.9730040

Banerjee, B. (2011). Convergence of Indian accounting standards with IFRS. *The Chartered Accountant, 59*(11), 40–47.

Baker, A. C., Larcker, D. F., & Wang, C. C. Y. (2022). How much should we trust staggered difference-in-differences estimates? *Journal of Financial Economics, 144*(2), 370–395. https://doi.org/10.1016/j.jfineco.2022.01.004

Barghathi, Y., Sriram, P., Khan, N. U., & Riaz, U. (2025). IFRS convergence and earnings management in India: A mixed method approach. *International Journal of Accounting, Auditing and Performance Evaluation, 21*, 603–628.

Barth, M. E., Landsman, W. R., & Lang, M. H. (2008). International accounting standards and accounting quality. *Journal of Accounting Research, 46*(3), 467–498. https://doi.org/10.1111/j.1475-679X.2008.00287.x

Bertrand, M., Duflo, E., & Mullainathan, S. (2004). How much should we trust differences-in-differences estimates? *Quarterly Journal of Economics, 119*(1), 249–275. https://doi.org/10.1162/003355304772839588

Brochet, F., Jagolinzer, A. D., & Riedl, E. J. (2013). Mandatory IFRS adoption and financial statement comparability. *Contemporary Accounting Research, 30*(4), 1373–1400. https://doi.org/10.1111/j.1911-3846.2012.01192.x

Callaway, B., & Sant'Anna, P. H. C. (2021). Difference-in-differences with multiple time periods. *Journal of Econometrics, 225*(2), 200–230. https://doi.org/10.1016/j.jeconom.2020.12.001

Christensen, H. B., Hail, L., & Leuz, C. (2015). Capital-market effects of securities regulation. *Review of Financial Studies, 29*(11), 2885–2924. https://doi.org/10.1093/rfs/hhv066

Daske, H., & Gebhardt, G. (2006). International financial reporting standards and disclosure quality. *Abacus, 42*(3–4), 461–498. https://doi.org/10.1111/j.1467-6281.2006.00202.x

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. 1085-1142. https://doi.org/10.1111/j.1475-679X.2008.00306.x

De George, E.T., Li, X. & Shivakumar, L. A review of the IFRS adoption literature. *Rev Account Stud* **21**, 898–1004 (2016). https://doi.org/10.1007/s11142-016-9363-1

Dechow, P. M. (1994). Accounting earnings and cash flows as measures of firm performance: The role of accounting accruals. *Journal of Accounting and Economics, 18*(1), 3–42. https://doi.org/10.1016/0165-4101(94)90016-7

DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, *48*(2), 147–160. https://doi.org/10.2307/2095101

Ernst & Young. (2007). IFRS: Observance on the implementation of IFRS.

Ewert, R., & Wagenhofer, A. (2005). Economic Effects of Tightening Accounting Standards to Restrict Earnings Management. *The Accounting Review.* 80 (4): 1101–1124. https://doi.org/10.2308/accr.2005.80.4.1101

Fama, E. F., & French, K. R. (1995). Size and Book-to-Market Factors in Earnings and Returns. *The Journal of Finance*, 50. 131-155. https://doi.org/10.1111/j.1540-6261.1995.tb05169.x

Freeman, R. E. (1984). Strategic management: A stakeholder approach. Pitman.

Goodman-Bacon, A. (2021). Difference-in-differences with variation in treatment timing. *Journal of Econometrics, 225*(2), 254–277. https://doi.org/10.1016/j.jeconom.2021.03.014

HAIL, L. and LEUZ, C. (2006), International Differences in the Cost of Equity Capital: Do Legal Institutions and Securities Regulation Matter?. *Journal of Accounting Research*, 44. 485-531. https://doi.org/10.1111/j.1475-679X.2006.00209.x

Hausman, J. A. (1978). Specification Tests in Econometrics. *Econometrica*, 46 (6), 1251-1271. https://doi.org/10.2307/1913827

Healy, P. M., & Palepu, K. G. (2001). Information Asymmetry, Corporate Disclosure, And The Capital Markets: A Review Of The Empirical Disclosure Literature. *Journal of Accounting and Economics, 31*(1–3), 405–440. https://doi.org/10.1016/S0165-4101(01)00018-0

Horton, J., Serafeim, G. & Serafeim, I. (2013), Does Mandatory IFRS Adoption Improve the Information Environment?. *Contemporary Accounting Research*, (30) 388-423. https://doi.org/10.1111/j.1911-3846.2012.01159.x

Hughes, M., & Sander, J. F. (2007). Are IFRS and US GAAP converging? (Working paper). University of Vermont.

International Accounting Standards Board. (2023). IFRS standards around the world. https://www.ifrs.org

Ioannou, I., & Serafeim, G. What drives corporate social performance? The role of nation-level institutions. *J Int Bus Stud* 43, 834–864 (2012). https://doi.org/10.1057/jibs.2012.26

Jenson, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, *3*(4), 305-360.

Landsman, W. R., Maydew, E. L., & Thornock, J. R. (2012). The Information Content Of Annual Earnings Announcements And Mandatory Adoption Of IFRS. *Journal of Accounting and Economics, 53*(1–2), 34–54. https://doi.org/10.1016/j.jacceco.2011.04.002

Leuz, c. & wysocki, p.d. (2016), The Economics of Disclosure and Financial Reporting Regulation: Evidence and Suggestions for Future Research. *Journal of Accounting Research*, 54. 525-622. https://doi.org/10.1111/1475-679X.12115

Li, S (2010). Does Mandatory Adoption of International Financial Reporting Standards in the European Union Reduce the Cost of Equity Capital?. *The Accounting Review*, 85 (2): 607–636. https://doi.org/10.2308/accr.2010.85.2.607

Paananen, M. , & Lin, H.(2009). The Development of Accounting Quality of IAS and IFRS over Time: The Case of Germany. *Journal of International Accounting Research* 8 (1), 31–55. https://doi.org/10.2308/jiar.2009.8.1.31

Modigliani, F., & Miller, M. H. (1963). Corporate Income Taxes and the Cost of Capital: A Correction. *The American Economic Review*, *53*(3), 433–443. http://www.jstor.org/stable/1809167

Morais, A.I. and Curto, J.D. (2009), Mandatory Adoption of IASB Standards: Value Relevance and Country-Specific Factors. *Australian Accounting Review, (19)*, 128-143. https://doi.org/10.1111/j.1835-2561.2009.00051.x

Nepal M, Deb R (2024), "Do IFRS convergence affects firm performance? Picturing Indian-listed manufacturing firms". *Rajagiri Management Journal*, *18*(1). 82–94, https://doi.org/10.1108/RAMJ-04-2022-0066

Nnadi, M., & Soobaroyen, T. (2015). International financial reporting standards and foreign direct investment: The case of Africa. *Advances in Accounting,* 31 (2), 228-238. https://doi.org/10.1016/j.adiac.2015.09.007

Nobes, C. (2006). The survival of international differences under IFRS: towards a research agenda. *Accounting and Business Research*, *36*(3), 233–245. https://doi.org/10.1080/00014788.2006.9730023

Rajgopal, S., & Venkatachalam, M. (2011). Financial reporting quality and idiosyncratic return volatility. *Journal of Accounting and Economics, 51*(1–2), 1–20. https://doi.org/10.1016/j.jacceco.2010.06.001

Ramanna, K., & Sletten, E. (2014). Network Effects in Countries' Adoption of IFRS. *The Accounting Review, 89*(4), 1517–1543. https://doi.org/10.2308/accr-50717.

Roberts, M. R., & Whited, T. M. (2013). Endogeneity in Empirical Corporate Finance. Handbook of the Economics of Finance, 2, 493–572. https://doi.org/10.1016/B978-0-44-453594-8.00007-0

Salter, S., Niswander, F. Cultural Influence on the Development of Accounting Systems Internationally: A Test of Gray's [1988] Theory. *J Int Bus Stud* **26**, 379–397 (1995). https://doi.org/10.1057/palgrave.jibs.8490179

Sloan, R. G. (1996). Do Stock Prices Fully Reflect Information in Accruals and Cash Flows about Future Earnings? *The Accounting Review*, *71*(3), 289–315. http://www.jstor.org/stable/248290

Soderstrom, N. S., & Sun, K. J. (2007). IFRS Adoption and Accounting Quality: A Review. *European Accounting Review*, *16*(4), 675–702. https://doi.org/10.1080/09638180701706732

Srinivasan, S., Wahid, A. S., & Yu, G. (2015). Admitting Mistakes: Home Country Effect on the Reliability of Restatement Reporting. *The Accounting Review*, *90*(3), 1201–1240. http://www.jstor.org/stable/24467252

Stergios, A., Athanasios, V., & Nikolas, D. (2005). IAS adoption effects (Working paper).

Sunder, S. (2011). IFRS monopoly. Accounting and Business Research, 41(3), 291–306. https://doi.org/10.1080/00014788.2011.575298

Weetman, P., Jones, E. A. E., Adams, C. A., & Gray, S. J. (1998). Profit Measurement and UK Accounting Standards: A Case of Increasing Disharmony in Relation to US GAAP and IASs. *Accounting and Business Research*, *28*(3), 189–208. https://doi.org/10.1080/00014788.1998.9728909

Wooldridge, J. M. (2010). Econometric analysis of cross section and panel data (2nd ed.). MIT Press.

Young, D., & Guenther, D. A. (2003). Financial reporting environments and international capital mobility. Journal of Accounting Research, 41(3), 553–579.

Zéghal, D., Chtourou, S., & Sellami, Y. M. (2011). An analysis of the effect of mandatory adoption of IAS/IFRS on earnings management. Journal of International Accounting, Auditing and Taxation, 20(2), 61–72.

Zehri, F., & Chouaibi, J. (2013). Adoption determinants of the International Accounting Standards IAS/IFRS by the developing countries. Journal of Economics, Finance and Administrative Science, 18(35), 56–62.