

IMPACT OF ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ON BUSINESS DECISIONS IN ANDHRA PRADESH STATE OF INDIA

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ABSTRACT

This paper introduces new theoretical arguments to explain how institutional pressures influence decisions to adopt IFRS voluntarily. Through recourse to an institutional theory context, we combine the analytical framework proposed by Oliver (1991) with the concept of institutional logics, and apply this framework to the financial accounting field for the first time. This combined model shows how multiple forms of rationality constrain company responses to pressures to adopt a new accounting regime. This study focuses on the methods and methodology for the measurement of formal accounting convergence. Single standards are clustered according to their convergence level, which may indicate further convergence emphasis. The results reveal that this new method can measure the convergence level of NAS with IFRS more clearly and informatively. Prevailing institutional logics are shown to provide important insights to the decisions of companies to adopt IFRS voluntarily. We draw on our results to contend that a company's acquiescence to institutional pressures to adopt IFRS occurs notwithstanding that they can also contemplate more active strategies (through decoupling)

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