The Impact of IFRS Adoption versus Non-Adoption on Corporate Disclosure Levels in the Asian Region

Abstract

Using a unique hand-collected dataset of 262 companies from eight Asian region countries in both 2002 and 2007, we examine whether the adoption of IFRS in four of those countries between 2002 and 2007 improved their disclosure levels more relative to the other four countries which did not adopt IFRS. A 441 item IFRS-based checklist is used to measure disclosure. Disclosure levels not only differ across countries but also on average improve over time. Countries which adopted IFRS between 2002 and 2007 improve disclosure levels more than countries that did not. The result holds after controlling for country-level and firm-level variables known to influence disclosure practices. While country-level and firm-level factors do influence disclosure levels, IFRS adoption has also made a positive difference to disclosure levels in the region. The paper contributes to the literature by showing that IFRS adoption improves corporate disclosure in the Asian region over and above the generally upward trend in disclosure across time.