Perceived Costs and Benefits of IFRS Adoption of Cross-Border Mergers: A Statistical Analysis of Indian and Chinese Companies

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Abstract: The purpose of this quantitative study was to examine the links between IFRS adoption status, mergers tempo, and perception of IFRS costs and benefits among Indian and Chinese companies. As more capital accrues in India and China, more cross-border mergers activity initiated from these countries should be expected. This paper is trying to extant a research to observe the results related the adaption of IFRS in India and China. During the analyses around 2 authors' books were related to this paper. During the study it was focused to collect information observation through published academic books and articles. Some questions raised by the increased tempo of cross-border mergers activity are as follows: (a) What are the differences between Indian and Chinese companies' perceptions of IFRS costs and benefits? (b) What are the differences between IFRS adopters and IFRS non-adopters in perceptions of IFRS costs and benefits? This study identified some significant differences between Indian and Chinese companies' perceived IFRS costs and benefits, centering on the role that management accounting played for Chinese companies. Additionally, there were significant differences between how IFRS adopters and non-adopters perceived IFRS in terms of statement simplification, global credibility, and investor attractiveness. This study provides a statistical analysis for the IFRS adaption process of Indian and Chinese companies for the cross-border merger actions.

Keywords: Accounting; financial standards; accounting cost; IFRS adoption process

JEL Classification: M41

1. Introduction

The purpose of this statistical analysis was to tabulate and examine Indian and Chinese companies' perceived costs and benefits of International Financial Reporting Standards (IFRS) adoption. Indian and Chinese companies are increasing their participation in international mergers activity (Athreye & Kapur, 2009); moreover, both cross-border mergers and IFRS adoption have been on the increase over the past two decades, but scholars have not yet sufficiently examined the potential connections between cross-border mergers, IFRS adoption, and IFRS attitudes.

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As IFRS spreads, it is necessary to understand whether IFRS is more or less likely to suppress mergers activity for reasons of perceived complexity, cost, or other disadvantages. This analysis is perhaps most important in the context of geographies such as Asia, which are not jurisdictionally unified in the manner of the EU or the United States and in which IFRS adoption often remains a matter of organizational choice. In India, for example, there is as yet no mandate for IFRS adoption (Mirza, 2012) and the Chinese Accounting Standards (CAS) has not yet achieved full convergence to IFRS (Wei, 2012). As more and more capital concentrates in India and China, Indian and Chinese companies have more ability and motivation to engage in cross-border mergers. So much is known; what is not known is how Asian companies that have engaged in cross-border mergers feel about the costs and benefits of IFRS and what their IFRS adoption status is. Accordingly, the purpose of this empirical study was to explore the relationship between IFRS adoption status, mergers tempo, revenue, and the perceived costs and benefits of IFRS adoption among Indian and Chinese companies.

2. Sample and Descriptive Statistics

The sample consisted of 60 Indian and Chinese companies recruited through a direct mail campaign. The sample was equally divided between Indian (N=30) and Chinese (N=30) companies. The Indian companies were evenly split between Indian Generally Accepted Accounting Practices (GAAP) and IFRS, while all the Chinese companies were CAS adopters:

Table 1. Accounting Standards Currently in Use

	Frequency	Percent
Indian GAAP	15	25.0
IFRS	15	25.0
CAS (Converged IFRS)	30	50.0
Total	**60**	**100.0**

Most of the companies were either thinking about, or had already engaged in, cross-border mergers:

Table 2. Mergers Status

	Frequency	Percent
Not considering international mergers	9	15.0
Actively considering first international mergers	23	38.3
Have already completed one international mergers	16	26.7
Have already completed more than one international mergers	12	20.0
Total	**60**	**100.0**

The companies fell into a wide variety of revenue ranges:

Table 3. Revenue Ranges in Sample

	Frequency	Percent
10m USD-25m USD	12	20.0
26m USD-50m USD	16	26.7
51m USD-99m USD	8	13.3
100m USD-250m USD	12	20.0
Over 250m USD	12	20.0
Total	**60**	**100.0**

Most of the companies had intentions to adopt IFRS

Table 4. IFRS Adoption Intentions

	Frequency	Percent
No plans to adopt IFRS	11	18.3
Will adopt IFRS within 12 months	11	18.3
Will adopt IFRS within 12-24 months	16	26.7
Will adopt IFRS in 24+ months	7	11.7
Already adopted IFRS	15	25.0
Total	**60**	**100.0**

In addition to being asked about country of origin, revenue range, IFRS adoption status, and cross-border mergers status, companies in the sample were asked to specify their extent of agreement or disagreement with the following eight prompts: (1) IFRS is inexpensive, (2) IFRS does not require extensive accounting experience, (3) IFRS simplifies mergers, (4) IFRS simplifies financial statements, (5) IFRS provides transparency, (6) IFRS is attractive to investors, (7) IFRS provides global credibility, and (8) IFRS improves management accounting. An overview of company responses to these prompts appears in

Table 5. Responses to IFRS Prompts (by Frequency)

Prompt*	Disagree completely	Disagree	Disagree slightly	Neither agree nor disagree	Agree slightly	Agree	Agree completely
1	20	19	21	0	0	0	0
2	21	24	15	0	0	0	0
3	18	13	14	9	5	1	0
4	11	16	9	8	12	4	0
5	8	7	5	6	7	11	16
6	0	0	8	18	12	12	10
7	0	0	10	11	15	10	14
8	0	11	9	11	14	5	10

** Prompt key: (1) IFRS is inexpensive, (2) IFRS does not require extensive accounting experience, (3) IFRS simplifies mergers, (4) IFRS simplifies financial statements, (5) IFRS provides transparency, (6) IFRS is attractive to investors, (7) IFRS provides global credibility, and (8) IFRS improves management accounting.*

On the whole, it appeared that the sample found IFRS to be expensive, demanding of significant accounting expertise, and associated with more complexity in terms of mergers and preparing financial statements. Conversely, the sample found IFRS to promote transparency, attract investors, provide global credibility, and improve management accounting. An inferential overview of these findings will be provided later in the study.

A visual overview of country-specific IFRS adoption status, revenue range, and cross-border mergers activity follows in Figures 1-3 below, after which Table 6 presents the difference in means between Indian and Chinese companies' perceived costs and benefits of IFRS. These differences, too, will be examined inferentially later in the study.

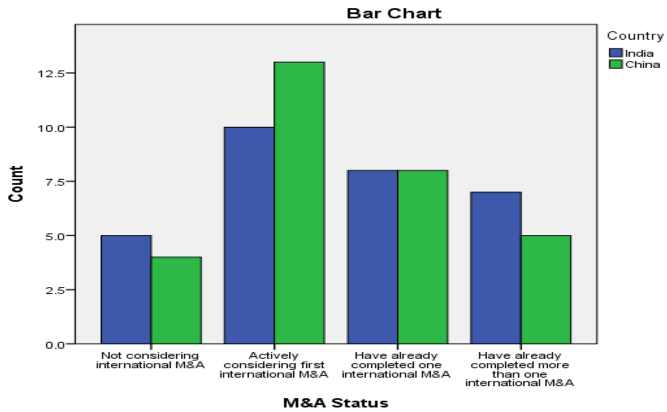

Figure 1. Mergers Differences between Indian and Chinese Companies

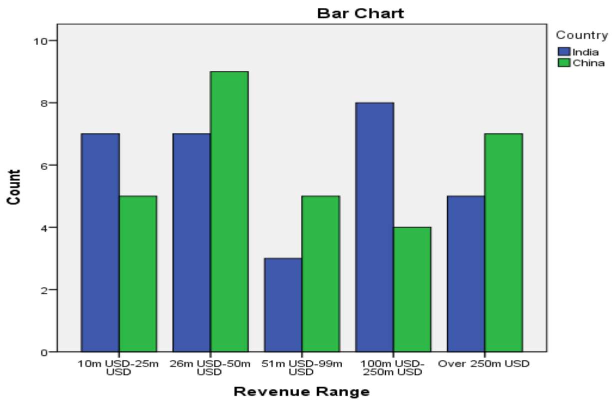

Figure 2. Revenue Differences between Indian and Chinese Companies

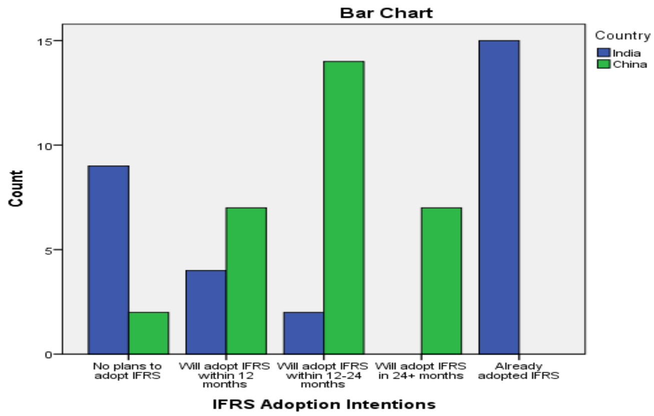

Figure 3. IFRS Adoption Status Differences between Indian and Chinese Companies

Table 6. Differences between Indian and Chinese Companies' IFRS Cost / Benefit Perceptions

	Country	Mean	Std. Deviation	Std. Error Mean
IFRS is Inexpensive	India	2.03	.809	.148
	China	2.00	.871	.159
IFRS Does Not Require Extensive Accounting Experience	India	1.90	.759	.139
	China	1.90	.803	.147
IFRS Simplifies mergers	India	2.67	1.322	.241
	China	2.43	1.431	.261
IFRS Simplifies Financial Statements	India	3.13	1.634	.298
	China	3.07	1.596	.291
IFRS Provides Transparency	India	4.43	2.402	.439
	China	4.70	1.968	.359
IFRS is Attractive to Investors	India	4.93	1.413	.258

	China	5.00	1.232	.225
IFRS Provides Global Credibility	India	5.07	1.311	.239
	China	5.17	1.510	.276
IFRS Improves Management Accounting	India	4.23	1.695	.310
	China	4.53	1.697	.310

The significance of the measured differences will be further quantified and discussed in the data analysis section.

3. Data Analysis

One of the most interesting findings to emerge from data analysis was that there were no statistically-significant differences between Indian and Chinese companies' perceptions of IFRS costs and benefits:

a. Contrasts between Indian and Chinese Companies

Table 7. Levene's Test for Equality of Means, IFRS Cost / Benefit Perceptions of Indian and Chinese Companies

		t-test for Equality of Means		
		df	**Sig. (2-tailed)**	**Mean Difference**
IFRS is Inexpensive	Equal variances assumed	58	.878	.033
	Equal variances not assumed	57.684	.878	.033
IFRS Does Not Require Extensive Accounting Experience	Equal variances assumed	58	1.000	.000
	Equal variances not assumed	57.815	1.000	.000
IFRS Simplifies mergers	Equal variances assumed	58	.514	.233
	Equal variances not assumed	57.640	.514	.233
IFRS Simplifies Financial Statements	Equal variances assumed	58	.874	.067
	Equal variances not assumed	57.967	.874	.067
IFRS Provides Transparency	Equal variances assumed	58	.640	-.267
	Equal variances not assumed	55.835	.640	-.267
IFRS is Attractive to Investors	Equal variances assumed	58	.846	-.067
	Equal variances not assumed	56.945	.846	-.067
IFRS Provides Global Credibility	Equal variances assumed	58	.785	-.100
	Equal variances not assumed	56.878	.785	-.100

IFRS Improves Management Accounting	Equal variances assumed	58	.496	-.300
	Equal variances not assumed	58.000	.496	-.300

None of the *p* values for the eight prompts were <.05. Accordingly, it seemed that Indian and Chinese companies were largely of the same mind when evaluating both the costs and benefits of IFRS. However, some interesting differences emerged when a comparison was made between (a) companies that had no plans to implement IFRS and (b) companies that had either already adopted IFRS or that had active plans to do so.

b. Contrasts between IFRS Adopters / Planned Adopters and Non-Adopters

Table 8. Descriptive Statistics, IFRS Adopters / Planned Adopters and Non-Adopters

	Mergers Status	N	Mean	Std. Deviation	Std. Error Mean
IFRS is Inexpensive	Adopters	51	2.04	.848	.119
	Non-Adopters	9	1.89	.782	.261
IFRS Does Not Require Extensive Accounting Experience	Adopters	51	1.94	.810	.113
	Non-Adopters	9	1.67	.500	.167
IFRS Simplifies mergers	Adopters	51	2.16	1.046	.147
	Non-Adopters	9	4.78	.667	.222
IFRS Simplifies Financial Statements	Adopters	51	2.82	1.519	.213
	Non-Adopters	9	4.67	1.118	.373
IFRS Provides Transparency	Adopters	51	5.08	1.885	.264
	Non-Adopters	9	1.67	1.323	.441
IFRS is Attractive to Investors	Adopters	51	5.24	1.210	.169
	Non-Adopters	9	3.44	.726	.242
IFRS Provides Global Credibility	Adopters	51	5.06	1.348	.189
	Non-Adopters	9	5.44	1.740	.580
IFRS Improves Management Accounting	Adopters	51	4.29	1.770	.248
	Non-Adopters	9	4.89	1.054	.351

It appeared that the differences in perceived IFRS costs and benefits between adopters and non-adopters were much greater than country-specific differences. An independent samples *t*-test was used to test the significance of perceived differences. The results are presented in Table 9 below and indicate that the differences in the following prompts are significant: (a) IFRS simplifies financial statements, (b) IFRS is attractive to investors, and (c) IFRS provides transparency. Adopters were less sanguine about IFRS's ability to simplify financial statements, more confident about IFRS's transparency, and more convinced that IFRS was attractive to investors.

Table 9. Levene's Test for Equality of Means, IFRS Cost / Benefit Perceptions of IFRS Adopters and Non-Adopters

		t-test for Equality of Means		
		df	Sig. (2-tailed)	Mean Difference
IFRS is Inexpensive	Equal variances assumed	58	.930	.022
	Equal variances not assumed	27.260	.925	.022
IFRS Does Not Require Extensive Accounting Experience	Equal variances assumed	58	.849	-.044
	Equal variances not assumed	27.196	.840	-.044
IFRS Simplifies mergers	Equal variances assumed	58	.306	-.422
	Equal variances not assumed	21.688	.343	-.422
IFRS Simplifies Financial Statements	Equal variances assumed	58	.001	-1.556
	Equal variances not assumed	25.582	.001	-1.556
IFRS Provides Transparency	Equal variances assumed	58	.000	2.622
	Equal variances not assumed	26.496	.000	2.622
IFRS is Attractive to Investors	Equal variances assumed	58	.000	1.556
	Equal variances not assumed	38.639	.000	1.556
IFRS Provides Global Credibility	Equal variances assumed	58	.713	.156
	Equal variances not assumed	24.029	.715	.156
IFRS Improves Management Accounting	Equal variances assumed	58	.965	-.022
	Equal variances not assumed	25.128	.965	-.022

c. Principal Components Analysis

The next form of data analysis was principal components analysis (PCA) with Varimax rotation. PCA was an important form of data analysis because of its ability to identify links between the various costs and benefits of IFRS, thus leading to a more precise understanding of Indian and Chinese companies' IFRS perceptions. The first three cases of PCA focused on (1) all companies in the sample, (2) Indian companies only, and (3) Chinese companies only. The results for the entire sample are presented below.

d. PCA for Entire Sample Communalities

Table 10. PCA, All Companies in Sample

	Initial	Extraction
IFRS is Inexpensive	1.000	.138
IFRS Does Not Require Extensive Accounting Experience	1.000	.112
IFRS Simplifies mergers	1.000	.524
IFRS Simplifies Financial Statements	1.000	.863
IFRS Provides Transparency	1.000	.922
IFRS is Attractive to Investors	1.000	.908
IFRS Provides Global Credibility	1.000	.581
IFRS Improves Management Accounting	1.000	.367

Extraction Method: Principal Component Analysis.

Table 11. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.052	38.149	38.149	3.052	38.149	38.149
2	1.363	17.036	55.185	1.363	17.036	55.185
3	.987	12.336	67.521			
4	.920	11.503	79.024			
5	.859	10.737	89.760			
6	.609	7.617	97.377			
7	.150	1.880	99.257			
8	.059	.743	100.000			

Table 12. Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Total	**% of Variance**	**Cumulative %**
1	3.040	37.994	37.994
2	1.375	17.191	55.185
3			
4			
5			
6			
7			
8			

Extraction Method: Principal Component Analysis.

Figure 4. PCA, All Companies in Sample

Table 13. Component Matrix [a]

	Component	
	1	2
IFRS Provides Transparency	.960	
IFRS is Attractive to Investors	.951	
IFRS Simplifies Financial Statements	-.927	
IFRS Does Not Require Extensive Accounting Experience		
IFRS Provides Global Credibility		.737
IFRS Improves Management Accounting		.606
IFRS Simplifies mergers		.562
IFRS is Inexpensive		

Extraction Method: Principal Component Analysis.[a]

a. 2 components extracted.

Table 14. Rotated Component Matrix a

	Component	
	1	2
IFRS Provides Transparency	.956	
IFRS is Attractive to Investors	.943	
IFRS Simplifies Financial Statements	-.918	
IFRS Does Not Require Extensive Accounting Experience		
IFRS Provides Global Credibility		.751
IFRS Improves Management Accounting		.602
IFRS Simplifies mergers	-.503	.520
IFRS is Inexpensive		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 3 iterations.

Table 15. Component Transformation Matrix

Component	1	2
1	.996	.086
2	-.086	.996

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

PCA for all companies revealed (a) a strong linkage between belief in IFRS transparency and attractiveness to investors, (b) a strong linkage between lack of belief in IFRS's simplification of financial statements and simplification of mergers, and (c) a strong linkage between belief in IFRS's global credibility, improvement of management accounting, and simplification of mergers. The presence of mergers simplification in both components extracted from the rotation was an important clue as to how companies through about this aspect of IFRS. It seems that mergers might have simplified financial statements if it was embraced as an inspiration for management accounting and because of global credibility considerations. On the other hand, perhaps companies that were chasing IFRS because of investor attractiveness and transparency did not experience IFRS's ability to simplify financial statements. This conclusion requires more rigorous and comprehensive testing, but it seems possible that approaching IFRS from the standpoint of management accounting somehow increases the likelihood that an IFRS implementation will result in simplified financial reporting.

e. PCA for Indian Companies Only

Table 16. Communalities

	Initial	Extraction
IFRS is Inexpensive	1.000	.584
IFRS Does Not Require Extensive Accounting Experience	1.000	.410
IFRS Simplifies mergers	1.000	.418
IFRS Simplifies Financial Statements	1.000	.899
IFRS Provides Transparency	1.000	.938
IFRS is Attractive to Investors	1.000	.947
IFRS Provides Global Credibility	1.000	.708
IFRS Improves Management Accounting	1.000	.762

Extraction Method: Principal Component Analysis.

Table 17. Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.972	37.150	37.150	2.972	37.150	37.150
2	1.687	21.092	58.243	1.687	21.092	58.243
3	1.006	12.571	70.813	1.006	12.571	70.813
4	.894	11.173	81.986			
5	.767	9.588	91.575			
6	.505	6.307	97.881			
7	.128	1.601	99.482			
8	.041	.518	100.000			

Table 18. Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.952	36.899	36.899
2	1.388	17.349	54.248
3	1.325	16.565	70.813
4			
5			
6			
7			
8			

Extraction Method: Principal Component Analysis.

Figure 5. PCA, for Indian Companies only

Table 20. Rotated Component Matrix [a]

	Component		
	1	**2**	**3**
IFRS is Attractive to Investors	.973		
IFRS Provides Transparency	.966		
IFRS Simplifies Financial Statements	-.944		
IFRS is Inexpensive		.764	
IFRS Does Not Require Extensive Accounting Experience		.637	
IFRS Provides Global Credibility		-.608	.580
IFRS Improves Management Accounting			.865
IFRS Simplifies mergers			

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 5 iterations.

Table 21. Component Transformation Matrix

Component	1	2	3
1	.992	.088	-.089
2	.125	-.734	.668
3	.006	.674	.739

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

There were some interesting distinctions in the PCA conducted on Indian companies. These distinctions will be discussed after presenting the PCA for Chinese companies only:

f. PCA for Chinese Companies Only

Table 22. Communalities

	Initial	Extraction
IFRS is Inexpensive	1.000	.562
IFRS Does Not Require Extensive Accounting Experience	1.000	.362
IFRS Simplifies mergers	1.000	.735
IFRS Simplifies Financial Statements	1.000	.850
IFRS Provides Transparency	1.000	.907
IFRS is Attractive to Investors	1.000	.843
IFRS Provides Global Credibility	1.000	.680
IFRS Improves Management Accounting	1.000	.737

Extraction Method: Principal Component Analysis.

Table 23. Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.315	41.443	41.443	3.315	41.443	41.443
2	1.288	16.096	57.539	1.288	16.096	57.539
3	1.073	13.411	70.950	1.073	13.411	70.950
4	.874	10.921	81.871			
5	.743	9.291	91.162			
6	.514	6.429	97.592			
7	.137	1.718	99.310			
8	.055	.690	100.000			

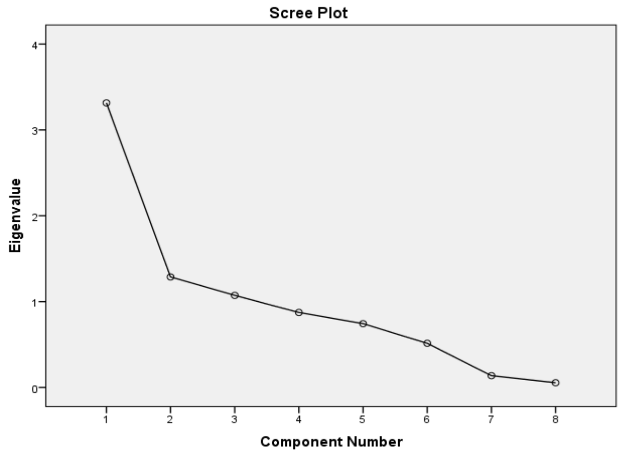

Figure 6. PCA, For Chinese Companies only

Table 24. Component Matrix [a]

	Component		
	1	**2**	**3**
IFRS Provides Transparency	.950		
IFRS Simplifies Financial Statements	-.918		
IFRS is Attractive to Investors	.916		
IFRS Does Not Require Extensive Accounting Experience	.547		
IFRS Simplifies mergers		.724	
IFRS Provides Global Credibility		.637	
IFRS is Inexpensive			.702
IFRS Improves Management Accounting		.523	.689

Extraction Method: Principal Component Analysis.[a]
a. 3 components extracted.

Table 25. Rotated Component Matrix [a]

	Component		
	1	2	3
IFRS Provides Transparency	.920		
IFRS Simplifies Financial Statements	-.915		
IFRS is Attractive to Investors	.903		
IFRS Does Not Require Extensive Accounting Experience	.580		
IFRS Simplifies mergers		.788	
IFRS Provides Global Credibility	.529	.616	
IFRS Improves Management Accounting			.785
IFRS is Inexpensive			-.652

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 5 iterations.

Table 26. Component Transformation Matrix

Component	1	2	3
1	.983	-.182	.030
2	.168	.950	.262
3	.076	.252	-.965

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

g. Comparison and Contrast of Indian and Chinese Companies' PCA

The PCA revealed some important similarities as well as dissimilarities between Indian and Chinese companies' attitudes to IFRS costs and benefits. The Indian PCA was somewhat simpler, with only eight significant (loading >.500) weightings on three components; the Chinese PCA had nine significant (loading >.500) weightings on three components. In terms of component 1, Indian companies associated IFRS attractiveness to investors with transparency while down-weighting the potential of IFRS to simplify financial statements Chinese companies showed exactly the same pattern on component 1, but also suggested that IFRS required more extensive accounting experience and provided more global credibility. For Chinese companies, then, IFRS seems to satisfy a fairly broad set of requirements through a single mechanism of transparency-improving, investor-attracting, credibility-raising actions that seem to be counterweighed by the necessity for greater accounting experience and the tradeoff of more complex financial statement generation processes. Interestingly, Indian companies—like Chinese companies—agreed that IFRS was expensive and required extensive accounting experience, but these two factors weighted heavily on a different component (component 2) as compared to the Chinese PCA (in which these two variables were weighted heavily on component 1). In addition, the Indian component 2 contained a negative loading for IFRS providing global credibility. It seems possible, then, that Indian companies perceive that the greater expense and expertise required by PCA are not met with greater global credibility; nor are these actions associated with investor attractiveness or transparency. Possibly, then, Indian companies are cynical about the cost and expertise demands of IFRS, at least as compared to Chinese companies. It should be noted that Chinese companies had a negative loading (-.652) for IFRS being inexpensive, which was accompanied by a positive loading (.785) for IFRS improving management accounting. Perhaps, then, Chinese companies believe that IFRS can be rendered less expensive through the use of management accounting; the contrasting loading of these two variables in component 3 of the Chinese PCA supports some such conclusion. Finally, there is stark disagreement between the Indian and Chinese companies on the topic of IFRS providing global credibility, given that this variable as a negative loading in the Indian PCA and a positive loading in the Chinese PCA.

4. Discussion of Results

Financial information is the heart of economic life in market systems. In neoclassical economic theory, rational economic decisions can only be made on the basis of such information (Krugman & Wells, 2009). Buyers and sellers must have a fairly precise empirical basis for understanding value in order for cumulative economic activity to be efficient. Historically, some form of information regulation has always accompanied commerce (Mankiw, 2011). In contemporary times, financial information as generated by corporate entities is typically subject to some combination of internal, national, and international accounting regime, depending on variables such as where the company is listed (Norton, Diamond, & Pagach, 2006).

Accounting practices continue to vary widely and for a number of reasons. To begin with, some aspects of accounting—for example, the choice of certain methods of book-keeping—remain altogether unregulated and therefore fall to the choice of the company, even though accounting standards might provide guidance or recommendations for such practices (Pounder, 2009). Additionally, there is latitude for a wide variety of approaches even within standardized accounting regimes. For example, IFRS is a principles- rather than rules-based accounting regime, which means that IFRS allows companies some leeway in their accounting practices (Nandakumar, Mehta, & Ghosh, 2010). Even U.S. GAAP, which are rule-based and are ten times as long as IFRS, contain some leeway in that, in

Saudagaran's (2009) estimation, GAAP allows for "more aggressive accounting practices" (p. 206) that open the door for multiple approaches to compliance with the standard.

The existence of multiple accounting practices and regimes, and the presence of latitude in the world of accounting decision-making, creates many potential problems for accounting scholars and policy-makers. However, the presence of choice is also an important problem for companies, especially companies that find themselves in a position of growth. Specifically, companies in India and China have been experiencing a period of growth and capital accumulation that have created more opportunities for global mergers than existed beforehand. To date, the accounting literature has been silent on the question of how Indian and Chinese companies' IFRS adoption intentions, perceptions of IFRS costs and benefits, and mergers strategies have been linked. The following findings cast some light on these linkages:

First, Indian and Chinese companies were very similar to each other in their perceptions of individual IFRS costs and benefits. However, PCA revealed the existence of some subtle but important distinctions between how companies from these two countries perceive IFRS. In particular, although none of the Chinese companies had adopted IFRS, they seemed to believe that the integration of IFRS with management accounting could result in some form of expense reduction as well as better global credibility and mergers simplification. It remains to be seen whether this perception is wishful thinking or the core of a workable strategic approach to IFRS implementation in China. Indian companies, by contrast, appeared to be more cynical in that they believed IFRS to be expensive and complex, but unaccompanied by global credibility.

Second, there were strong distinctions between how companies that had actually adopted or were planning to adopt IFRS, versus companies that had no plans to adopt IFRS, saw IFRS costs and benefits. Companies that had adopted or were planning to adopt IFRS believed that IFRS (a) rendered the generation of financial statements more complex, (b) provided more transparency, and (c) was more attractive to investors. Non-adopters appear to have an unrealistic version about the simplicity of IFRS and an under-appreciation of IFRS's transparency and attractiveness to investors.

These findings should be of interest to scholars interested in understanding the links between Indian and Chinese companies' IFRS adoption, mergers activity, and perceptions of IFRS costs and benefits. Future research could add appreciably to these findings by conducting individual interviews to obtain more specific findings about the motivations for IFRS adoption or non-adoption among Indian and Chinese companies.

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