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Review

Determinants of Voluntary International Financial Reporting Standards Application: Review from Theory to Empirical Research

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Abstract: IFRS has become a global financial reporting standard, with many countries adopting it as their primary framework and others contemplating its adoption. Research on voluntary IFRS adoption sheds light on global convergence progress and its impact on accounting practices. This study aims to elucidate the factors influencing the voluntary adoption of IFRS by examining, analyzing, and synthesizing findings from empirical studies conducted worldwide. The research scrutinizes 185 relevant studies on the voluntary adoption of IFRS published before August 2023, employing a systematic literature review methodology. Our assessment reveals that, in prior research, the factors influencing the voluntary adoption of IFRS are categorized into seven main factors, including corporate operations, capital structure, ownership structure, internationalization, financial performance, corporate governance, and several other factors. These studies employ various methodologies, including data surveys and cross-sectional data, to estimate the relationships between these factors and the voluntary adoption of IFRS. In addition to providing an evaluation of the research in this field, this study can serve as a framework for future researchers to link and compare the results of different studies. We anticipate that this research will be beneficial for future scholars interested in the factors influencing the voluntary adoption of IFRS. Furthermore, the study proposes essential guidance for future research considerations.

Keywords: IFRS; literature review; voluntary adoption

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1. Introduction

The European Union adopted regulations to facilitate the preparation of consolidated accounts for EU-listed companies, including insurers and banks, in accordance with the International Financial Reporting Standards (IFRS) from 2005 onward. Consequently, the International Accounting Standards Board (IASB) introduced IFRS, a set of accounting rules designed to establish a uniform platform for global financial reporting. The widespread adoption of IFRS across the globe is primarily motivated by the evident advantages these standards offer. They promote comparability in financial reporting, enhance investor protection via increased accounting transparency and disclosure, boost capital market liquidity, and contribute positively to global economic growth and development (Soderstrom and Sun 2007). Moreover, the varying accounting practices adopted in different countries pose a challenge for users of financial statements when it comes to comparing the performance of companies listed on various stock exchanges worldwide (Prather-Kinsey 2006). Such discrepancies can put certain investors and financial statement users at a disadvantage. Consequently, the adoption of IFRS has seen substantial growth since 2005, establishing IFRS as a universally acknowledged accounting standards framework (De George et al. 2016).

In recent years, several comprehensive studies on the voluntary adoption of IFRS have been conducted. For instance, Soderstrom and Sun (2007) conducted a review of

13 studies that assessed the impact of changing accounting standards and discussed the determinants of accounting quality following the adoption of IFRS. Jamal et al. (2008) provide an overview of research on the transition from GAAP to IFRS. Ramanna (2013) conducts a comprehensive analysis of studies related to IFRS in Canada, China, India, and the US. Păşcan (2015) analyzes the impact of the transition from national accounting standards to IFRS on accounting quality in Europe based on a review of 18 studies. De George et al. (2016) present an overview of studies related to IFRS adoption by businesses worldwide. From the above analysis, existing evaluation documents on the voluntary application of IFRS focus on assessing and analyzing the benefits, disadvantages, challenges, or opportunities that businesses receive when applying to IFRS. However, very few studies explore the determinants of businesses' voluntary adoption of IFRS. While many studies assess the transition to IFRS, they often lack in-depth examinations of the factors that influence firms' decisions to voluntarily adopt IFRS. This deficiency served as the primary impetus behind the research review presented in this paper. To guide the rest of our review, we formulated the following research question: "What are the specific factors influencing firms' voluntary adoption of IFRS in the existing literature?". Research was undertaken to address this question.

The structure of this article is as follows: Section 2 outlines the research methodology. Section 3 offers a comprehensive overview of the literature, summarizing previous studies that analyze the factors influencing the voluntary adoption of IFRS. In Section 4, we categorize these factors affecting the voluntary adoption of IFRS. Subsequently, Section 5 delves into the research findings and draws conclusions. The article concludes in Section 6, where we also provide recommendations for future research.

2. Research Method

This study employs the systematic literature review methodology to investigate studies related to the determinants of voluntary IFRS application. The steps in the systematic literature review methodology include (i) formulating a research question; (ii) identifying relevant literature; (iii) selecting studies; (iv) appraising studies; (v) synthesizing findings, and (vi) reporting the review (Okoli 2015).

This study considered the scope of the reviewed research via the following criteria: (i) studies published before August 2023; (ii) studies published in peer-reviewed research journals; and (iii) studies written in English. Databases were used to find out previous empirical evidence, including Scopus and Google Scholar. Keywords searched in the title/abstract/keyword field in the selected database included "Voluntary IFRS", "Voluntary International financial reporting standards", "Voluntary adoption of IFRS", and "Voluntary adoption of International financial reporting standards". Furthermore, we utilize a PRISMA diagram to present our systematic reviews in a clear and comprehensive manner. A PRISMA diagram is a visual flowchart that illustrates the steps involved in the identification, selection, and exclusion of studies in a systematic review (Gates and March 2016). In Figure 1, we depict the process of identifying, selecting, and excluding studies in a systematic review of voluntary IFRS application. The initial review identified 2124 records from various sources. After removing duplicates, 1871 records were excluded. Following the screening of titles and abstracts, 253 records were excluded. Subsequent to a full-text review, 68 records were excluded. The final review comprised 185 studies.

As a result, a total of 185 relevant studies were found (refer to Figure 2). After eliminating duplicate studies and studies unrelated to the research topic, we analyzed the content of the studies.

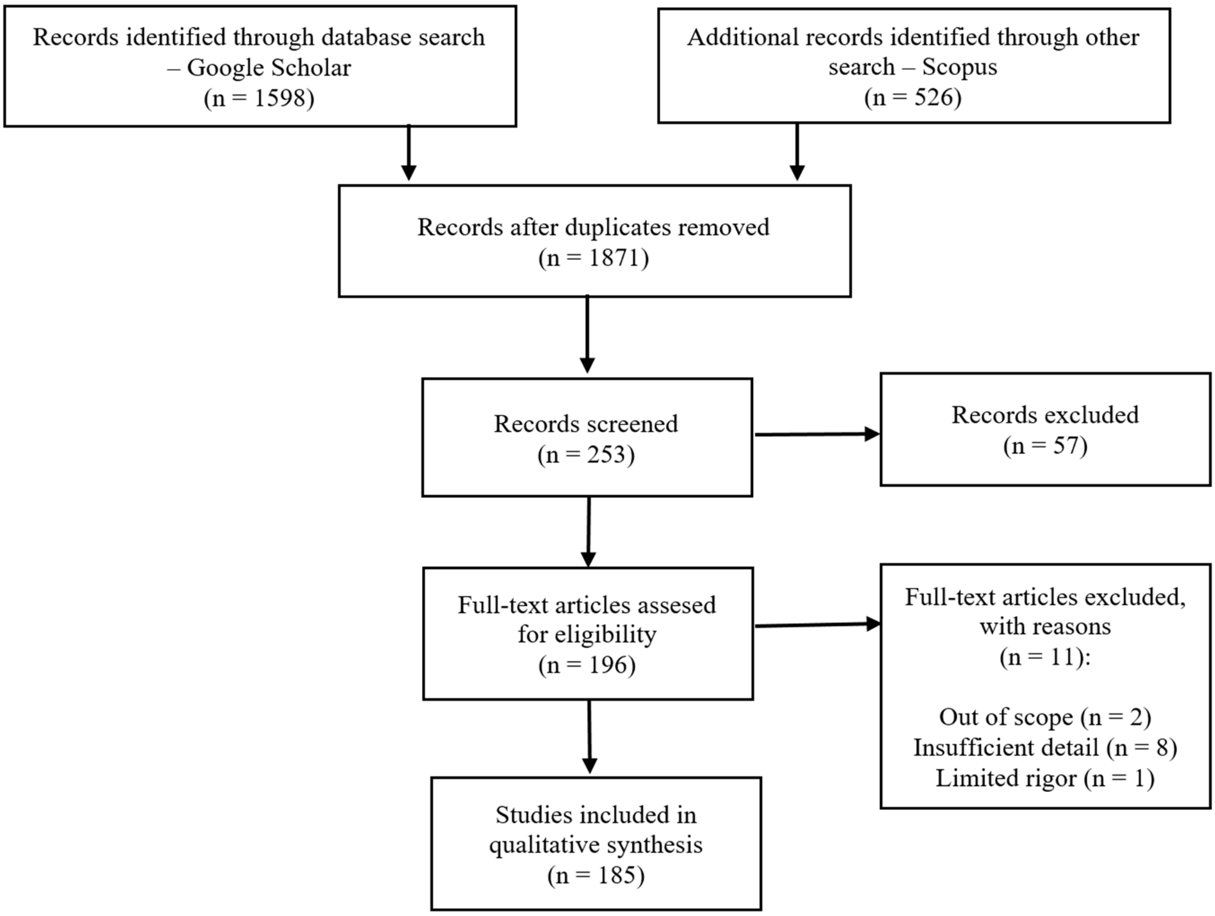

Figure 1. PRISMA flow diagram for systematic review of voluntary IFRS application. Source: Review results.

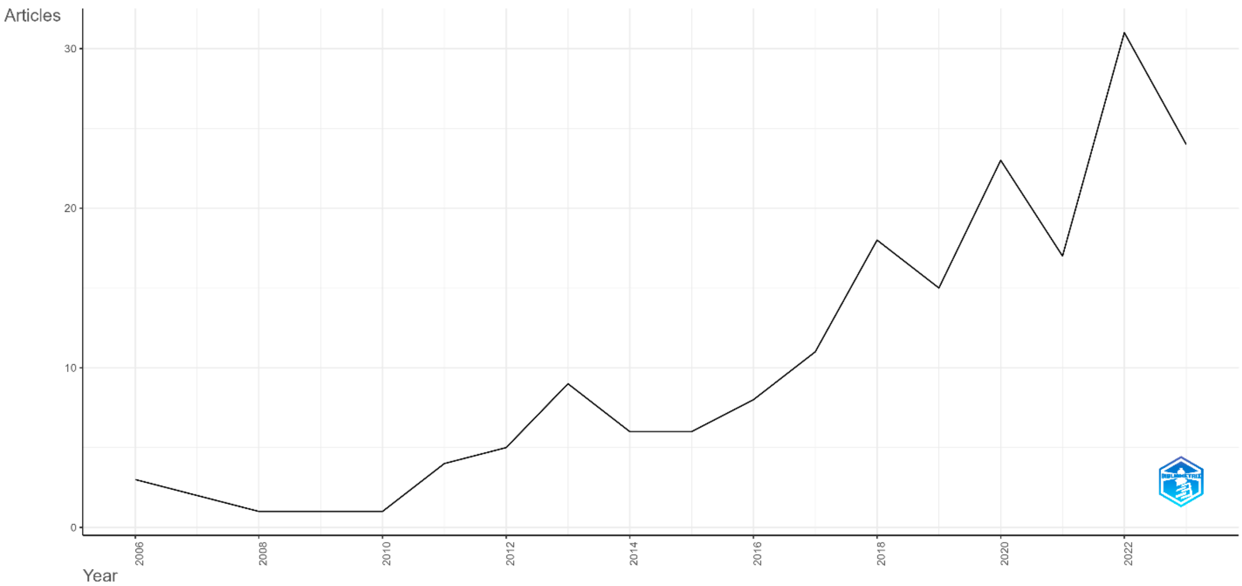

Figure 2. Number of published articles. Source: Review results.

Based on the search results of related studies, we have identified the ten most cited studies by scholars on Scopus and Google Scholar, as presented in Table 1. One such study is by Van Tendeloo and Vanstraelen (2005), who analyzed the impact of the voluntary adoption of IFRS on earnings management using data from 212 listed companies in Germany. Another notable study is by Christensen et al. (2015), which examined changes in accounting quality resulting from the voluntary adoption of IFRS, with data collected from 310 companies headquartered in Germany.

Table 1. Summary of studies most cited on Scopus and Google Scholar.

	Scopus		Google Scholar	
No.	**Studies**	**Number of Citations**	**Studies**	**Number of Citations**
1	Van Tendeloo and Vanstraelen (2005)	296	Van Tendeloo and Vanstraelen (2005)	1115
2	Christensen et al. (2015)	193	Christensen et al. (2015)	931
3	Kim and Shi (2012a)	105	Kim and Shi (2012a)	242
4	Kim et al. (2011)	99	Kim et al. (2011)	242
5	Li and Yang (2016)	90	Li and Yang (2016)	215
6	Guerreiro et al. (2012)	75	Guerreiro et al. (2012)	213
7	Kim and Shi (2012b)	47	Renders and Gaeremynck (2007)	154
8	Renders and Gaeremynck (2007)	40	Kim and Shi (2012b)	106
9	Chen et al. (2017)	31	Barth (2013)	85
10	Alanezi and Albuloushi (2011)	21	Muller et al. (2008)	78

Source: Review results.

3. Literature Summary by Theoretical Framework

Previous studies investigating the voluntary adoption of IFRS have employed various theoretical frameworks, such as positive accounting theory, institutional theory, agency theory, and several other relevant theories (as shown in Table 2).

Table 2. Summary of studies following the theoretical framework.

Theoretical Framework	Studies
Positive accounting theory	Van Tendeloo and Vanstraelen (2005); Emmanuel Iatridis (2012); Matonti and Iuliano (2012); Pichler et al. (2018); Christensen et al. (2015); Aksu and Espahbodi (2016)
Institutional theory	Phan (2014); Thien and Hung (2021); Guerreiro et al. (2012); Nguyen (2022)
Agency theory	Alanezi and Albuloushi (2011); Di Fabio (2018); Hlel and Nafti (2019); Pichler et al. (2018)
Other theories	
Signaling theory	Alanezi and Albuloushi (2011); Hlel and Nafti (2019)
Decision Usefulness Theory	Thien and Hung (2021)
Legitimacy theory	Phan (2014); Phan et al. (2018); Thien and Hung (2021)
Economic theory	Sato and Takeda (2017)
Expectancy theory	Gu (2021)

Source: Review results.

3.1. Positive Accounting Theory

Positive accounting theory, initially proposed by Watts and Zimmerman in 1990, offers insights into the rationale behind the selection of specific accounting policies. This theory aims to elucidate and forecast the decision-making process regarding accounting policies (Watts and Zimmerman 1990). It posits several predictions regarding managerial behavior, suggesting that firms disclose information tailored to their financial requirements (Fields et al. 2001). According to positive accounting theory, voluntary information disclosure signifies their pursuit of optimal actions, thereby enhancing financial reporting quality and serving the interests of investors (Fields et al. 2001). This choice to share voluntary information serves as a positive signal to investors, instilling confidence in the accuracy and verifiability of financial statements (Lambert 2001). As a result, numerous studies investigating the voluntary adoption of IFRS have drawn upon positive accounting theory as a foundational framework (Emmanuel Iatridis 2012; Matonti and Iuliano 2012; Pichler et al. 2018).

3.2. Institutional Theory

Institutional theory delves into the influence of various entities, including government bodies, professional organizations, and societal groups, on the behavior of businesses. Scott (2004) contends that companies often find themselves constrained by government policies, especially when the government implements IFRS. Meyer and Rowan (1977) have demonstrated that these institutional pressures manifest via societal norms and governmental regulations. Guerreiro et al. (2012) utilize institutional theory to elucidate the motives behind voluntary IFRS adoption, emphasizing the interests, identities, values, and assumptions of both individuals and organizations. Companies, whether parent organizations or subsidiaries, often choose to implement IFRS to facilitate the preparation of more comparable financial statements (Guerreiro et al. 2012). Institutional theory provides a valuable framework for understanding how organizations respond to external regulatory pressures, as it posits that internal dynamics, interests, and agency play pivotal roles in determining organizational adaptations (Dillard et al. 2004; Greenwood and Hinings 1996; Oliver 1991). Several studies have employed institutional theory to investigate the voluntary adoption of IFRS (Guerreiro et al. 2012; Thien and Hung 2021).

3.3. Agency Theory

Agency theory is a fundamental concept focused on information disclosure within organizations. This theory views a firm as the central hub of agency relationships involving various individuals (Jensen and Meckling 1976). At its core, agency theory elucidates the prevalence of corporate governance mechanisms, primarily built upon the assumption of conflicts between owners and managers (Clarke 2004). As proposed by Mizruchi (2004), the separation of ownership and control arises from the structural framework and professional management model adopted by modern corporations. Muth and Donaldson (1998) contend that this separation enhances managerial power, often leading to decisions that prioritize managers' interests at the expense of shareholders (Muth and Donaldson 1998). Consequently, effective corporate governance mechanisms, including robust boards of directors and monitoring mechanisms, have become imperative to represent shareholder interests and oversee managerial actions. These mechanisms, in turn, incentivize managers to disclose comprehensive information, thus addressing the information requirements of financial report users (Alanezi and Albuloushi 2011). Furthermore, agency theory underscores the vital role of a company's board of directors as a critical oversight mechanism aimed at mitigating information asymmetry by providing high-quality information, ultimately enhancing corporate reputation (Ahmad-Zaluki and Nordin Wan-Hussin 2010). Several studies have applied agency theory to elucidate the rationale behind the voluntary adoption of IFRS (Alanezi and Albuloushi 2011; Di Fabio 2018; Hlel and Nafti 2019; Pichler et al. 2018).

3.4. Several Other Relevant Theories

Signaling theory, originally formulated by Spence in 1973 to address information asymmetry (Spence 1973), found further application when Ross (1977) employed it to elucidate voluntary information disclosure. Verrecchia (1983) delved into corporate behavior, highlighting how companies strategically opt for voluntary information disclosure, such as earnings forecasts, to distinguish themselves in the market and enhance their market value. Ajinkya and Gift (1984) emphasized the reliability and relevance of management forecasts as valuable information for investors, given their association with stock price adjustments. In the context of IFRS adoption, signaling theory posits that it serves as a credible signal indicating enhanced quality, transparency in financial reporting, and reduced information asymmetry, primarily via the improvement in forecast accuracy (Masoud 2017). Numerous studies have employed signaling theory to shed light on the motivations behind the voluntary adoption of IFRS (Alanezi and Albuloushi 2011; Hlel and Nafti 2019).

The foundation of Decision Usefulness Theory is rooted in the fundamental purpose of accounting: to provide information that aids users in making informed decisions (Hitz 2007). This theory underscores that financial statements should not only assist users in assessing a company's historical performance but also enable them to make informed projections about its future prospects. Consequently, it becomes imperative to present accounting information with honesty and fairness, accurately reflecting the underlying economic transactions (Dandago and Hassan 2013; Hitz 2007). Decision Usefulness Theory finds application in the work of Thien and Hung (2021), who utilize it to elucidate the rationale behind the voluntary adoption of IFRS.

Legitimacy theory posits that companies should operate in compliance with relevant laws and regulations in the countries where they conduct business (Suchman 1995). Under the framework of legitimacy theory, companies are incentivized to make decisions that align with established standards, thereby enabling a deeper understanding of the factors within legitimacy theory that influence these corporate choices (De Luca and Prather-Kinsey 2018). Several studies have applied legitimacy theory to elucidate the perspectives of accountants, scholars, chief accountants, financial directors, and managers regarding the voluntary adoption of IFRS (Phan et al. 2018; Phan 2014; Thien and Hung 2021).

Economic theory argues that a firm's commitment to enhanced information disclosure can mitigate information asymmetry among investors and curb adverse selection in capital markets. This, in turn, leads to increased market liquidity, reduced capital costs, and an overall enhancement of company value (Verrecchia 2001). Information asymmetry often fosters adverse selection among investors, resulting in decreased market liquidity (Verrecchia 2001). In less liquid markets, heightened information disclosure levels serve to alleviate information asymmetry, subsequently lowering equity issuance prices and the cost of capital (Baiman and Verrecchia 1996). Given the assumption that the adoption of IFRS leads to improved disclosure, enhanced quality, and comparability in financial reporting practices, businesses voluntarily embracing IFRS can reap the aforementioned benefits (Sato and Takeda 2017). Sato and Takeda (2017) employed economic theory to investigate the voluntary adoption of IFRS by businesses.

Expectancy theory, as proposed by Vroom in 1964, posits that firms are driven by the anticipation of rewards to enhance their performance. According to this theory, when individuals highly value a specific reward, they are more inclined to enhance their performance in pursuit of that reward (Vroom 1964). On one hand, IFRS voluntary application can lead to improved accounting quality, primarily via enhanced financial statement comparability. Conversely, it may also result in lower accounting quality due to increased complexity, although this aspect lacks experimental verification (Gu 2021). Gu (2021) contended that the voluntary adoption of IFRS by listed companies can indeed enhance accounting quality, and it identifies expectancy theory as a suitable framework for explaining managerial behavior in this context.

4. Literature Summary by Predictor Variables

The voluntary adoption of IFRS by businesses is influenced by a multitude of factors, which can be categorized into several key groups: (i) corporate operations; (ii) capital structure; (iii) ownership structure; (iv) internationalization; (v) financial performance; (vi) corporate governance; and (vii) several other factors.

4.1. Corporate Operations

The voluntary adoption of IFRS is significantly influenced by their corporate operations. The scale of a company's operations is often quantified by metrics such as the logarithm of total assets, the number of subsidiaries, and the number of years it has been in business (as shown in Table 3). Previous research has established that the scale of operations plays a pivotal role in explaining accounting choices during the transition from GAAP to IFRS (Kvaal and Nobes 2010). However, Sato and Takeda (2017) and Chung and Park (2017) have presented evidence indicating that a longer history of business operations has a detrimental impact on the voluntary adoption of IFRS.

Table 3. Studies using corporate operations as an independent variable.

Variable	Studies
Firm size	Kim and Shi (2012a, 2012b); Emmanuel Iatridis (2012); Renders and Gaeremynck (2007); Sato and Takeda (2017); Giner et al. (2019); Di Fabio (2018); Nguyen (2022)
Firm age	Sato and Takeda (2017); Giner et al. (2019); Chung and Park (2017)
Number of subsidiaries	André et al. (2012)

Source: Review results.

4.2. Capital Structure

Capital structure is a recognized factor that influences the voluntary adoption of IFRS. Capital structure can be assessed via various indicators, including increases in debt capital, increases in equity capital, total liabilities, and financial leverage (as illustrated in Table 4). Most factors related to capital structure exert a positive influence on the voluntary adoption of IFRS by listed enterprises. However, research by Sato and Takeda (2017) and Chung and Park (2017) demonstrated that financial leverage has a negative impact on the voluntary adoption of IFRS. Furthermore, a defining characteristic of businesses that choose to adopt IFRS voluntarily may be their relatively low capital intensity (André et al. 2012). Consequently, they predicted and confirmed that companies primarily investing their assets in fixed assets are less inclined to adopt IFRS.

Table 4. Studies using capital structure as an independent variable.

Variable	Studies
Debt capital	Emmanuel Iatridis (2012)
Equity capital	Emmanuel Iatridis (2012)
Total liabilities	Emmanuel Iatridis (2012)
Financial leverage	Alanezi and Albuloushi (2011); Sato and Takeda (2017); André et al. (2012); Yang (2014); Chung and Park (2017); Matonti and Iuliano (2012); Di Fabio (2018); Nguyen (2022)

Source: Review results.

4.3. Ownership Structure

Ownership structure has been found to be a factor related to firms' voluntary adoption of IFRS. Ownership structure encompasses various factors, including the overall ownership composition, foreign ownership ratio, and the presence of family members on the company's board (as displayed in Table 5). Notably, Renders and Gaeremynck (2007) demonstrated a negative influence of ownership structure on the voluntary adoption of IFRS. Similarly, Alanezi and Albuloushi (2011) revealed that the presence of family members on the board of directors has a detrimental impact on the voluntary adoption of IFRS. Conversely, Sato and Takeda (2017) found a positive relationship between the foreign ownership ratio and the voluntary adoption of IFRS by listed firms. In contrast, Matonti and Iuliano (2012) presented evidence showing that foreign ownership is negatively associated with the voluntary adoption of IFRS. Foreign shareholders seeking to minimize the costs of obtaining reliable financial information are more likely to favor firms that report in accordance with IFRS (Matonti and Iuliano 2012).

Table 5. Studies using ownership structure as an independent variable.

Variable	Studies
Ownership composition	Renders and Gaeremynck (2007); Pichler et al. (2018)
Foreign ownership ratio	Sato and Takeda (2017); Sakawa et al. (2021); Matonti and Iuliano (2012); Nguyen (2022)
The presence of family members on the company's board	Alanezi and Albuloushi (2011)

Source: Review results.

4.4. Internationalization

The level of internationalization is also recognized as a significant factor influencing the voluntary adoption of IFRS. This includes three key factors: internationalization, enterprises engaged in trade with foreign markets, and cross-listing on foreign exchanges (as indicated in Table 6). According to Bassemir (2018), research indicates that businesses with numerous subsidiaries and significant international transactions tend to prefer IFRS adoption. The role of international business orientation in IFRS adoption aligns with the notion that companies operating at the international level are more inclined to perceive the need for adopting a reporting strategy that enables effective communication with a diverse set of stakeholders, including international constituents and customers (André et al. 2012). Additionally, internationally oriented companies often face heightened complexity in information processing and may choose to address these needs via IFRS adoption (Bassemir 2018). Most factors related to internationalization have a positive impact on enhancing the voluntary adoption of IFRS.

Table 6. Studies using internationalization as an independent variable.

Variable	Studies
Internationalization	Giner et al. (2019); Sakawa et al. (2021)
Enterprises engaged in trade with foreign markets	Kim and Shi (2012a, 2012b); Emmanuel Iatridis (2012); Nguyen (2022)
Cross-listing on foreign exchanges	Kim and Shi (2012a, 2012b); Emmanuel Iatridis (2012)

Source: Review results.

4.5. Financial Performance

Financial performance factors have also been shown to be related to the voluntary adoption of IFRS by enterprises. Financial performance encompasses factors such as profit, market capitalization, and growth rate (as displayed in Table 7). Specifically, market capitalization is positively correlated with the voluntary adoption of IFRS (Emmanuel

Iatridis 2012). In contrast, Alanezi and Albuloushi (2011) argued that profits have a negative impact on the voluntary adoption of IFRS by listed enterprises.

Table 7. Studies using financial performance as an independent variable.

Variable	Studies
Profits	Alanezi and Albuloushi (2011); Giner et al. (2019); Yang (2014)
Market capitalization	Emmanuel Iatridis (2012); Verriest et al. (2013)
Growth rate	Chung and Park (2017)

Source: Review results.

4.6. Corporate Governance

Corporate governance activities play a significant role in influencing the voluntary adoption of IFRS. Factors related to corporate governance activities encompass governance practices, internal governance, management changes preceding the adoption of IFRS, the engagement of Big 4 audit firms, and the presence of an audit committee (as shown in Table 8). Most factors associated with corporate governance activities exhibit a positive correlation with the voluntary adoption of IFRS. Companies audited by prominent audit firms may demonstrate a higher level of compliance and familiarity with IFRS requirements (Street and Gray 2002). Consequently, companies audited by large audit firms (Big 4) are more likely to provide voluntary IFRS information prior to adopting IFRS (Tarca 2004).

Table 8. Studies using corporate governance as an independent variable.

Variable	Studies
Governance practices	Verriest et al. (2013); Giner et al. (2019)
Internal governance	Sato and Takeda (2017)
Management changes preceding the adoption of IFRS	Emmanuel Iatridis (2012)
Big 4 audit firms	Emmanuel Iatridis (2012); Renders and Gaeremynck (2007); Sato and Takeda (2017); André et al. (2012); Chung and Park (2017); Pichler et al. (2018); Nguyen (2022)
Audit committee	Alanezi and Albuloushi (2011)

Source: Review results.

4.7. Several Other Factors

Various factors influencing the voluntary adoption of IFRS are primarily documented and assessed by professionals such as employees, accountants, chief accountants, auditors, and financial directors. For instance, Guerreiro et al. (2012) conducted a survey among financial managers and accountants representing 474 large unlisted companies in Portugal to analyze patterns of voluntary IFRS adoption. Thien and Hung (2021), building upon the work of Guerreiro, Rodrigues, and Craig (Guerreiro et al. 2012), conducted an analysis of the impact of institutional pressure, legal considerations, risk factors, and uncertainties on the voluntary adoption of IFRS by SMEs. Their analysis was based on a survey involving 272 auditors, financial directors, and chief accountants. Phan et al. (2018) conducted a survey involving 728 participants, including auditors, accountants, and accounting scholars, to investigate the patterns of voluntary IFRS adoption behavior.

Refer to Table 9 for details.

Table 9. Studies using several other factors as an independent variable.

Variable	Studies
Legitimacy	Guerreiro et al. (2012); Thien and Hung (2021)
Dependence	Guerreiro et al. (2012); Thien and Hung (2021)
Consistency	Guerreiro et al. (2012); Thien and Hung (2021)
Constraint	Guerreiro et al. (2012)
Uncertainty	Guerreiro et al. (2012); Thien and Hung (2021)
Interconnectedness	Guerreiro et al. (2012)
Financial risks	Thien and Hung (2021)
Operational risks	Thien and Hung (2021)
Flexibility	Thien and Hung (2021)
Trade	Thien and Hung (2021)
Time	Thien and Hung (2021)
Industry	Thien and Hung (2021)
Perceived benefits	Phan et al. (2018)
Perceived challenges	Phan et al. (2018)

Source: Review results.

5. Conclusions and Discussion

The objective of this study was to conduct a comprehensive review of the existing literature concerning the determinants of voluntary IFRS adoption. The review reveals that prior research has extensively utilized various theoretical frameworks, including positive accounting theory, institutional theory, agency theory, and several other pertinent theories. Additionally, the findings from the examination of factors influencing the voluntary adoption of IFRS are categorized into seven primary groups.

Most of the studies have been conducted in developed countries with early IFRS adoption roadmaps, such as EU countries, which constitute a significant portion of the research (Bertrand et al. 2021; Li 2010; Renders and Gaeremynck 2007). Additionally, several other countries have been considered for evaluation, including England (André et al. 2012; Muller et al. 2008), Brazil (Almeida and Rodrigues 2017), Canada (Ledoux and Cormier 2013), Portugal (Guerreiro et al. 2008, 2012), the Czech Republic (Procházka 2011), Germany (Moya and Oliveras 2006; Van Tendeloo and Vanstraelen 2005), South Korea (Kim and Choi 2014), China (Liu et al. 2011), Israel (Chen et al. 2017), Japan (Giner et al. 2019), France (de La Bruslerie and Gabteni 2014), Turkey (Aksu and Espahbodi 2016), Italy (Matonti and Iuliano 2012), and Vietnam (Nguyen 2022; Thien and Hung 2021). Moreover, the reviewed studies predominantly employ quantitative methods to examine the factors influencing the voluntary adoption of IFRS. These studies are characterized by empirical testing and retesting of theoretical models related to the benefits of voluntary IFRS adoption, with the primary quantitative methods being multivariate regression, descriptive statistics, and linear structural models.

Research on the voluntary adoption of IFRS worldwide primarily employs two main approaches. The first approach revolves around firm characteristics assessments, with studies focusing on analyzing the determinants influencing the voluntary adoption of IFRS by companies. For instance, Procházka (2011) utilized data from unlisted firms in the Czech Republic to scrutinize voluntary IFRS adoption behavior. André et al. (2012) conducted an extensive analysis of the factors impacting the voluntary adoption of IFRS among 8417 medium and large non-listed companies in the UK. Matonti and Iuliano (2012) examined a sample of 206 private companies in Italy to investigate the factors affecting their voluntary adoption of IFRS. Yang (2014) explored the factors influencing voluntary IFRS adoption and conducted a comparative study between the UK and Germany, drawing upon survey data from medium and large enterprises. Additionally, Sakawa et al. (2021) conducted research on the voluntary adoption of IFRS by small and medium-sized enterprises in Japan. The second approach involves assessments from various professionals, including employees, accountants, chief accountants, auditors, and financial directors. Noteworthy studies following this approach include Guerreiro et al. (2012), Thien and Hung (2021), and Phan et al. (2018).

Previous research has identified that the factors influencing the voluntary adoption of IFRS primarily stem from within the enterprise. However, the consideration of external factors believed to impact the voluntary adoption of IFRS remains limited, with a notable focus on the internationalization factor (Emmanuel Iatridis 2012; Giner et al. 2019; Kim and Shi 2012a, 2012b; Nguyen 2022; Sakawa et al. 2021). Especially in countries following a roadmap to prepare for the implementation of IFRS, prior studies have focused on examining factors related to institutional pressures and the perceived benefits and challenges faced by businesses in their prospective adoption of IFRS (Guerreiro et al. 2012; Phan et al. 2018; Thien and Hung 2021).

Moreover, most factors tend to positively influence the voluntary adoption of IFRS. However, few empirical studies still yield varying conclusions relative to some factors' positive or negative effects on the voluntary adoption of IFRS. For instance, Nguyen (2022) demonstrated a positive relationship between financial leverage and voluntary adoption of IFRS. Di Fabio (2018) suggested that companies in Italy using higher financial leverage are more inclined to voluntarily apply IFRS. Conversely, Sato and Takeda (2017) and Chung and Park (2017) contended that financial leverage has a negative impact on the voluntary adoption of IFRS. Similarly, two other factors, foreign ownership, and corporate profits, present contrasting findings in their influence on the voluntary adoption of IFRS.

The research findings contribute to a comprehensive understanding of the factors influencing the voluntary adoption of IFRS by businesses in various contexts, based on a systematic review of 185 articles. These results can be valuable for managers when making decisions related to the voluntary adoption of IFRS. Nonetheless, there are two main limitations to this study. Firstly, this study does not explore variations in findings under different economic and cultural conditions. Consequently, the generalizability of the findings to specific regions or industries may be limited, and the study does not provide a detailed analysis of how economic and cultural factors may impact the adoption of IFRS. Secondly, the study does not address the role of moderating variables influencing the voluntary adoption of IFRS. A better understanding of moderating variables, such as regulatory changes, industry-specific dynamics, or company-specific characteristics, could offer a more comprehensive view of the adoption process and its drivers toward voluntary IFRS application.

6. Directions for Research Future

In terms of theory, previous studies have employed various theoretical frameworks to elucidate the factors influencing the voluntary adoption of IFRS by businesses. Nevertheless, there are limited studies that combine theories to examine the role of corporate managers in relation to internal factors and their influence on the voluntary adoption of IFRS. Consequently, future research should delve into this relationship and offer novel theoretical insights.

Regarding research methods, the majority of previous studies have employed quantitative research approaches. Consequently, future research should consider employing a combination of quantitative and qualitative methods to gain a more comprehensive understanding of the factors that influence the voluntary adoption of IFRS in diverse economic, cultural, and social contexts across various societies.

While previous empirical studies have underscored the influence of managers and business owners in the voluntary adoption of IFRS, there remains a dearth of empirical evidence within the specific context of countries having an IFRS implementation roadmap. Therefore, future research should consider the effect of ownership structure on IFRS adoption in these nations. This inquiry becomes particularly significant in countries harboring numerous state-owned enterprises characterized by distinct attributes—does the voluntary adoption of IFRS differ significantly for these enterprises compared to others?

Moreover, there is controversy surrounding the conclusions drawn from studies regarding the impact of factors on the voluntary adoption of IFRS. Such discrepancies can potentially result in inaccurate assessments and judgments regarding the factors that influence the voluntary adoption of IFRS. Therefore, future research should aim to elucidate these disparities by investigating whether a nonlinear impact of these factors exists on the voluntary adoption of IFRS.

Finally, most of the prior studies have concentrated on investigating internal factors that influence the voluntary adoption of IFRS, with minimal attention given to external factors. Consequently, future research should explore and incorporate new external factors that may influence the voluntary adoption of IFRS.

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