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Determinants of voluntary IFRS adoption in an emerging market: Evidence from Turkey

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Abstract: The European Commission has required the adoption of IFRS in order to harmonize financial reporting standards for European listed companies as of 1 January 2005. Adoption of IFRS by European Union has made IFRS the most widely accepted financial reporting standards in the world. Turkey, having close economic and political ties with the European Union, has followed the same path. Turkish firms listed on the Borsa Istanbul (stock exchange of Turkey) started to adopt financial reporting standards in compliance with IFRS voluntarily in 2003 and mandatorily in 2005. This study aims to examine empirically the determinants of voluntary IFRS adoption of listed firms in Turkey. This study reports on the results of an empirical investigation of the determinants of voluntary IFRS adoption by 206 non-financial firms listed on the Borsa Istanbul. Analyzing the determinants of voluntary IFRS adoption by Turkish listed firms during the transition period, we find that size, international exposure, and type of auditor are important drivers.

Keywords: IFRS, voluntary adoption, emerging market, Turkey

JEL codes: M41

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1. Introduction

Firms listed on European Stock exchanges have been required to use International Financial Reporting Standards (IFRS) in their consolidated accounts since January 1, 2005 to comply with Regulation Act EC 1606/2002. Such transition marks an important milestone in global accounting practices since European firms previously followed a variety of country-specific generally accepted accounting principles that sometimes greatly differed from IFRS (Soderstrom & Sun, 2007). In line with the European Union requirements, the Capital Market Board of Turkey (CMB) started the transition to IFRS process for listed firms in 2003 by issuing new financial reporting standards consistent with IFRS (CMB, 2003, XI/25) to replace the former financial reporting standards (CMB, 1989, XI/1, XI/5; 2001, XI/19, XI/20, XI/21). Turkey, as having a large emerging market economy and being a candidate country for the European Union, provides us with a valuable case, with Turkish listed firms presenting their financial statements in accordance with IFRS voluntarily from 2003 and mandatorily from 2005.

Academics and practitioners both state that the purpose of IFRS adoption is to contribute to the efficient and cost-effective functioning of the capital market by providing with a high level of transparency and comparability of financial reporting since the adoption is associated with significant improvements in the information environment (ICAEW, 2007; Barth *et al.*, 2008; Daske *et al.*, 2008). Firms have started to apply IFRS voluntarily before 2005 in some countries including Turkey. To our best knowledge, there is no study empirically investigating the determinants of voluntary IFRS adoption by listed firms in Turkey.

Turkey, as a fast growing economy and the 13th most-attractive destination for foreign investment according to A.T. Kearney's 2012 FDI Confidence Index, is an interesting environment to examine the topic of IFRS adoption. Studying the determinants of voluntary IFRS adoption in an emerging market is interesting because investors in emerging markets have very limited information available. The other reason for choosing Turkey as the focus of this study is that the Turkish accounting practices has followed a historical avenue from a Continental European system to an Anglo-Saxon accounting system. Therefore, current Turkish accounting environment shows features of both these systems (Varan & Kaytmaz-Balsari, 2013).

In light of the above explanations, this study focuses on the voluntary IFRS adoption with the following research question: Why do Turkish listed firms voluntarily adopt IFRS? In order to give an answer to the question, we focus our discussion on 206 non-financial firms listed on the Borsa Istanbul (BIST). Between 2003 and 2005 all firms in our sample adopted financial reporting standards in compliance with IFRS. 61 firms adopted IFRS by 2003, all continued in 2004; and all had to continue in 2005. We limit our investigation to single-country settings to hold constant certain institutional factors such as stock listing requirements, political and economic risk exposure, market microstructures and regulatory environments that may confound the results, thereby strengthening the reliability of our findings as it has been suggested in the literature (Barth *et al.*, 2008). Analyzing the determinants of voluntary IFRS adoption by listed Turkish firms during the transition period, we find that firm size, international exposure, and being audited by a "Big Four" audit firm are positively related to the voluntary IFRS adoption.

Our study is motivated by a finding in the prior literature reveals that firms that voluntarily switch from national accounting standards to international accounting standards, such as IFRS, expect to experience benefits from adoption. Barth *et al.* (2008), using an international sample from 21 countries, find that firms voluntarily adopting IFRS generally experience less earnings management, more timely loss recognition, and greater value-relevance than do matched sample firms applying local accounting principles.

This study makes contribution to the literature in the following ways. First, we extend the literature by providing evidence on firm-specific factors of listed firms adopt IFRS voluntarily in an emerging market that is presently attracting a large amount of equity. Second, this study is the first study providing evidence on the determinants of voluntary IFRS adoption in Turkey. The results help to understand voluntary IFRS adoption decision by firms in the European Union candidate and code-law country characterized by tax rules and regulations. Studies related to IFRS adoption in Turkey mostly examine applications, impacts or consequences rather than determinants.

2. Background of IFRS adoption in Turkey

Overall there have been several attempts from different Turkish accounting organizations to translate and apply international financial reporting standards prior to starting the IFRS transition in Turkey (Yilmaz & Selvi, 2004; Simga-Mugan & Hosal-Akman, 2005). However, due to lack of strong incentives and enforcement by regulating authorities firms have never implemented these regulations. To the large extent accounting practices in Turkey continued to be regulated by the Ministry of Finance, applying tax rules and regulations. Implementation of IFRS by listed firms is a challenging process because of the translation, complexity and structure of accounting standards and enforcement issues (Alp & Ustundag, 2009). Therefore, most listed firms in Turkey have continued to prepare their financial statements based on historical cost. Since Turkish economy had been under hyperinflation before 2000s for more than three decades, historical cost based financial statements of listed firms had been deteriorated substantially (Poroy-Arsoy & Gucenme, 2009). Instead of providing information to interest groups, financial statements were mostly used for tax purposes (Cooke & Curuk, 1996).

Increased international flows of capital have triggered interest in a worldwide common financial reporting system. Daske *et al.* (2008), for example, argues that market liquidity rises at the time of introduction of IFRS. However, a few standards setters in different countries believe that accounting should be tailored to a particular country's environment (Larson and Street, 2004). Despite the continuing debate over the convergence to IFRS in the United States, the adoption of IFRS by European listed firms in 2005 is an important step in global accounting practices. In line with the European Union requirements, Turkey started the transition to IFRS process for listed firms in 2003.

In Turkey, the task of implementation of the IFRS for listed firms has been mandated to the Capital Markets Board of Turkey (CMB). In 2002, the CMB issued two accounting rules for the financial reporting under inflationary economies as well as consolidated financial statements. These rules are similar to those of IFRS and became effective starting January 1, 2003. Such inflation adjustment and consolidation practices are crucial accounting developments in Turkey (Mısırlıoğlu *et al.*, 2009).

The CMB also played a standard-setting role for firms listed on the BIST prior to 2008, including the voluntary adoption of IFRS in 2003 and the mandatory adoption in 2005. In 2008, the CMB assigned its standard-setting role to the Turkish Accounting Standards Board (TASB) (CMB, 2008, XI/29). In 2011, the Public Oversight, Accounting and Auditing Standards Board of Turkey was established, superseding the role of the TASB and undertaking a task of licensing audit firms / individual auditors and oversee the accounting profession. In the following year, the new Turkish Commercial Code came into force with significant implications on Turkish accounting environment. The new code requires that the financial statements of private firms meeting certain criteria determined by the government to be prepared in conformity with Turkish Accounting Standards that are fully harmonized with IFRS.

3. Literature review

The International Accounting Standards Committee (IASC) was established to develop a single set of global financial reporting standards in 1973. IFRS, issued by the International Accounting Standards Board (IASB), the successor of the International Accounting Standards Committee (IASC), are now permitted or required by more than 100 countries, including Russia, Canada, and the countries of the European Union. In terms of the European Union countries, empirical research has distinguished between the mandatory adoption of IFRS after 2005 and their voluntary adoption before 2005.

Studies examining mandatory IFRS adoption mostly focus on economic consequences of adoption. They report mixed results. Daske *et al.* (2008) find weak evidence of a decrease in the cost of capital, as well as a decrease in market liquidity after mandatory IFRS adoption. Using a longer post-adoption period, Li (2010) provides evidence that the cost of capital decreases after mandatory IFRS adoption in the European Union. Similarly, Horton *et al.* (2013) show that after mandatory IFRS adoption, the quality of the information environment increase significantly more for mandatory adopters relative to non-adopters and voluntary adopters. In contrast to those countries where legal enforcement is strong, DeFond *et al.* (2014) investigate that the associations between earnings, returns, and earnings quality generally decreases after IFRS adoption in China where institutions are weak.

Voluntary IFRS adoption studies examine determinants and economic consequences of adoption. There are several past studies reporting findings related to the determinants of voluntary IFRS adoption. Dumontier and Raffournier (1998) report that larger, more internationally diversified, less capital intensive and more diffuse ownership firms more likely to adopt IFRS. El-Gazzar *et al.* (1999) find that European firms with a lower debt to equity ratio tend to prefer to adopt IFRS. Matonti (2012) investigates that Italian private firms that are more leveraged, and where their parent firm use IFRS, are more likely to adopt IFRS. Andre *et al.* (2012), studying on a sample of unlisted firms in the UK in 2009, examine determinants of voluntary IFRS adoption by unlisted firms. They find that internationality, leverage, firm size and auditor reputation have an impact on the decisions made by firms. They provide evidence regarding unlisted firms in a single country and do not consider country attributes. Another study that examines a sample of unlisted firms in the UK and Germany and considers country attributes finds that firm size, leverage, legal form, profitability and country level institutional environment affect voluntary IFRS adoption by unlisted firms (Yang, 2014). A common finding in the above studies is that the adoption of IFRS is likely to be influenced by firm-specific incentives as well as country-level institutional factors.

Previous literature related to the economic consequences of voluntary IFRS adoption investigates that listed firms accede to the cost of IFRS adoption in order to reduce the cost of capital (e.g. Leuz & Verrecchia, 2000; Ashbaugh & Pincus, 2001; Cuijpers & Buijink, 2005). A study conducted for the US firms by Barth *et al.* (2013) finds that adopting firms voluntarily adopt IFRS show increased capital market benefits such as liquidity, share turnover, and firm-specific information, relative to adopted and non-adopting firms. Kim and Shi (2012) provide evidence based on a sample of firms from 34 countries that adopted IFRS voluntarily over the seven-year period of 1998 through 2004. They use stock price synchronicity as a measure of firm-specific information in stock prices and exhibit that stock prices incorporate more firm-specific information for voluntary IFRS adopters than local GAAP firms. Most other existing studies also report that voluntary IFRS adoption is a signal for improvements in accounting quality (e.g., Barth *et al.*, 2006; Gassen & Sellhorn, 2006; Hung & Subramanyam, 2007; Barth *et al.*, 2008; Barth *et al.*, 2012).

Turkey is an emerging economy where accounting has traditionally been tax oriented. The adoption of IFRS has been a hot topic for accounting researchers in Turkey since it is an important transformation for listed companies. Koc-Yalkin *et al.* (2008) conceptually analyze the process of the IFRS adoption and the development of the financial reporting system in Turkey. Simga-Mugan and Hosal-Akman (2005) contemplate on the possible effects of the convergence to IFRS in Turkey. These studies are conceptual in nature. There are also empirical studies related to value relevance of accounting information after the adoption of IFRS in Turkey (e.g., Turel, 2009; Suadiye, 2012; Kargin, 2013; Ulusan & Ata, 2014). These studies reveal that value relevance has increased following the mandatory adoption of IFRS. A recent study extensively reviewing IFRS related local literature in Turkey from 2005 to 2014 investigates that despite all the implementation matters, the economic consequences of IFRS have been mostly positive for capital markets. They report that after IFRS adoption, higher value relevance of earnings and book values, and higher quality of earnings measured by conservatism, timeliness, and earnings management have been observed based on their local literature review (Kaytmaz-Balsari & Varan, 2014).

To better understand these economic consequences, the focus of the present study is to explain the determinants of voluntary adoption of IFRS by non-financial listed firms. Country-specific and firm-specific factors are determinants of the ultimate success or failure of IFRS adoption by firms (Mısırlıoğlu *et al.*, 2013). We use the positive accounting theory as a theoretical framework (Watts & Zimmermann, 1986). Taking into consideration that voluntary IFRS adoption is at management's discretion, positive accounting theory predicts that managers are expected to exercise their discretion either because "*(1) this discretion increases the wealth of all contracting parties, or (2) the exercised discretion makes the manager better off at the expense of some other contracting party*" (Watts & Zimmerman, 1990).

4. Research design and methodology

4.1. Sample selection and data collection

The sample covers Turkish listed firms for the year of 2003. Focusing on single country settings rather than multi-country samples is likely to be a useful starting point for better understanding for the determinants of voluntary IFRS adoption, and should thus increase the internal validity of results. There were 285 firms listed on the Borsa Istanbul as of December 31, 2003. We have chosen our sample on the basis of the following criteria. First of all, we have eliminated 77 financial institutions due to the fundamental differences in their financial accounting relative to nonfinancial firms. Secondly, we have excluded 2 companies, having financial year-end other than December 31, in order to have consistent data for the analysis. The final sample consists of 206 firms, representing about 72 % of all firms listed. Table 1 gives details of the final sample of 206 firms.

Table 1. Summary of sample criteria

Sample	Number of firms
Initial sample	285
Less financial institutions	77
Less firms with financial year-end other than December	2
Final sample	206

The data for each of the 206 sample firms collected from their annual reports. Using 206 firm reports for the year of 2003, this study examines the voluntary IFRS adoption by Turkish listed firms by conducting logistic regression analysis to identify the determinants of the voluntary adoption.

4.2. Hypotheses

In terms of empirical testing, we identify a number of firm-specific factors that have been related to voluntary IFRS adoption. While there may be many factors, firm-specific ones have been proposed and tested in prior studies as being particularly important. To capture the determinants of voluntary IFRS adoption in the Turkish context we used auditor type (Auditor), export shares of sales (Exports), leverage (Leverage), firm size (Size), and industry type (Industry) as firm-specific independent variables. Therefore, the hypotheses of this study are drawn as below.

Auditor type

Globally, auditors are classified as the “big four” and the “non-big four”. The big four refers to Deloitte, Pricewaterhouse Coopers, KPMG, and Ernst&Young. Al-Basteki (1995), conducting a research on Bahraini firms, reports that only the external auditor influences the choice of IFRS. Previous studies suggest that firms may prefer to hire high reputation auditors in order to signal higher financial reporting quality (Chaney *et al.* 2004; Van Tendeloo & Vanstraelen, 2008). Moreover, since big four audit firms have more experience and a strong specialization in IFRS transition, it is reasonable to hypothesize that the probability of adopting IFRS voluntarily increases when the firm is being audited by a big four auditor (Matonti & Iuliano, 2012). Thus, we hypothesize:

H1: Voluntary IFRS adoption is a function of an auditor type.

Exports

International exposure is another determinant of voluntary adoption of IFRS (Young & Guenther, 2003). We expect that firms with high export shares of sales face new demands for accounting information. Firm’s operations involving export transactions are likely to improve managers’ incentives to voluntarily adopt IFRS to provide higher quality financial reporting. This is because firms with high export turnover are likely to experience a faster growth, require higher external capital needs. Accordingly, we test the following hypothesis:

H2: Voluntary IFRS adoption is a function of export share of sales.

Leverage

Agency theory based studies suggest that debt plays an important role in affecting firms’ commitment of financial reporting transparency (Jensen & Meckling 1976). Wu and Zhang (2009) statistically provide evidence that high quality financial reporting reduces agency costs that arise in debt contracting process. Firms, adopting IFRS voluntarily, are expected to be seeking to decrease net borrowing costs or increasing the access to external capital by reporting high quality earnings (Francis *et al.*, 2005; Daske *et al.*, 2008; Leuz & Verrecchia, 2000). Taken together, the hypothesis is tested as follows:

H3: Voluntary IFRS adoption is a function of leverage.

Firm size

Firm size is rationally the most common independent variable in studies that investigate determinants of voluntary financial reporting. Moreover, empirical results show that the firm size variable has a strong explanatory power in various studies of voluntary financial reporting (Cuijpers *et al.*, 2005; Gassen and Sellhorn, 2006; Hung and Subramanyam, 2007; Leuz and Verrecchia, 2000; Wu and Zhang, 2009). These studies report statistically significantly positive relation between the size of firms and its' possibility to voluntarily adopt IFRS. Therefore, our fourth hypothesis is as follows:

H4: Voluntary IFRS adoption is a function of a firms' size.

Industry

We use industry type as a control variable to test for industry effects on the voluntary IFRS adoption by firms. The use of a control variable will contribute to improve internal validity of the study. In line with empirical results from Cook (1992) and Meek *et al.* (1995), since manufacturing firms are more capital intensive, we expect that manufacturing firms are more likely to use IFRS than non-manufacturing firms. Accordingly, we hypothesize:

H5: Voluntary IFRS adoption is a function of industry.

4.3. Model Specification and variables measurement

Since the dependent variable (IFRS) is dichotomous, we use a logistic regression to analyze the determinants of voluntary adoption by listed firms. Combining the previously discussed variables, we estimate the following model to identify the impact of firm-specific factors on the voluntary IFRS adoption by non-financial listed firms on the ISE:

$$P(IFRS)_i = \beta_0 + \beta_1 Auditor_{it} + \beta_2 Exports + \beta_3 Lev_{it} + \beta_4 Size_{it} + \beta_5 Industry_{it} + \varepsilon_{it}$$

Table 2 lists the variables and description of data used in the empirical part of the study.

Table 2. Variables and descriptions

Variable	Description
IFRS	1, if the firm adopts IFRS; 0, otherwise.
Auditor	1, if the auditor is big four firm; 0, if the auditor is non-big four firm.
Exports	Exports to net sales
Leverage	Total debt to total assets

Variable	Description
Size	Log of total assets
Industry	1, if it is manufacturing firm; 0, otherwise.

5. Research results

5.1. Descriptive statistics

Tables 3 and 4 exhibit the sample distribution of IFRS adopters and non-IFRS adopters, respectively. As indicated for firms listed in Turkey, the mean of auditor (Auditor) for IFRS firms is significantly higher than that for non-IFRS firms. As expected, IFRS firms employing a big four audit firm are more likely to choose IFRS. Furthermore, the mean of export shares of sales (Exports) for the IFRS group presents significantly higher level than that for the non-IFRS group. It shows that international exposure affects the voluntary IFRS adoption. Surprisingly, firm leverage (Leverage) of IFRS firms appears to be lower than that of non-IFRS firms. We expect that IFRS firms have higher leverage ratios. However, the difference between groups may not be statistically significant due to high standard deviation in the non-IFRS group. Little difference is found regarding size (Size) and industry type (Industry) between the IFRS and non-IFRS group.

Table 3. Descriptive statistics for IFRS adopters (n=61)

Variable	Mean	Std.Dev.	Min	Max
Auditor	.9836066	.1280369	0	1
Exports	34.16393	16.6064	5	80
Leverage	40.0354	16.77535	4.24	78.43
Size	19.16407	1.735768	13.47019	22.68978
Industry	.7377049	.4435328	0	1

Table 4. Descriptive statistics for non-IFRS adopters (n=145)

Variable	Mean	Std.Dev.	Min	Max
Auditor	.262069	.4412843	0	1
Exports	26.4069	25.64677	0	98
Leverage	51.32393	53.22872	5.79	378.57
Size	17.94296	1.246965	11.94944	21.85328
Industry	.8068966	.3961017	0	1

Overall, the descriptive results reveal that Turkish listed firms that voluntarily choose IFRS are being audited by a big four audit firm, having higher export shares of sales, larger, while leverage and type of industry fail to affect the financial reporting choices.

Table 5 display the Pearson's correlation coefficients for the variables included in model. There is no multicollinearity problem since the correlation coefficient between the predictors' falls short of the rule of thumb of 0.70.

Table 5. Correlation matrix

	IFRS	Auditor	Exports	Industry	Leverage	Size
IFRS	1.0000					
Auditor	0.6602	1.0000				
Exports	0.2047	0.1231	1.0000			
Industry	0.0113	-0.0174	0.0581	1.0000		
Leverage	-0.1152	-0.1295	0.0650	0.0474	1.0000	
Size	0.4502	0.4475	0.1881	-0.1345	-0.0956	1.0000

As another robustness check to determine the extent of multicollinearity in our regression analysis, we compute the variance inflation factor (VIF) and tolerance for each variable in equation. Table 6 shows the result that VIF ranges from 1.03 to 1.31 while tolerance ranges from 0.76 to 0.97; these also affirm that the data do not suffer from multicollinearity problem.

Table 6. Collinearity statistics

Variable	VIF	Tolerance
Size	1.31	0.761600
Auditor	1.27	0.788103
Exports	1.05	0.948768
Industry	1.03	0.971716
Leverage	1.03	0.972509
Mean VIF	1.14	

5.2. Logistic regression results

Table 7 provides the results of a logistic regression where the dependent variable takes the value one if the firm adopted IFRS in 2003 (voluntary adopter) and value zero otherwise. We can see that the factors that are determinant for the probability of voluntary IFRS adoption are auditor, exports and size.

It has been argued that large and well-known auditing firms may incite their customers to adopt IFRS voluntarily. We find a strong and positive relationship between voluntary IFRS adoption and the type of auditor. This result suggests that auditors' expertise play crucial role in the process of IFRS implementation since only large audit firms can provide their customers with expertise needed to adopt IFRS.

We also find a positive relationship between exports and voluntary adoption. This variable (Exports) has been calculated as export shares of sales. This positive influence has also been expected and suggests that companies having high export shares of sales are more interested in disclosing comparative information.

For the case of size, we have considered the natural logarithm of assets. The coefficient for size is positive, as would be expected, indicating that large firms are committed to giving more information, corroborating prior literature showing that large companies are generally capable of assuming the extra costs of additional disclosure and that smaller companies are not as eager to provide as much financial information as large companies. Another possible interpretation is that size could indicate the availability of financial resources that can be allocated to adopting IFRS.

We do not find any statistical significance for the other proposed determinants of voluntary IFRS adoption, such as industry and leverage.

Table 7. Logistic regression analysis

IFRS	Expected sign	Coefficient	Std. Error	Significance
Auditor	+	4.695585	1.100782	0.000***
Exports	+	.0290765	.0141146	0.039**
Industry	+	.2142	.6206606	0.730
Leverage	+	-0.0073376	.0114287	0.521
Size	+	.4863075	0.1966757	0.013**
Intercept	?	-14.12286	4.084501	0.001
Pseudo R^2				0.4842
Observations				206

Notes: Asterisks indicate statistical significance: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

The logistic regression model analyzing the firm-specific factors has high explanatory power with Pseudo R^2 value of 0.4842. The results of estimating equation, displayed in Table 7, reveal that the decision to adopt voluntarily IFRS is significantly positively related to the being audited by big four auditor, export shares of sales, and firm's size. These findings support the hypotheses H1, H2, and H4, respectively. We have also two statistically insignificant variables, namely industry and leverage. Industry affiliation and leverage are not statistically associated with the voluntary adoption.

In summary, the results suggest that the voluntary adoption of IFRS for Turkish listed firms is influenced by type of auditor, international exposure, and firm size. However, type of industry and leverage have no statistically significant influence on the voluntary IFRS adoption.

6. Discussion, concluding remarks and limitations

The adoption of IFRS issued by the IASB by listed firms has been a subject of immense interest among accounting standard setters, practitioners and academics throughout the world. The focus of this study is the voluntary adoption of the IFRS by the listed non-financial firms in Turkey. The voluntary adoption is of particular interest for that because prior literature shows that it is a signal for improvements in accounting quality. In particular, we examine the factors associated with 206 firms listed on the BIST in 2003; 61 of them voluntarily apply IFRS. The study focuses on the voluntary adoption of IFRS in an attempt to measure determinants of this financial reporting choice. In contrast, mandatory introduction of IFRS loses such determinants since by definition firm have to obey the regulation regardless of the firm-specific factors. Taken as a whole, we find that firm size, international exposure, and type of auditor are important drivers of the voluntary IFRS adoption.

There are several aspects of significance of our findings. Firstly, the story of the voluntary IFRS adoption in Turkey is far from clear. We contribute to the narrative and discussion on the topic. Secondly, we empirically investigate the determinants of voluntary IFRS adoption by listed firms in Turkey.

Finally, the policy implications of the findings are notable. First of all, these findings are relevant to accountants, managers, investors and regulators in countries that are yet to adopt IFRS. They would like determine whether all size of firms should adopt IFRS and whether all the firms benefit from IFRS adoption. Many firms in the developing countries are actively involved in the IFRS transition. Our study points out on firm-specific determinants of such transition.

While these results are consistent with prior studies, they should be considered in the light of following limitations. First, the results may not be generalizable to listed financial institutions due to such firms were excluded from our sample. Second, this study does not consider all relevant variables that might affect the voluntary IFRS adoption decision by listed firms. Finally, this study investigates of listed firms on the BIST at a particular point in time. Future research may examine the same sample of firms a period of 2003-2004 to determine any significant differences in terms of determinants of voluntary IFRS adoption between the two time periods.

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