

## **Economic Consequences of IFRS Adoptions around the ASEAN Countries**

FITRIANY\*, SIDHARTA UTAMA, ARIA FARAHMITA AND  
VISKA ANGGRAITA

*Faculty of Economic and Business, University of Indonesia*

### **ABSTRACT**

This study examines whether mandatory adoption of international financial reporting standards (IFRS) in ASEAN countries reduces asymmetric information and cost of equity and whether the effect depends on the number of analysts following and public governance. Using data of companies that are listed in ASEAN stock exchanges before and after adoption of IFRS in each country, along with purposive sampling and panel data analysis, this study finds evidence that the mandatory adoption of IFRS reduces both asymmetric information and cost of equity. The reduction of asymmetric information is less pronounced for firms with higher analyst following. In addition, better public governance and higher number of analyst following tend to intensify the reduction of cost of equity due to mandatory IFRS adoption. Public governance and analysts play important roles in the benefits of IFRS implementation. Thus, organizations should increase quality of disclosure on financial statements to improve the ability of the public and analysts in processing information in financial statements.

**Keywords:** IFRS, Information Asymmetry, Cost of Capital, Analyst Following, Public Governance.

**JEL Classification:** M40, M41

\*Corresponding author: E-mail: [fitri\\_any@yahoo.com](mailto:fitri_any@yahoo.com)