EXECUTIVE SUMMARY

The main aim of this study is to examine the impact of corporate governance mechanisms on compliance with IFRS and financial reporting quality in the context of India, KSA, Oman and the UAE. At the initial stage of this study, a comparison of corporate governance codes in India and GCC was made based on the variables of the study to serve the research objectives and to keep an alignment between corporate governance codes, firms’ practices and the systematic approach of this study. Further, a description of financial environment in India and GCC countries concerning financial reporting requirements, regulatory bodies that have the authority power and control financial reporting, and accounting standards followed in these countries was provided. Besides, a description of IFRS implementation in each country was given and the national policies to adopt or converge with IFRS was also discussed. Furthermore, different streams of related literature were presented. Studies were categorized based on countries that conducted in. Separate streams were given to prior studies related to IFRS adoption, financial reporting quality, compliance with IFRS and the studies related to the relationship between corporate governance and IFRS. It was presented in a country wise related studies to provide a comprehensive review of the studies conducted individually in India, GCC and some other countries simultaneously.

Corporate governance mechanisms included board of directors’ attributes (size, independence, diligence and expertise), audit committee characteristics (size, independence, diligence and expertise), foreign ownership and audit quality by Big-Four. The study explored the impact of corporate governance mechanisms on compliance with IFRS and financial reporting quality. Two stages of analysis were undertaken. First, the impact of corporate governance mechanisms on compliance with IFRS (model 1). Second, the impact of corporate governance mechanisms on financial reporting quality (model 2). Both stages of analysis have been statistically functioned on a collective and country wise basis. The findings revealed that the effect of corporate governance mechanisms on compliance with IFRS and financial reporting quality differ from country to another country based on corporate governance practices of the companies in the respective country. Overall, the results
indicated that board of directors’ attributes (lower board size, higher percentage of independent members, more frequent meetings and greater number of financially literate board members), audit committee characteristics (lower audit committee size, higher percentage of independent members in the audit committee, more frequent meetings and greater number of financially literate members in the audit committee), higher foreign ownership and a company audited by a Big-Four have a positive and significant impact on compliance with IFRS and financial reporting quality. The results highlighted the complementary role of corporate governance mechanisms in achieving better compliance with IFRS and financial reporting quality. Further, the results reveal that no single theory of corporate governance and IFRS to highlight the practices of corporate governance and its relation with IFRS compliance and financial reporting quality.