

**Missing Label, Missing Funds:
The Value of Using the IFRS Brand when Labelling Accounting Standards**

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Abstract

In this paper, we investigate whether firms that substantially apply International Financial Reporting Standards (IFRS) benefit from explicitly using the IFRS brand name to label the accounting standards used in their reports. We use LLM prompts on pre-processed annual reports to develop a global dataset of accounting standards labels used by IFRS-adopting firms. Even though we focus on jurisdictions that all substantially adopt IFRS accounting standards, we document substantial heterogeneity in whether firms use an explicit IFRS label or instead reference some alternative local GAAP label. We find that the use of explicit IFRS labels is associated with greater recognition as an IFRS user by commercial data providers and with more institutional investors, higher ownership stakes, and more foreign holdings. We document positive capital market reactions to the singular announcement of jurisdictions to switch to explicit IFRS labels and use label switches in South Africa and Malaysia to establish a causal interpretation of our primary results. Taken together, our results suggest that the IFRS brand carries value in today's capital markets.

Keywords: Accounting Standards; Brands; Data Providers; IFRS; Institutional Investors; Ownership.

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1. Introduction

In this paper, we investigate whether firms substantially preparing financial statements in accordance with International Financial Reporting Standards (IFRS) benefit from explicitly using the IFRS brand name in their annual reports. While IFRS have rapidly grown to become the world's dominating accounting regime (De George et al., 2016), jurisdictions follow very different paths in adopting IFRS. They range from converging national standards, to translating IFRS into the local language and using them as the national accounting standards, to simply mandating firms to use IFRS as issued by the IASB (Zeff & Nobes, 2010). Depending on the IFRS adoption modes, jurisdictions then choose various labels for firms to use when referring to the accounting standards they used to prepare their financial statements. These labels either explicitly refer to IFRS in some form or only use a local accounting standards label, thus missing the IFRS brand (Smith et al., 2021). While previous literature has documented that firms labelling their reports as IFRS only benefit if they seriously apply IFRS standards (Daske et al., 2013), we flip this question and study whether firms seriously applying IFRS standards benefit if they also use the IFRS brand in their accounting standards labels.

A large literature in economics (e.g., Klein & Leffler, 1981; Shapiro, 1983), marketing (e.g., Keller, 1993; Aaker & Jacobson, 1994), and accounting (e.g., Barth et al., 1998) provides strong theory and evidence that brand names carry value. If IFRS are a strong brand, adopting jurisdictions (or firms) may lose the brand value if they choose to incorporate IFRS under a local accounting standards framework and corresponding deviating label because users face information processing costs when assessing whether local accounting standards imply IFRS in substance (Nobes & Zeff, 2016; Blankespoor et al., 2020). However, earlier literature has questioned whether IFRS have ever built substantial brand value, arguing that uniform IFRS labelling in jurisdictions with weak institutions and IFRS implementation could undermine the brand (Ball, 2006; 2016). Ultimately, it is an empirical question whether the IFRS brand, and its (non)use in labelling accounting standards, carries value in capital markets.

Before empirically testing this question, we provide large-scale descriptive evidence on variation in which accounting standards labels firms use by leveraging recent advancements in computational linguistics. Specifically, for a global sample of IFRS adopters from 2005 to 2019 with annual reports available in the Perfect Information database, we use text pre-processing and large language model (LLM) prompts to extract raw accounting standards labels from the notes, which we then classify by whether they contain a local accounting standards label without any IFRS reference (despite representing IFRS in substance) or whether they *explicitly reference* the IFRS brand. For descriptive purposes, we also differentiate whether the IFRS brand appears in its original, *unqualified* form (e.g., “IFRS as issued by the IASB” or just “IFRS”) or in some *qualified* form, typically with a jurisdictional modifier (e.g., “IFRS as adopted by the EU” or “K[orean]-IFRS”). We identify all references, meaning that firms can simultaneously refer to both IFRS-branded and local accounting standards as well as multiple subtypes of IFRS brands.¹

We find that 77.9% of IFRS-adopting firms use an IFRS-branded label (henceforth: explicit IFRS label) and 38.0% use a local label without explicit IFRS reference (henceforth: local GAAP label). Among explicit IFRS labels, unqualified labels are slightly more common than qualified labels (46.0% versus 44.3% of observations). Over time, we observe that the variety of labels and the relative importance of local GAAP labels increase with the increasing number of jurisdictions adopting IFRS, but labels tend to converge within jurisdictions. Decomposing firm-year-level variation of explicit IFRS labels, we document that jurisdictional profiles explain 84.8% of this variation, other changes within jurisdictions over time (e.g., in enforcement) explain little additional variation, and firm characteristics explain about half of the remaining variation. We also consider auditor’s reports because labels used by auditors could explicitly inform financial statement users about IFRS use if the notes

¹ The variance in raw labels is immense (see Appendix D for examples). Even after automated processing before our classification, we observe more than 28,000 different raw labels.

present only local GAAP labels. However, consistent with small-sample evidence in Nobes et al. (2025), we find that for most of the few cases where labels in the notes deviate from labels in the auditor's report, the deviation stems from the notes using the IFRS brand when the auditor's report does not. To sum up, our large-sample descriptive evidence confirms substantial variation over time and between and within jurisdictions in whether in-substance users of IFRS use the IFRS brand.

Having established meaningful variation in accounting standards labels, we next develop hypotheses about the potential consequences for firms that use or omit explicit IFRS labels. If the IFRS brand carries value, a large literature on brand extension suggests that this value could extend from the original brand name (here: *IFRS* as issued by the IASB) to extended brand names if they contain the core recognizable brand name (e.g., *IFRS* as adopted by the European Union) (e.g., Aaker & Keller, 1990; Peng et al., 2023). Investors could therefore rely on explicit IFRS labels when they filter possible investments for sufficient accounting quality and comparability (Becker et al., 2021). However, it is unclear whether investors rely on original labels in the notes or on classifications by commercial data providers. Hence, any association of labels with investor decisions may be direct or may work through commercial data providers' classification of firms as IFRS users. Therefore, we first investigate whether explicit IFRS labels are associated with the likelihood of data providers classifying firms as IFRS users (H1) and then test whether institutional investments are directly (H2a) and indirectly, through data provider classifications of IFRS users (H2b), associated with explicit IFRS labels.

We start our hypothesis tests with a series of panel regressions. We build on regression models from the literature on the effects of IFRS adoption on institutional investments (Covrig et al., 2007; DeFond et al., 2011, Florou & Pope, 2012) and add an indicator for whether firms use an explicit IFRS label as our primary test variable. To test H1, we use the data provider classification of accounting standards as the outcome variable and find a strong

and robust positive association that firms with an IFRS label are between 25.4% and 27.7% more likely to be classified as IFRS users in Worldscope.

To test H2a, we regress the number of institutional investors, percentage of institutional investment, and percentage of foreign institutional investment on our explicit IFRS label indicator. Results suggest that for the average firm without versus with an implicit IFRS label, the number of institutional investors increases from about 16.3 to 18.9, the institutional ownership stake increases from 10.9% to 12.0% (a 10.0% increase), and the foreign institutional ownership stake increases from 5.2% to 6.0% (a 15.4% increase).

To test H2b, we add Worldscope classifications as an additional test variable to our tests of H2a. As we have established the positive association between explicit IFRS labels and Worldscope classifications, using both variables together as test variables in the institutional investment regressions represents a test of whether Worldscope classifications mediate the associations between explicit IFRS labels and institutional investments. Results suggest that Worldscope classifications partially mediate this association only when looking at the overall institutional ownership stake, providing limited support for H2b while corroborating H2a. Hence, our evidence is most consistent with institutional investors directly relying on explicit IFRS labels from firms' financial statements.

One concern with these association tests is that, although all firms substantially use IFRS, label changes might correlate with significant improvements in accounting practices, which, in turn, also drive our investment results. Therefore, we next conduct placebo tests to substantiate that the brand value of the IFRS label, and not some underlying change in accounting practices, in the sense of “seriously” improving IFRS accounting (Daske et al., 2013), drive the effect. Specifically, we replace our outcome variables with two accruals-based and two text-based financial reporting characteristics to proxy for a firm's reporting quality. We do not find significant associations of using an explicit IFRS label with these financial reporting characteristics, consistent with firms' reporting quality remaining unaffected.

We further use cross-sectional analyses to strengthen the brand value mechanism we propose for our primary results. The economics and marketing literature on brand value documents that well-known brands are most valuable when the underlying uncertainty about a product's qualities is higher or when prior beliefs about the qualities deviate from the brand signal (Dranove & Jin, 2010; Erdem & Swait, 2004). We use the number of non-IFRS labels a firm uses to proxy for the underlying uncertainty and deviating prior beliefs about a firm's accounting standards. Consistent with our proposed brand value mechanism, we find that the association of an explicit IFRS label with institutional ownership is particularly pronounced for firms with many non-IFRS labels.

While these tests provide broad insights into the associations of explicit IFRS labels with database coding and institutional investments for a large global sample and a long time series, they do not allow causal attribution of these effects to explicit IFRS labels. Therefore, we next develop two approaches to tighten our research design in narrower settings. First, we exploit announcements of jurisdiction-wide label switches and investigate capital market reactions, shedding light on how investors evaluate these decisions (Armstrong et al., 2010; Joos & Leung, 2013). Moreover, we directly test the effect of label changes on institutional investment in a stacked difference-in-differences (DiD) design, using two events where jurisdictions changed from local GAAP to explicit IFRS labels, after they had already used IFRS standards in substance under the previous local GAAP label.

For our announcement return tests, we exploit that Malaysia (in 2011) and Singapore (in 2014) announced an unconfounded switch to explicit IFRS labels, when firms had previously used IFRS under a local GAAP label, and find positive cumulative abnormal returns around the announcement dates. This evidence suggests that investors welcome the decision to switch to explicit IFRS labels when jurisdictions already use IFRS in substance under a local GAAP label. Our stacked DiD results with the Malaysian setting and an additional setting in South Africa in 2005 also confirm our panel results. We find a sharp

increase in Worldscope's IFRS-user classification and sudden, steadily continuing increases in our institutional investment variables for firms in jurisdictions starting to use explicit IFRS labels compared to firms from control jurisdictions in the post period. Moreover, we do not find changes in the accruals- and text-based financial reporting characteristics. This evidence reinforces a causal interpretation of our finding that, holding substantial IFRS use constant, explicit IFRS labels increase institutional ownership compared to using a local GAAP label.

Our research offers several contributions to the accounting literature. We provide the first large-scale, firm-level measurement of accounting standards label practices of IFRS adopters worldwide, extending earlier literature qualitatively documenting this phenomenon in principle and in narrower settings (Nobes & Zeff, 2008; Nobes et al., 2025). Recent advancements in computational linguistics allow us to extend previous, more anecdotal analysis to a large, worldwide sample with similar rigor. Moreover, this earlier literature largely focuses on more nuanced differences in the semantics of how firms affirm IFRS compliance, differentiating it from the IFRS IASB brand. We complement this literature by leveraging theory on brand names and brand extension to show the primary importance of distinguishing whether there is any explicit reference to IFRS at all, both theoretically and empirically. We also document differences between jurisdictional profiles and actual firm practices and develop a scalable method for using micro, firm-level data to dynamically inform jurisdiction- or worldwide labelling practices beyond jurisdictional profiles or commercial data provider classifications.

Moreover, we extend the literature on the effects of IFRS adoption (Becker et al., 2021; Covrig et al., 2007; Daske et al., 2008; DeFond et al., 2011; Florou & Pope, 2012) by showing that it is not only IFRS in substance that matters, but that the use of the IFRS brand in accounting standards labels is relevant for firms to enjoy the full benefits of IFRS adoption. Daske et al. (2013) document that, for IFRS users, the substance of adoption matters for capital market consequences. Merely adopting the IFRS label without substantively

improving the accounting practice is insufficient to reap IFRS benefits. We flip the variation they study and focus on the variation in labels under similar accounting substance, showing that likewise, substantively applying IFRS standards without adopting the explicit IFRS label is insufficient to enjoy the full IFRS benefits.

These insights are of relevance to regulators with the power to prescribe accounting standards labels in their jurisdictions. While there are reasonable motives for jurisdictions to keep local accounting standards as the overarching framework and, therefore, label (signaling independence; increasing political leverage in standard setting at the IASB in the future; Becker et al., 2021, chapter 5; see also Leuz, 2010), our paper documents missed benefits from this decision. Moreover, our finding that IFRS carry brand value suggests that the International Sustainability Standards Board (ISSB) could leverage such brand value in creating trust in their nonfinancial reporting standards.

The paper is structured as follows. We first present a large-scale descriptive analysis of labels practice in Section 2. Then, we develop and test our hypotheses with a global panel dataset in Section 3. Finally, Section 4 provides causal analyses corroborating our panel analyses. Section 5 concludes.

2. Descriptive Analysis

2.1. Setting

The IASB (and its predecessor IASC) have set out to develop a single set of globally accepted standards, today known as International Financial Reporting Standards (IFRS Foundation, 2021). Currently, almost 160 jurisdictions mandate or permit most listed firms and financial institutions to use IFRS to prepare their financial statements.² However, most jurisdictions do not directly apply IFRS as issued by the IASB. Rather, Zeff & Nobes (2010) categorize four alternative approaches to IFRS incorporation: (1) rubber-stamp insertion:

² See <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/#analysis-of-the-169-profiles>.

incorporating each standard without change but typically with some delay (e.g., Canada); (2) standard-by-standard endorsement: domestic review before standards enter into legal force, rarely producing carve-outs (e.g., the European Union); (3) full convergence: incorporating standards under a domestic framework name, including local numberings and added disclosures (e.g., Australia). (4) partial convergence: retaining some differences where local adjustments judged necessary (e.g., India).

Of relevance for our paper, all those alternative approaches issue the resulting accounting standards under domestic authority and standard labels, even when the local standards text reproduces IASB pronouncements word for word. The standard labels can be extensions of the IFRS brand (e.g., IFRS as adopted by the EU or Korean IFRS) or separate local GAAP brands without explicit IFRS reference (e.g., Philippines Financial Reporting Standards). Jurisdictions then require firms to assert compliance with the locally applicable label and sometimes allow for dual labelling, adding a separate label that asserts compliance with IFRS or local GAAP.

We differentiate local GAAP labels from explicit IFRS labels, which we further differentiate into qualified and unqualified explicit IFRS labels. Unqualified labels either use the original brand name “IFRS as issued by the IASB” or some abbreviated or generalized form, up to simply stating “IFRS”. Here, information asymmetry about the qualities of the accounting standards used to prepare the financial statements should be minimal. Qualified labels contain the core elements of the IFRS brand, i.e., the reference to international financial reporting standards, but extend it with a local modifier, such as in *Korean IFRS* or in *IFRS as adopted by the EU*. Here, the explicit signal contained in the label clearly brands the accounting standards as IFRS, but modifiers may add some ambiguity as to whether there are some substantial modifications compared to IFRS. For local GAAP labels, users cannot infer anything about the quality or comparability of the used accounting standards compared to IFRS without further institutional knowledge. The label could look identical, whether

underlying accounting is a word-for-word incorporation of original IFRS or a completely locally developed accounting standard.

2.2. Data and Label Identification

To identify what labels firms preparing their financial statements substantially in compliance with IFRS use, we collect a worldwide sample of English annual report PDFs from Perfect Information. Our data run from 2005, when the EU started applying IFRS, considered by many as IFRS' breakthrough, to 2019, which is when our Perfect Information data coverage ends.³ We carefully select all country-year combinations that, according to their jurisdictional profile, require domestic firms to apply accounting standards that substantially comply with IFRS.⁴ We later remove all industries or dual-listed companies that could deviate from using IFRS-compliant standards according to jurisdictional profiles. We also check all firms using only a local GAAP label in the notes to their financial statements and remove them from our sample if the local GAAP label deviates from the local label representing the adaptation of IFRS to the extent that we cannot verify that the firm is using IFRS in substance. This approach is likely conservative because we anecdotally observe that it removes firms that substantially apply IFRS but fail to correctly refer to an IFRS-compliant standard in their notes. We then match our sample of annual reports with Worldscope via name matching and retain only those observations for which we can obtain an International Securities Identification Number (ISIN) in Worldscope allowing us to match further data.⁵

³ IFRS adoption has settled during the late 2000s and first half of the 2010s. Therefore, our sample ends when IFRS adoption has reached a fairly stable state, making it unlikely that there are shifts in IFRS adoption in later periods that matter for our inferences.

⁴ We read all IFRS Profiles and retained only jurisdictions that require IFRS in some form. We excluded jurisdictions that allow firms to choose between different frameworks (e.g., Switzerland) to eliminate firms' framework choices. For partial adopters, we retained those that are closer to full IFRS rather than further from it. If we remove the partial adopters we retain for our primary analysis (India, Thailand, and Pakistan), our inferences do not change. Moreover, these sampling changes do not affect our causal analysis (because they are not part of the treatment or control groups) but broaden the representativeness of our panel regressions. Table 1, Panel B, lists included countries (after data-related sample attrition). Note that we add Malaysia from 2008 onward, although their jurisdictional profile only reports IFRS application starting in 2012, because the Malaysian Accounting Standards Board explicitly states on its website that local standards became identical to IFRS at some point in 2007, making financial statements IFRS-compliant in substance starting no later than 2008 (https://masb.org.my/press_list.php?id=71).

⁵ We thank Daske et al. (2025) for providing the matched ISIN numbers. See their Online Appendix Section 3 for details.

We employ a combination of document pre-processing, an LLM prompt, post-processing, and manual classification to extract accounting standard labels and label categories from the notes of financial statements.⁶ We first apply an anchor-guided section retrieval procedure to identify compact text segments with a high likelihood of containing the relevant labels. We iteratively create a list of anchors reflecting language patterns in financial statements notes discussing the basis of preparation (see Appendix B). For anchor matching, we remove encoding artifacts, remove excessive white space and punctuation, lowercase, tokenize, stem, lemmatize, and, where necessary, use optical character recognition (OCR). We then count how many distinct anchor categories each page matches based on flexible regex-style matching and keep all pages that match either both categories *_notes_head* and *_notes_head2* or match the category *_notes_all_std* (see Appendix B).

For all candidate pages, we re-prepare the pages' text to retain sentences and identify all sentences with at least one anchor hit from only the category *_notes_all_std*.⁷ We retain these sentences along with the two sentences before and the two sentences after, merge overlapping sections to a single passage, and then feed all passages of a document into our LLM prompt. We prompt OpenAI's gpt-4.1-2025-04-14⁸ to extract three pieces of information from the passages, passed as a single .txt-file for each document (Appendix C): (i) the document type (e.g., single entity report, consolidated financial statements; we only keep consolidated or group financial statements); (ii) the exact accounting standard, rule, principle, practice, or legal act explicitly named in the text (henceforth: raw labels); (iii) the full sentences containing the raw labels. For each document, we allow the LLM to output any number of separate raw labels. We remove documents from our sample where the LLM identified zero raw labels.

⁶ We use the same approach, with small adjustments to account for differences in document type and structure, to identify accounting standard labels from auditor's reports.

⁷ We use more heavily pre-processed sentences for robust anchor matching but then select the more original, naturally readable sentences for later processing with the LLM.

⁸ We found it to perform superior to several GPT models (o1-2024-12-17; o1-pro-2025-03-19; gpt-4o-2024-08-06; o3-2025-04-16; o3-pro-2025-06-10) on a particularly complex subsample of .txt files.

To transform the resulting, highly heterogeneous raw labels into our predefined label categories, we combine automatic post-processing with manual classification. In the automatic post-processing step, we remove formatting noise, generic modifiers, duplicate phrases and plural forms and harmonize word order and abbreviated and non-abbreviated, split and merged, and synonym forms of common n-grams (e.g., IFRS).⁹ Then, we assess each of the remaining label strings manually to assign it to one of our final label categories.¹⁰ The sample for which we can extract the accounting standards label and which survives our selection steps contains 55,346 documents. We collapse all labels identified in a single document into three separate dummy variables on whether the document contains any local GAAP label (*Local_GAAP*), any qualified explicit IFRS label (*IFRS_qualified*), and any unqualified explicit IFRS label (*IFRS_unqualified*). We also collapse the latter two dummies into a single dummy on whether the document contains any explicit IFRS label (*IFRS_explicit*).

Next, we add jurisdictional profile data. We read all jurisdictional profiles for our sample and classify which types of labels jurisdictions mandate or allow firms to use. If jurisdictional profiles contain more than one of the three label types, we determine whether firms should use all label types or can choose between them. We define a firm as compliant with the jurisdictional profile (*Juris_profile_compliant*) if the firm uses all (in the case of multiple mandated labels) or any (in the case of alternative labels) of the labels mentioned in the respective jurisdictional profile. Finally, we match Worldscope data and define firms as IFRS users according to Worldscope (*IFRS_worldscope*) if the variable “WC07536 - Accounting Standards Followed” is “IFRS”, “International standards” or “International

⁹ We also use a pretrained BERT model (<https://huggingface.co/google-bert/bert-base-uncased>) to transform the resulting label strings into embeddings, cluster those using K-mean clustering and, within clusters, agglomerative clustering based on cosine distance. The clustering makes manual classification more efficient and consistent.

¹⁰ Next to our final label categories, we code a finer set of subcategories and several other features, and retain raw labels, to improve the precision of our sample selection and categorization and to verify the usefulness of our final categories. We specifically needed subcategories because in some instances, previous processing steps could unintentionally separate an actual label into two raw labels that, read individually, would result in incorrect categories. By later merging all subcategories of raw labels, we could ensure that the final categorization would correct for these separated raw labels by recombining the subcategories and deriving the correct final label category for the recombined raw label pair.

standards and some EEC guidelines” (Pownall and Wieczynska, 2018; Alsarghali et al., 2025). We include *IFRS_worldscope* in our descriptive analysis to provide some baseline patterns on the association of labels and data provider classifications which will later be important to differentiate direct and indirect associations of labels with investment.

2.3. Results

Table 1 provides an overview of our sample and key summary statistics. Our 55,346 observations represent 65 countries. The number of observations steadily increases from 2005 to 2019 (see Panel A of Table 1), mainly because the number of firms subject to an IFRS mandate increased during this period. Our sample is concentrated in Europe and Asia and Oceania, with considerably fewer observations from the Americas and Africa (see Panel B of Table 1). Panel C summarizes the accounting standards variables we compute and shows that 77.9% of firm-years in our sample use an explicit IFRS label in their notes, whereas 38.0% of firm-years use a local GAAP label (22.1% as a local GAAP label only, 15.9% in combination with an explicit IFRS label). Among explicit IFRS labels, unqualified labels (46.0% of firm-years) are slightly more common than qualified labels (44.3% of firm-years), with 12.4% using both types of explicit IFRS labels. Firms use the labels described in the related jurisdictional profiles in 86.9% of the documents of our sample. Further investigating the 7,233 observations with mismatches, we find that 3,806 (52.6%) of those are from Australia, which requires reference to local GAAP in our sample period and additional unqualified reference to IFRS beginning in 2010. Of the 3,806 mismatches, 3,528 fail to reference local GAAP and 321 fail to reference unqualified IFRS (43 are missing both references). Another 2,840 (39.3%) mismatches are from the EU and use unqualified IFRS labels, while EU jurisdictions require the use of the EU IFRS label. Finally, we find that Worldscope classifies 78.4% of our observations as IFRS users, although all substantially use IFRS.¹¹

¹¹ This number increases to 83.0% when we exclude jurisdictions with partial IFRS adoption.

We next analyze trends in accounting standards labels in our sample. Figure 1 shows a world map in the beginning (Panel A), middle (Panel B), and end (Panel C) of our sample period. We color each country for which we have observations for the respective year based on the dominating label among firms in our sample. The intensity of the color represents the percentage of observations using this label. Figure 1 suggests that, with IFRS adoption increasing over time, the variety of labels also increases over time. Moreover, local GAAP labels play an increasingly important role. We also observe that the types of labels dominating in a specific country change over time. Finally, we observe that the proportion of firms using the dominating label in a country has substantial variation, but converges over time.

Figure 2 plots worldwide means of our accounting standards variables throughout our sample period. Explicit IFRS reference is mostly stable between 75% and 80% and follows a very similar pattern as Worldscope's classification of firms as IFRS-users, consistent with a strong association between explicit IFRS labelling and data provider classification. While qualified IFRS labels tend to be more popular in the first half of our sample period, unqualified IFRS labels are more popular in the second half. We see a steady increase in using local GAAP labels since 2008, mostly driven by Asian countries with local GAAP labels making up increasingly more observations in later years of our sample. Finally, we observe a steady but relatively flat increase in whether firms' accounting standards description in the notes matches what jurisdictional profiles suggest firms should do.

Next, we document drivers of the variation in whether firms use an explicit IFRS label. To do so, we use linear probability models to regress our explicit IFRS label dummy on several sets of fixed effects and control variables. Table 2 reports the results. In Model 1, we regress the explicit IFRS label dummy on jurisdictional profile fixed effects, which are jurisdiction-by-period fixed effects with periods lasting from the first appearance of a jurisdictional profile until a change in the accounting standards label the profile describes. For many jurisdictions, there is no such change in our sample period, in which case the jurisdictional profile fixed effects

becomes a jurisdiction fixed effect. In total, we have 71 jurisdictional profile fixed effects. They explain 84.8% of the variation in using an explicit IFRS label. In Model 2, we replace the jurisdictional profile fixed effects with country-by-year fixed effects, a ten times more granular fixed effects structure (a total of 760 fixed effects) capturing year-on-year changes in a country's institutional environment (e.g., enforcement). It only marginally increases the explained variation to 86.1%. In Model 3, we instead add firm fixed effects to jurisdictional profile fixed effects, controlling for time-invariant characteristics of the 8,718 firms remaining in our sample after removing singletons. They explain half (an additional 7.6 percentage points) of the remaining variation (15.2 percentage points). Finally, Models 4 and 5 add the control variables from equation (1), which we take from prior literature (DeFond et al., 2011; Florou & Pope, 2012) and discuss in more detail below. While more than half of these control variables are significantly associated with using an explicit IFRS label, they do not substantially explain more variation than just the fixed effects.

Finally, we consider label choices in the auditor's report. For a small sample of European and Australian firms, Nobes et al. (2025) document that notes contain more comprehensive labels than auditor's reports. In their sample, all but three firms use explicit IFRS labels, but they find variation in using qualified, unqualified, or both types of explicit IFRS labels and document many cases where notes contain both types, while auditor's reports contain only one type. They do not find the opposite. In our sample, we can identify auditor's reports' labels for 37,302 of our 55,346 sample firms. Similar to Nobes et al. (2025), while we find consistent (non-) use of explicit IFRS labels in almost all cases (37,003 or 99.2%), we find 279 cases where the notes contain an explicit IFRS label while the auditor's report does not and only 20 cases where the auditor's report contains an explicit IFRS label but the notes do not. Moreover, we find that auditors seem to more formally follow jurisdictional profiles, as jurisdictional profile fixed effects almost perfectly explain explicit IFRS label use (R^2 of 0.950, untabulated). Hence, we conclude that auditor's reports do not contain substantial

variation beyond notes that investors or data providers could use to identify IFRS users and therefore focus all further analysis on the more comprehensive sample for which we identify labels from financial statements notes.¹²

To conclude, our large-sample descriptive evidence documents substantial variation in whether and how in-substance users of IFRS use the IFRS brand when labelling the accounting standards they use. We document relatively stable variation over time, variation across jurisdictions, and even considerable remaining variation within firms. The variation we document is a lower-bound estimate because of our conservative sampling choices and our choice of broad label categories, where actual label wordings within categories vary considerably (see Appendix D for some examples). Finally, as jurisdictional profiles, data providers, and auditors do not seem to substantially reduce the variation from a user perspective, we expect the variation to matter for investors because they get exposed to it either directly or via highly correlated intermediation.

3. Explicit IFRS Labels and Institutional Investments

3.1. Hypothesis Development

Having established substantial variation in the use of explicit IFRS labels by in-substance IFRS users, we next investigate the economic consequences of such variation. Earlier literature has established that the use of IFRS has economic benefits (Daske et al., 2008; DeFond et al., 2011; Florou & Pope, 2012), but it has implicitly assumed that investors would be aware and sufficiently certain that firms use IFRS in substance. However, the literature itself has struggled to classify IFRS users, with no uniform coding convention existing across studies (Becker et al., 2021; De George et al., 2016; Song & Trimble, 2022). Whether investors indeed perceive firms as in-substance IFRS users when the description of accounting standards uses a local GAAP label without explicit IFRS reference is ultimately an empirical question.

¹² We also rerun our analyses in Tables 3 and 4 after additionally controlling for whether auditor reports use an explicit IFRS label (set to 0 if we cannot identify any auditor's report label) and find robust effect sizes and statistical significance levels.

Institutional investors are not necessarily familiar with local accounting standards and their substance, and firms using local GAAP labels could suffer from low visibility. Hence, investors could not consider firms using local GAAP labels they do not associate with IFRS, using a simple heuristic to identify possible investment targets based on explicitly identifying them as IFRS users (Becker et al., 2021; Blankespoor et al., 2020). We expect such heuristics because accounting standards are a credence good, as financial statements users can never fully assess their quality, even after consumption (i.e., investing in firms preparing financial statements according to the accounting standard in question) (Darby & Karni, 1973). Hence, investors need a signal to verify sufficient quality of the accounting standards (Dranove & Jin, 2010) and jurisdictions and firms signal commitment to transparency with the design of their accounting regimes (e.g., Leuz, 2010). With no other verification mechanism available, investors could resort to using the IFRS brand to reduce information asymmetry (Choi, 1998).

The value of strong brands has long been established in economics (e.g., Klein & Leffler, 1981; Shapiro, 1983), marketing (e.g., Keller, 1993; Aaker & Jacobson, 1994), and accounting (e.g., Barth et al., 1998). The accounting and finance literature has broadened the importance of brand reputation from products to financial intermediaries and institutions, such as auditors (Teoh & Wong, 1993), underwriters (Carter & Manaster, 1990), or the ISO management standard (Terlaak & King, 2006). Given the variation in labels we have documented, a key question is what characterizes the value of a brand specifically. A sizeable literature on brand extension has collected strong evidence that brand extensions can carry over the value of the original brand to new domains and modified brand names (e.g., Aaker & Keller, 1990; Smith & Park, 1992; Peng et al., 2023). Hence, it is likely that the IFRS brand name and extensions keeping it explicit and easy to process will provide the necessary verification and visibility for investors to consider firms as viable investment options.

Anecdotes from practice are consistent with this conjecture. The IFRS Foundation Adoption Guide (2013, p.8) reasons that a “jurisdiction that needs to explain why its standards

are almost IFRSs is losing much of the benefit that it set out to achieve.” The IFRS Foundation’s Licensing Policy formalizes this concern: it explicitly prohibits jurisdictions from referring to their local standards as “IFRS Accounting Standards” unless IFRS are adopted in full (IFRS Foundation, 2023, §3.25). Hence, several jurisdictions finally changed their labelling practices to make sure firms affirm IFRS compliance explicitly when they had already effectively complied with IFRS for years (e.g., Malaysia in 2012, Singapore in 2018). Others explicitly engage in careful diplomacy with the IASB before adopting IFRS to ensure their local modifications would remain within the bounds permitting an explicit IFRS label (e.g., New Zealand; Camfferman & Zeff, 2015; IFRS Foundation, 2023, §3.17).

On the other hand, jurisdictions and firms may have good reasons for choosing a local label over the IFRS brand. Jurisdictions may prefer to keep control over future accounting standards policies, and sticking with a local framework and terminology may improve their control and leverage versus the IASB (Becker et al., 2021). It may also be important to keep control and cohesion under a local regime, even if applying IFRS in substance, because the usefulness of accounting standards arises within complex interdependencies with local institutions and economic conditions (Leuz, 2010; Wysocki, 2011). Jurisdictions may value this control and cohesion more than a possible IFRS brand value.

Furthermore, some doubt that the IFRS brand carries a positive quality signal in the first place, arguing that uniform IFRS labelling of accounting standards in all kinds of jurisdictions may obscure quality characteristics and dilute the brand (Ball, 2006; 2016). If some explicit IFRS adopters are of low quality, economic and marketing theory confirms the risk of the brand to get diluted (Gürhan-Canli & Maheswaran, 1998; Shapiro, 1983). In the extreme case, as the IASB has no enforcement power, the IFRS label could be a costless, nonbinding, and unverifiable signal (cheap talk), completely undermining its signalling value (Spence, 1973; Crawford & Sobel, 1982). While Ball (2006; 2016) argues that IFRS adoption could be costless, evidence from voluntary cross listing and accounting regime choices suggest that firms in

capital markets exposed to foreign investors are willing to subject themselves to more sophisticated institutions and costly monitoring (Wysocki, 2011). On a jurisdictional level, using an IFRS label without substantial adoption therefore creates costs because firms may leave local capital markets and possibly attracted foreign capital may increase monitoring and litigation. Consistent with these arguments, early empirical evidence is inconsistent with a mere cheap talk adoption of IFRS, showing substantial accounting quality and capital market effects for the average IFRS adopter in worldwide samples (see De George et al., 2016, for an overview). Moreover, anecdotal evidence suggests substantial monitoring and litigation costs of IFRS adoption (Daske & Pelger, 2026). Therefore, it is an empirical question whether jurisdictions and firms forgoe benefits by choosing a local GAAP over an explicit IFRS label.

Given this discussion, we test whether an explicit IFRS label increases institutional investments in firms using those labels. However, given prior evidence of the importance of data providers as information intermediaries in capital markets, investors may use commercial data providers instead of directly relying on firms' labels to assess accounting standards (Schaub, 2018). Moreover, our own descriptive evidence suggests similar patterns for labels and data provider coding, indicating they likely strongly correlate. On the other hand, data providers make systematic errors in translating the economic substance of firms into database items, making their intermediary role an empirical question (Alsarghali et al., 2025; Chychyla & Kogan, 2015). Taken together, we state the following three hypotheses, predicting both a direct effect of labels on institutional investment and an indirect effect through data provider intermediation:

H1: There is an association between explicit IFRS labels and the likelihood that data providers classify firms as IFRS users.

H2a: There is a direct association between explicit IFRS labels and institutional investments.

H2b: There is an indirect association between explicit IFRS labels and institutional investments through data provider classifications of firms as IFRS users.

3.2. Research Design

We use the following OLS regression model to test our three hypotheses:

$$Y_{i,t(t+1)} = \beta \text{Label}_{i,t} + \gamma \text{CONTROLS}_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t}, \quad (1)$$

where our unit of observation is firm i 's fiscal year t , $Y_{i,t(t+1)}$ is *IFRS_Worldscope* _{i,t} in our tests of H1 and *Ownership* _{$i,t+1$} in our tests of H2a and H2b. We measure *Ownership* in $t+1$ to allow investors to process the reports of year t containing the accounting standards label, which firms only disclose during year $t+1$, before making an investment. *Ownership* is one of three variables we collect from Factset's ownership database, assuming that missing firms have no institutional investment at all: the square root of the number of institutional investors (*N_Inv*), the percentage of outstanding shares held by institutional investors (*%Institutional_Inv*), and the percentage of outstanding shares held by foreign institutional investors (*%Foreign_Inv*). *Label* _{i,t} is *IFRS_explicit* in our tests of H1 and H2a and comprises *IFRS_explicit* and *IFRS_Worldscope* in our test of H2b. *CONTROLS* is a vector of controls we take from Florou & Pope (2012) and collect through Worldscope (see Appendix A for detailed variable definitions).¹³ We use jurisdictional profile fixed effects in our baseline specification as they are the dominating source of variance for label choices, and add year fixed effects to control for global temporal trends. In a more rigid, alternative specification, we add firm fixed effects. While they control for more possibly correlated omitted variables, this specification has the disadvantage that it removes all cross-sectional variation between firms that never change their label. Hence, it focuses in on the effect of label changes within firms. In all specifications, we cluster standard errors by firm.

Table 1 provides summary statistics for all regression variables in Panel C. Our control variables are broadly comparable with those in Florou & Pope (2012), although our firms are smaller and less profitable. Similarly, we observe considerably less institutional investment, with an average of 16 different institutional investors holding an average of 10.9% of shares

¹³ We do not include the variable *MSCI Index* because we could no longer compile it through Worldscope. We drop the variable *US GAAP* because our sample selection precludes firms using US GAAP.

outstanding. Foreign investors hold 5.2% of shares outstanding for the average sample firm.

3.3. Primary Results

Table 3 presents our tests of H1. Models 1 and 2 provide tests with our baseline fixed effects structure and before and after adding control variables, respectively. Models 3 and 4 show test results after including firm fixed effects, again without and with control variables, respectively. In all models, we find consistent and strong evidence for an association as predicted in H1. Specifically, the use of an explicit IFRS label increases the likelihood of being classified as an IFRS user in Worldscope by between 25.4 and 27.7 percentage points. In untabulated tests, we find that both qualified and unqualified IFRS labels separately have the same effect with similar effect sizes.

Table 4 presents our tests of H2a and H2b. Models 1, 5, and 9 present results for our baseline specification only including the labels as an independent variable for our three outcome variables. Models 2, 6, and 10 add the Worldscope classification as the second independent variable. Results suggest a robust and significant direct association between using an explicit IFRS label and institutional investments across all ownership variables, consistent with H2a. We only find limited evidence for an intermediation effect through data providers. We only obtain a significant association when *%Institutional_Inv* is the dependent variable, and the direct effect of IFRS labels remains significant and loses only some of its magnitude. These results provide only limited support for H2b. In terms of effect sizes, firms with IFRS labels have on average 2.6 more investors $((4.033+0.311)^2-4.033^2)$, increase overall institutional ownership by 1.1 percentage points or 10.0% and foreign institutional ownership by 0.8 percentage points or 15.4%.

Models 3, 7, and 11 present results after adding firm fixed effects when only including the labels as an independent variable for our three outcome variables. Models 4, 8, and 12 again add the Worldscope classification as the second independent variable. Results are directionally similar but substantially weaker than in our baseline models and become

statistically insignificant when using the number of institutional investors as the dependent variable. These results suggest that stable cross-sectional variation between firms within jurisdictions substantially contribute to the overall association we observe in our baseline models. We again differentiate qualified and unqualified IFRS labels in untabulated analyses and find no substantial differences.

Overall, our results suggest that using the IFRS brand, whether modified or not, to label accounting standards seems necessary for firms to enjoy the full benefits of IFRS adoption. While we also find strong associations with data provider coding of accounting standards, most of the associations with institutional ownership seem to emerge directly and independently of data provider coding. Moreover, our results hold when we replace jurisdictional profile and year fixed effects with country-by-year fixed effects in untabulated analyses, suggesting that variation in jurisdictions' institutional environments do not confound our results. Still, these results do not allow a causal interpretation because firms ultimately have a choice which label(s) to use, which may be correlated with an unobservable variable that also drives institutional investment. Therefore, we first provide supportive evidence from placebo and cross-sectional tests and then turn to narrower settings where we observe exogenous changes in the institutional environment that induce all firms of a given group to change their accounting standards labels, which we can compare to similar control group firms unaffected by the exogenous change that also do not change their labels.

3.4. Placebo Tests

A primary concern in our analysis is that jurisdictions or firms switching their accounting standards label would simultaneously switch their substantial application of IFRS, even though we try to keep substantial IFRS application constant through our sample selection and inclusion of firm and jurisdictional profile fixed effects. Nonetheless, we thus implicitly rely on formal accounting policies, which could differ from in-substance application. To address this concern, we repeat our analysis after replacing our dependent variables with four measures

of financial reporting characteristics. The literature has established that in-substance differences of firms accounting policies affects accrual accounting (e.g., Ahmed et al., 2013) and textual characteristics (e.g., Lang & Stice-Lawrence, 2015). If we successfully keep in-substance accounting constant, we would not expect an association of using an explicit IFRS label with either accruals or textual characteristics.

We follow Daske et al. (2013) and use absolute accruals scaled by the absolute cash flow from operations (*Acc_CFO*) as our primary accruals measure. We add signed total accruals scaled by total assets (*Tot_Acc*) as a second accruals measure because it is established in a wide literature and requires no additional researcher involvement or judgement. For textual characteristics, we follow Lang & Stice-Lawrence (2015) and choose the natural logarithm of the number of words in a document (*Log_Words*) and readability measured with the Gunning Fog Index (*FOG*). Table 5 presents the results from our placebo tests with both of our fixed effects structures, focusing on the direct effect of explicit IFRS labels. Consistent with our intention to keep in-substance accounting constant, we find no systematic association between explicit IFRS labels and our four financial reporting characteristics. The only significant association is between explicit IFRS labels and *Tot_Acc* in the model without firm fixed effects. Moreover, our results from Table 4 hold when we additionally control for all four financial reporting characteristics we use for the placebo test (untabulated).

3.5. Cross-Sectional Analysis

The key theoretical argument behind our hypotheses is that the explicit IFRS label serves as a brand signal to give investors confidence about the quality of a firm's financial reporting. Research in economics and marketing shows that the value of such a brand signal is greater if there is higher uncertainty about the quality and if prior beliefs about quality differ from the brand signal (Dranove & Jin, 2010; Erdem & Swait, 2004). Therefore, if our results follow the predicted mechanism, we would expect the associations to be stronger when the overall uncertainty about the firm's accounting practices is higher.

We conduct a cross-sectional analysis to test this prediction. To capture high underlying uncertainty and a high likelihood of deviating prior beliefs, we consider the number of labels in the notes describing a firm’s accounting policy that describe standards or regulations other than IFRS. We conjecture that if this number is particularly high, it is particularly unlikely that investors have the institutional knowledge to judge the qualities of the accounting standards used without a well-known label such as explicit IFRS. Moreover, it is more likely that in markets with many non-IFRS labels, investors would be more likely to have formed a prior belief that the firm uses local, non-IFRS accounting standards. Therefore, we define *Many_labels* firms as firms with more than two non-IFRS labels describing the accounting standards used (two non-IFRS labels is the 75th percentile in our overall sample), and rerun our firm fixed effects models from Table 4 after interacting *IFRS_explicit* with *Many_labels*. Table 6 presents the results. As expected, we find stronger results across all ownership outcomes for *Many_labels* firms, consistent with the proposed mechanism behind our primary results.

4. Causal Analysis

4.1. Settings

We consider label changes in South Africa, Malaysia, and Singapore, where accounting standards have already substantially complied with IFRS before each jurisdiction changed from mandating a local GAAP label to (also) mandating an explicit IFRS label.¹⁴

South Africa had harmonized local accounting standards with IFRS since 1995, being fully compliant since at least 2001, with local accounting standards being a word-for-word copy of IFRS since 2003. Still, South African firms only started using explicit IFRS labels from 2005 after the Johannesburg Stock Exchange changed its listing requirements to mandate the original “IFRS as issued by the IASB” label from its issuers (Smith et al., 2021).

¹⁴ see Appendix E for detailed timelines of the Malaysian and Singaporean setting. We could not find sufficient information to create a detailed timeline for the South African setting.

The concrete date of the change in listing requirements is not available, so we can include the South African setting only in our DiD analysis.¹⁵

Malaysia started adopting international accounting standards in 1978 and made local financial reporting standards identical to IFRS during 2007, so that Malaysian firms have used IFRS in substance since at least 2008.¹⁶ On 28 June 2011, the Malaysian Accounting Standards Board then issued Exposure Draft 75, which required firms to affirm dual compliance with local accounting standards and IFRS, to give Malaysia's capital market "the recognition that they deserve"¹⁷. Importantly, we exclude some industries with missing equivalence to IFRS from the Malaysian setting because Malaysia did not endorse single standards: Agriculture (IAS 41), real estate developers (IFRIC 15), and financial firms (IAS 39). The Malaysian setting suits both our capital market reactions tests and our DiD design.

Finally, Singapore has used local standards with close convergence with IFRS, under a local label, since 2002. On 29 May 2014, the Singapore Accounting Standards Council announced that it will rebrand its local accounting standards to a modified IFRS brand starting in 2018.¹⁸ Therefore, we can use this announcement in our capital market reactions tests. As the actual transition to the explicit IFRS label only happens in 2018, however, we exclude it from our DiD design because we only have one true post period.

4.2. Capital Market Reactions

Before we turn to our DiD design directly investigating H1 and H2a as well as placebo tests in a tighter setting, we take a step back and consider capital market reactions in our above settings. Analyzing short-term capital market reactions around announcements of labels changes

¹⁵ Smith et al. (2021) also use the South African setting and predict that the change to an explicit IFRS label increased investor confidence in the comparability of South African reports with other IFRS reports. They go on to identify trends in comparability in the period before and after 2005 and show that South African firms increase comparability with other IFRS users more than non-IFRS firms. However, since the other IFRS users are Australia and EU countries, fully adopting IFRS in 2005, it is unclear whether their IFRS adoption or the South African label change drive the observed increases in comparability.

¹⁶ See https://masb.org.my/press_list.php?id=71. The IASB jurisdictional profile lists 2012 as the conversion year.

¹⁷ See p. 4 of https://www.masb.org.my/pdf.php?pdf=MASB_ED75_28June2011.pdf&file_path=pdf.

¹⁸ See <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/view-jurisdiction/singapore/>.

sheds light on how investors evaluate these decisions. While investor evaluations provide no direct test of the associations we have established above, if our results are indeed causal, investors should anticipate broader capital inflows, which should eventually boost the stock price of affected firms. Therefore, if our interpretations of the association analysis are correct, we would expect positive announcement returns around announcements of adopting an explicit IFRS label.

To test this prediction, we first collect the specific dates when the above-discussed changes were announced (see Appendix E). We then collect all available daily stock returns from firms listed in the announcement countries from Compustat Global, along with returns of a benchmark market index (FTSE Bursa Malaysia Top 100 for Malaysia, Straits Times Index for Singapore), around the announcement and for an estimation period from 250 trading days to 21 trading days before each announcement. For a firm to be included in our sample, we require 80 available returns in the estimation period. We then use the estimation period to calculate $\hat{\alpha}$ and $\hat{\beta}$ of a standard market model and estimate abnormal returns for one day before to one day after the announcement using these parameters and the benchmark market index. We then pool the resulting [-1,1] cumulative abnormal returns (CARs) of all firms from both settings and conduct a simple t-test for whether the CARs significantly differ from zero. We find a modest, significantly positive average cumulative abnormal return of 0.70% ($t = 2.611$, $p = 0.009$, untabulated), which is consistent with our prediction that investors anticipate positive effects as a response to label changes.¹⁹ While these reactions are mild, they are in line with IFRS adoption reactions documented in earlier literature (Armstrong et al., 2010; Joos & Leung, 2013).

4.3. Difference-in-Differences Analysis

We finally conduct a stacked DiD analysis of the effect of label changes on data provider coding and institutional ownership. We also repeat our placebo tests with the stacked DiD design. It allows us to focus on jurisdictions that changed their labelling requirements

¹⁹ Testing the two settings separately, we find weaker, insignificant results for Malaysia (0.34%, $t = 0.830$, $p = 0.407$), and stronger results for Singapore (1.16%, $t = 3.833$, $p < 0.001$).

and recommendations for firms without changing the substance of applicable accounting standards or the local institutional environment, thus removing much of the possible confounding variation in our previous association analysis. As discussed above, we focus on South Africa and Malaysia. For the South African setting, we select all South African firms as the treatment group and firms from Bahrain, Kuwait, Oman, Hong Kong, and Singapore as control firms. The control jurisdictions all complied with IFRS to the same extent throughout the entire period we use for the DiD analysis and did not change their label.

For both events, we focus on a common event window of three years before to three years after the label change and exclude the year of the label change. Therefore, we define 2002-2004 as the pre- and 2006-2008 as the post-period in the South African setting. As the pre-period is not part of our original sample, and to conserve the most comprehensive sample possible, we only extract labels for South African firms in the pre-period to check whether they have previously used an explicit IFRS label, which would make the label change irrelevant for them. As a consequence, we remove 16 of 287 South African firms from our sample that have explicit IFRS labels in 2004. All South African firms in our sample use explicit IFRS labels from 2007 onward, so noncompliance with the treatment is not an issue in our sample.

For the Malaysian setting, we select Malaysian firms as the treatment group and Singaporean firms as the control group because Malaysia and Singapore are closely connected and Singapore had a similar approach to using IFRS but consistently used a local GAAP label in the seven-year event window. We remove firms from the agriculture and financial services industries because Malaysia had some non-IFRS sector-specific standards for these industries in the event window. We define 2009-2011 as the pre- and 2013-2015 as the post-period. We finally remove Malaysian firms that do not use an explicit IFRS label in 2014 because they are either noncompliant with local regulations or we have misclassified them, both possibly creating undesirable noise in our analysis. We then stack the observations of both settings and

run the following OLS regression:²⁰

$$Y_{i,t(t+1)} = \beta \text{ Treat}_i \times \text{Post}_t + \gamma \text{ CONTROLS}_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t}, \quad (2)$$

where our unit of observation is firm-cohort i 's fiscal year-cohort t , $Y_{i,t(t+1)}$ is $\text{IFRS_Worldscope}_{i,t}$ or $\text{Ownership}_{i,t+1}$, as in equation (1), or one of our financial reporting characteristics for the placebo tests, $\text{Treat}_i \times \text{Post}_t$ is the difference-in-differences we are interested in, CONTROLS is the same vector of controls as in equation (1), and we use firm-cohort and year-cohort fixed effects, which subsume the main effects of Treat and Post . We cluster standard errors by firm-cohort.

Table 7 presents our results with coefficients of control variables suppressed for brevity. Model 1 suggests that the likelihood to be classified as an IFRS user in Worldscope increases 76.6 percentage points more for treatment firms than for control firms from the pre- to the post-period, providing strong causal evidence in line with our previous tests of H1. Results in Model 2 suggest that treatment firms increase their number of institutional investors by 2 more than control firms between the pre- and the post-period (from an average of 2.7 to 4.7 institutional investors, based on the treatment firms' average N_Inv of 1.642). Models 3 and 4 indicate that, compared to control firms, treatment firms increase the overall institutional ownership stake and foreign institutional ownership stake by 0.9 and 0.5 percentage points more from the pre to the post period. These effects are sizeable given treatment firms' average pre period institutional and foreign ownership stakes of 2.8% and 1.3%, respectively. Hence, our causal analysis is consistent with our large, worldwide association tests of H2a.

Figure 3 presents the dynamics of the results when we replace the $\text{Treat}_i \times \text{Post}_t$ dummy with separate interactions of Treat with each sample year (in relative terms; i.e., $t-1$ represents 2004 for the South African setting and 2011 for the Malaysian setting), leaving out

²⁰ Inferences do not change if we run both settings as separate DiD analyses instead of a stacked DiD design.

t-1 as the baseline period. In Panel A, we observe no substantial pretrends, a sharp initial increase in Worldscope's coding of firms as IFRS users in t+1, and another jump in t+2 that levels off to a difference-in-differences of almost 100 percentage points in t+3. Hence, data providers react swiftly to the labels changes and, after a brief transition period, basically reclassify all treatment firms to IFRS users, while the classification of control firms without concurrent label changes remains stable.

For the number of institutional owners in Panel B, we observe no pretrends, and an immediate jump to significant difference-in-differences in t+1 that continues to increase steadily until t+3. For the remaining institutional ownership stakes in Panels C and D, we again observe no substantial trends in the preperiod. In t+1, we observe a sharp increase in ownership stakes although they are only significant at the 10% level for *%Institutional_Inv*. Ownership stakes remain relatively stable through t+2 before they increase again to significantly elevated levels in t+3. Those patterns are consistent with an immediate and positive causal effect of changing to explicit IFRS labels on institutional ownership. Moreover, similar to data provider results in Panel B, while there is an immediate reaction, the effects seem to increase in the first few years after the change.

Reiterating concerns that, despite our careful selection of settings and control observations, treatment and control firms may differ in their temporal patterns of in-substance IFRS use, we repeat our placebo tests in our causal setting. Table 8 presents the results. We do not find significant difference-in-differences effects in any model. These results are inconsistent with concerns that firms change their accounting practices simultaneously when changing to an explicit IFRS label. We also present treatment dynamics in Figure 4, focusing on the accrual and textual measures with the respectively higher t-value in Table 8 for brevity. Treatment dynamics confirm our interpretation of constant accounting practices throughout our event window.

Taken together, our difference-in-difference design in two tight settings support the

interpretation that using an explicit IFRS label causes an increase in institutional investment, and results from our global panel regressions suggest that this effect generalizes broadly to IFRS users.

5. Conclusion

In this paper, we document heterogeneity in the use of the IFRS brand to label accounting standards used in preparing financial statements that substantially comply with IFRS in a large global sample over one-and-a-half decades. We observe substantial variation in label usage but increasing convergence in the alignment of firms' label choices and their applicable jurisdictional profiles. This observation is also consistent with the legitimacy the IASB has built throughout the years (Danjou & Walton, 2012).

We propose that the IFRS brand may carry signalling value necessary for benefits of IFRS adoption to materialize, although the literature has raised concerns that IFRS adoption could be cheap talk, prohibiting any significant brand value (Ball, 2006; 2016). Our empirical results are consistent with the IFRS brand carrying significant value, at least in terms of facilitating institutional and foreign investment. Next to broad association evidence in our large sample, we leverage tighter settings to establish likely causality for this association.

We contribute to the literature by leveraging recent developments in computational linguistics to provide the first large-scale, firm-level measurement of accounting standards labelling practices of IFRS adopters worldwide, a long-standing issue that earlier papers could only investigate in limited settings. Moreover, we extend the literature on the effects of IFRS adoption by focusing on the variation in labels and showing that substantively using IFRS without adopting the explicit IFRS label is insufficient to enjoy the full IFRS benefits.

Finally, our results have implications for practice as they contribute important evidence to cost-benefit considerations of jurisdictions deciding on whether to use local GAAP or (extended) IFRS labels. Moreover, the IFRS Foundation hosts the ISSB as one of the primary standard setters for emerging nonfinancial reporting standards. While the future

will tell whether these standards find sufficient global support given the decision of the EU to develop their own nonfinancial reporting framework, finding that IFRS carry substantial brand value suggests that ISSB standards could leverage such brand value in creating trust in the credence good that nonfinancial reporting standards ultimately are.

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Appendix A Variable Definitions

Variable	Definition
Accounting Standards	
<i>IFRS_explicit</i>	Dummy variable coded as 1 if the sum of <i>ifrs_unqualified</i> and <i>ifrs_qualified</i> is greater than 0, 0 otherwise
<i>Local_GAAP</i>	Dummy variable coded as 1 if there is some reference to local accounting standards, which could represent some local version of IFRS (i.e., an implicit IFRS label) or could represent true local GAAP that some firms apply on top of IFRS for additional parts of their annual report, 0 otherwise
<i>IFRS_unqualified</i>	Dummy variable coded as 1 if IFRS is mentioned and there is reference to the IASB, IASC, or IFRS Foundation or there is no reference to the standard setter or whether there are any modifications, 0 otherwise
<i>IFRS_qualified</i>	Dummy variable coded as 1 if IFRS is mentioned and there is reference to the country, EU, or EC as the source of IFRS or IFRS endorsement, including country versions such as KIFRS, 0 otherwise
<i>Juris_profile_compliant</i>	Dummy variable coded as 1 if the presence of <i>ifrs_unqualified</i> , <i>ifrs_qualified</i> , and <i>local_gaap</i> labels matches the requirements mentioned in the jurisdictional profile matched to the document, 0 otherwise. If the jurisdictional profile mentions multiple labels and indicates they are alternatives, we require just one match. If the jurisdictional profile mentions multiple labels and indicates all must be mentioned, we require all to match.
<i>IFRS_Worldscope</i>	Dummy variable coded as 1 if the variable “WC07536 - Accounting Standards Followed” is “IFRS” or “International standards”, 0 otherwise
<i>Many_Labels</i>	Dummy variable coded as 1 if there are more than two references (i.e., above the 75 th percentile of the full sample) to local accounting standards or regulations, 0 otherwise.
Control Variables	
<i>Nanalysts</i>	Number of analysts according to IBES; zero if firms could not be matched to IBES
<i>Market Index</i>	Dummy variable coded as 1 if Worldscope index membership is not empty, zero if firms has no index membership data in Worldscope
<i>ADR</i>	Dummy variable coded as 1 if any ADR is found, zero if firms has no ADR data in Worldscope
<i>Big4</i>	Dummy variable coded as 1 if static parent auditor 1 from Worldscope is Deloitte, EY, KPMG, or PwC, 0 if no parent auditor available in Worldscope
<i>Size</i>	Natural logarithm of market value, if market value>0 (winsorized at 1 st and 99 th percentile)
<i>ROE</i>	Net income divided by book value of equity, if bve>0 (winsorized at 1 st and 99 th percentile)
<i>RET</i>	Yearly stock return (winsorized at 1 st and 99 th percentile)
<i>RetVar</i>	Standard deviation of monthly stock returns (winsorized at 1 st and 99 th percentile)
<i>Dividend Yield</i>	Cash dividends divided by market value of equity, if market value>0

	(winsorized at 1 st and 99 th percentile)
<i>Book-Market</i>	Book value of equity divided by market value of equity, if market value>0 (winsorized at 1 st and 99 th percentile)
<i>Earnings-Price</i>	Net income divided by market value of equity, if market value>0 (winsorized at 1 st and 99 th percentile)
<i>Leverage</i>	Total liabilities divided by total assets (winsorized at 1 st and 99 th percentile)
Ownership Variables	
<i>N_Inv</i>	Square root of the number of institutional investors in t+1, 0 if no data available in Factset.
<i>%Institutional_Inv</i>	Shares held by institutional investors divided by shares outstanding in t+1, 0 if no data available in Factset.
<i>%Foreign_Inv</i>	Shares held by foreign institutional investors divided by shares outstanding in t+1, 0 if no data available in Factset.
Financial Reporting Characteristics	
<i>Acc_CFO</i>	Absolute value of accruals (net income minus cash flow from operating activities) scaled by absolute value of cash flow from operating activities
<i>Tot_Acc</i>	Total accruals (net income minus cash flow from operating activities)
<i>Log_Words</i>	The natural logarithm of the number of words in the financial statement
<i>FOG</i>	Gunning Fog Index as readability score of the financial statement, calculated as $0.4 \times (\text{words per sentence} + \text{percentage of complex words})$, where complex words are words with three or more syllables.

Appendix B Anchors for Pre-Processing Perfect Information Documents

```
_notes_head = ["basis of preparation",
               "basis of presentation",
               "basis of accounting",
               "statement of compliance",
               "accounting convention",
               "presentation of accounts",
               'bases of preparation',
               'accounting policies',
               'accounting principles',
               #'financial information',
               ]

_notes_head2 = ["summary of accounting policies",
               "statement of compliance",
               "significant accounting policies",
               #"financial reporting standards",
               "basis of reporting",
               "presentation of ... financial statements",
               'applied rules',
               'general explanations',
               "consolidated statements and other financial information",
               ]

_notes_all_std = [# the/these ... financial/nancial stmts ... prepared/presented/drawn up
                 "the..... ..nanci..... statements ... .. in accordance with",
                 "the..... ..nanci..... statements ... .. in compliance with",
                 "the..... ..nanci..... statements ... .. in conformity with",
                 "the..... ..nanci..... statements ... .. comply ... with",
                 "the..... ..nanci..... statements ... .. according to",
                 "the..... ..nanci..... statements ... .. in agreement with",
                 "the..... ..nanci..... statements ... .. with respect to",

                 # the/these ... financial/nancial stmts
                 "the..... ..nanci..... statements ... in accordance with",
                 "the..... ..nanci..... statements ... in compliance with",
                 "the..... ..nanci..... statements ... in conformity with",
                 "the..... ..nanci..... statements ... comply ... with",
                 "the..... ..nanci..... statements ... according to",
                 "the..... ..nanci..... statements ... in agreement with",
                 "the..... ..nanci..... statements ... with respect to",

                 # the ... prepares/presents/draws up ... financial/nancial stmts
                 "the ... ..nanci..... statements ... in accordance with",
                 "the ... ..nanci..... statements ... in compliance with",
                 "the ... ..nanci..... statements ... in conformity with",
                 "the ... ..nanci..... statements ... comply ... with",
                 "the ... ..nanci..... statements ... according to",
                 "the ... ..nanci..... statements ... in agreement with",
                 "the ... ..nanci..... statements ... with respect to",

                 # prepared/presented/drawn up ... financial/nancial stmts
```

".....nanci..... statements ... in accordance with",
 ".....nanci..... statements ... in compliance with",
 ".....nanci..... statements ... in conformity with",
 ".....nanci..... statements ... comply ... with",
 ".....nanci..... statements ... according to",
 ".....nanci..... statements ... in agreement with",
 ".....nanci..... statements ... with respect to",

financial/nancial report ... prepared/presented/drawn up

"th.....nanci..... report in accordance with",
 "th.....nanci..... report in compliance with",
 "th.....nanci..... report in conformity with",
 "th.....nanci..... report comply ... with",
 "th.....nanci..... report according to",
 "th.....nanci..... report in agreement with",
 "th.....nanci..... report with respect to",

financial/nancial report ...

"th.....nanci..... report ... in accordance with",
 "th.....nanci..... report ... in compliance with",
 "th.....nanci..... report ... in conformity with",
 "th.....nanci..... report ... comply ... with",
 "th.....nanci..... report ... according to",
 "th.....nanci..... report ... in agreement with",
 "th.....nanci..... report ... with respect to",

annual report ... prepared/presented/drawn up

"th..... annual report in accordance with",
 "th..... annual report in compliance with",
 "th..... annual report in conformity with",
 "th..... annual report comply ... with",
 "th..... annual report according to",
 "th..... annual report in agreement with",
 "th..... annual report with respect to",

"the ... accounts in accordance with",
 "the ... accounts in compliance with",
 "the ... accounts in conformity with",
 "the ... accounts comply ... with",
 "the ... accounts according to",
 "the ... accounts in agreement with",
 "the ... accounts with respect to",

]

Appendix C Prompt Engineering

All extraction prompts were prefaced with a short system message: “You are a financial accountant.” Although minimal, this system framing served two purposes. First, it located the task in a domain-specific interpretive context. Second, it reinforced that the model should read the passages as accounting text rather than as general prose. In methodological terms, this is a light form of *role prompting*, intended to improve the model’s sensitivity to accounting-specific terminology and reporting conventions without burdening the prompt with excessive instruction overhead. The final prompt consisted of four components:

1. a *system role prompt*,
2. a *task-specific instruction block*,
3. an *explicit JSON output specification*, and
4. a set of *few-shot examples* presented as user–assistant message pairs.

This layered prompt structure combines several prompting techniques commonly used in extraction settings: role prompting, instruction prompting, few-shot in-context learning, and schema-constrained output prompting. The section-specific task instructions were written to maximize precision of extraction and to minimize any tendency of the model to infer beyond the text. The instructions defined a closed set of target document types: financial statements, consolidated financial statements, financial report, and annual report, including close variants such as statutory, parent, separate, standalone, individual, or single-entity versions. The model was instructed to extract an item only if the text explicitly stated both a valid target document type, and at least one accounting standard, rule, principle, practice, or act applied to that document type. This created a joint extraction condition, rendering references to a reporting framework without a target document type, or references to a document type without an explicit reporting framework not sufficient for inclusion.

The model was instructed to extract only from explicit *non-auditor* statements and to ignore auditor formulations. A key feature of the prompt is insisting on *verbatim explicitness*.

The model was instructed not to infer, summarize, paraphrase, or complete missing information. Instead, all extracted elements had to match the source text exactly. In particular, the prompts required that:

- the extracted *sentence* be quoted exactly as it appears in the text,
- the extracted *standard term(s)* correspond exactly to the wording in the passage,
- the model extract the *full name* of the standard or rule, including any jurisdictional or legal specification (e.g., “IFRS as adopted by the EU” rather than simply “IFRS”), and

The prompts also explicitly excluded several categories of irrelevant or potentially misleading material, such as prior-period applications, remuneration reports, or statements that did not clearly satisfy the joint document-type-plus-standard requirement. These constraints constitute a deliberate anti-hallucination and anti-inference prompting strategy. The model was not asked what framework most likely applied; it was asked only what the text explicitly said. This matters because financial reports are heterogeneous and often contain numerous legal, governance, and historical references near the relevant sentence. By narrowing the extraction criterion to exact, explicit pairings, the prompt design reduces the risk of false positives from nearby but non-target text.

In addition to direct instructions, the model was supplied with carefully curated *few-shot examples*. These were not generic examples, but a deliberately constructed set intended to reflect the diversity of expression found in the corpus. The examples were selected and adjusted to cover a wide range of reporting patterns, including:

- abbreviated and non-abbreviated names of accounting standards,
- standards from different jurisdictions,
- short and long context passages,
- cases in which the document type and applicable standard appear in a single sentence,
- cases in which the relevant information is distributed across adjacent sentences,
- syntactically simple formulations, and
- more complex sentence structures.

The corpus contains substantial variation in how document types and accounting standards are named and connected, and a small number of naïve examples would not adequately represent that heterogeneity. The few-shot examples therefore served as a form of carefully controlled in-context supervision, demonstrating not only the expected output structure, but also the breadth of linguistic patterns present in our corpus. These examples were supplied in alternating user-assistant format, so that the model observed both the input passage and the desired JSON output for comparable cases before receiving the actual inference item. The model was required to return its result in a strict JSON object format.

The model was run with temperature set to zero and a single completion per input as output diversity is not desirable; consistency and reproducibility are. Deterministic decoding therefore served as a low-variance extraction setting, intended to reduce variance in the returned JSON structure and in the boundaries of extracted text spans.

Prompt

```
# System Context Messages .....  
system_context_basic1 = ""  
You are a financial accountant.  
""
```

```
# Task Description:.....  
task_descr_notes_16 = ""
```

You are given a segment from a company report.
Your task is to extract, based only on explicit, non-auditor statements, which accounting standards, rules, practices, principles, or acts were used to prepare certain document types.

Target document types (including close variants/extensions such as "... of the company/group", "company/group ...", "statutory/parent/individual/single/separate/standalone ...", etc):

- financial statements
- consolidated financial statements
- financial report
- annual report

Extraction Instructions:

Extract only sentences that clearly state the accounting standard(s) applied to any of the above target document type.

Do not extract a document type unless the segment explicitly mentions both the document type and at least one applied accounting standard or rule.

Extract the full name of each standard or rule, including jurisdiction, act, provision, or issuer (e.g., "IFRS as adopted by the EU", "Generally Accepted Accounting Principles in India").

If multiple standards are stated for a document type, extract them all.

Ignore: prior period applications, remuneration reports, auditor opinions, or any inference not verbatim in the text.

Exclude company names.

Validation:

All extracted document types, standards, and sentences must match exactly as in the text - do not infer, summarize, or paraphrase.

Step-by-Step Instructions:

1. Read the provided section carefully.
2. For each target document type, find sentences explicitly mentioning both the document type and the standard(s) it's prepared in accordance with.
3. For each target document type, extract the sentence and the full name(s) of the standard(s)/rule(s).
4. Confirm all extracted content is explicit and compliant with the above rules.
5. Discard any sentences that don't fully meet requirements.
6. Format output as below, grouping by document type.

"""

answer_format_8 = """

Output Format (JSON, repeat block for each valid document type):

```
{
  "document_type_1": [
    {
      "sentence": "Sentence where document_type_1 is mentioned with accounting_standard_A.",
      "terms": ["accounting_standard_A"]
    },
    {
      "sentence": "Sentence where document_type_1 is mentioned with accounting_standard_B
and accounting_standard_C.",
      "terms": ["accounting_standard_B", "accounting_standard_C"]
    }
  ],
  "document_type_2": [
    {
      "sentence": "Sentence where document_type_2 is mentioned with accounting_standard_D.",
      "terms": ["accounting_standard_D"]
    }
  ]
}
```

"""

Appendix D Label Examples

IFRS_unqualified

“international financial reporting standards (ifrs)”

“international financial reporting standards (the ifrs) issued by international accounting standards board”

“international financial reporting standards (ifrs or, alternatively, gaap) as issued by the international accounting standards board”

“accounting principles issued by the international accounting standards board (international financial reporting standards – ifrs)”

“international accounting standards (ias/ifrs)”

IFRS_qualified

“international financial reporting standards (ifrs) of the international accounting standards board (iasb) london as they are to be applied in the eu”

“ifrs as adopted by the european union under the endorsement procedure”

“ifrs as endorsed by the fsc”

“korean ifrs”

“nz ifrs”

Local_GAAP

“revised aasb separate and consolidated financial statements”

“frs”

“applicable approved accounting standards issued by masb”

“principles of the singapore financial reporting standards”

“turkish accounting standards/turkish financial reporting standards (tas/tfrs) and its interpretations issued by the poa”

Appendix E Causal Settings

This appendix documents the timeline of regulatory events used in our announcement return analysis. For each event, we review the primary regulatory documents and contemporaneous sources to verify that the event affects the use of the IFRS brand to label accounting standards rather than the underlying accounting substance or the surrounding institutional environment. Across all three events, we do not identify concurrent changes in accounting standards, enforcement regimes, or reporting incentives. We provide details for each event below.

Malaysia: Exposure Draft 75 Proposing Dual IFRS Compliance Assertion (28 June 2011)

On 28 June 2011, the Malaysian Accounting Standards Board (MASB) released Exposure Draft 75, proposing that financial statements prepared under the new Malaysian Financial Reporting Standards (MFRS) framework—which would replace the existing Financial Reporting Standards (FRS) framework in 2012—would simultaneously assert compliance with IFRS as issued by the IASB. The stated rationale was recognition, not substance.

The MASB's concurrent press release stated the dual compliance mechanism directly (Malaysian Accounting Standards Board, 2011b):

Financial statements from 2012 onwards will simultaneously assert compliance with FRSs and IFRSs. The Board is of the view that a dual compliance reporting approach will provide clarity that financial statements in Malaysia, whilst prepared under our local framework, are based upon globally accepted standards.

The Exposure Draft further acknowledged that the accounting change was minimal for most firms (Malaysian Accounting Standards Board, 2011a, p. 6):

The existing framework is virtually the same as the IFRS framework except for IAS 41 Agriculture, IFRIC 15 Agreements for the Construction of Real Estate, different effective dates and additional transitional provisions in a limited number of standards. ... For all other entities, the Board does not expect significant impact arising from full convergence with IFRS.

Importantly, the differences between the FRS framework and IFRS at the time of the exposure draft were confined to a small number of sector-specific standards—most notably IAS 41 Agriculture and IFRIC 15 Agreements for the Construction of Real Estate—which we explicitly exclude from our empirical analyses. For the remaining firms in our sample, the transition to the MFRS framework did not alter the underlying accounting substance but only introduced an explicit dual assertion of IFRS compliance. This feature makes the Malaysian setting particularly well suited to isolating the effects of labelling and recognition from changes in accounting practice.

Singapore: Announcement of Rebranding to IFRS-identical Framework (29 May 2014)

On 29 May 2014, the Singapore Accounting Standards Council (ASC) and Singapore Exchange (SGX) issued a joint press release announcing that Singapore-incorporated companies listed on SGX would be required to apply a new financial reporting framework identical to IFRS from 1 January 2018. No accounting change occurred at the announcement date. At the time, Singapore had already adopted substantially all IFRSs as SFRSs; the 2018 transition date was chosen to align with major IASB projects on revenue recognition and financial instruments rather than to address any substantive accounting gap. The ASC stated the purpose of the change as follows (IAS Plus, 2014):

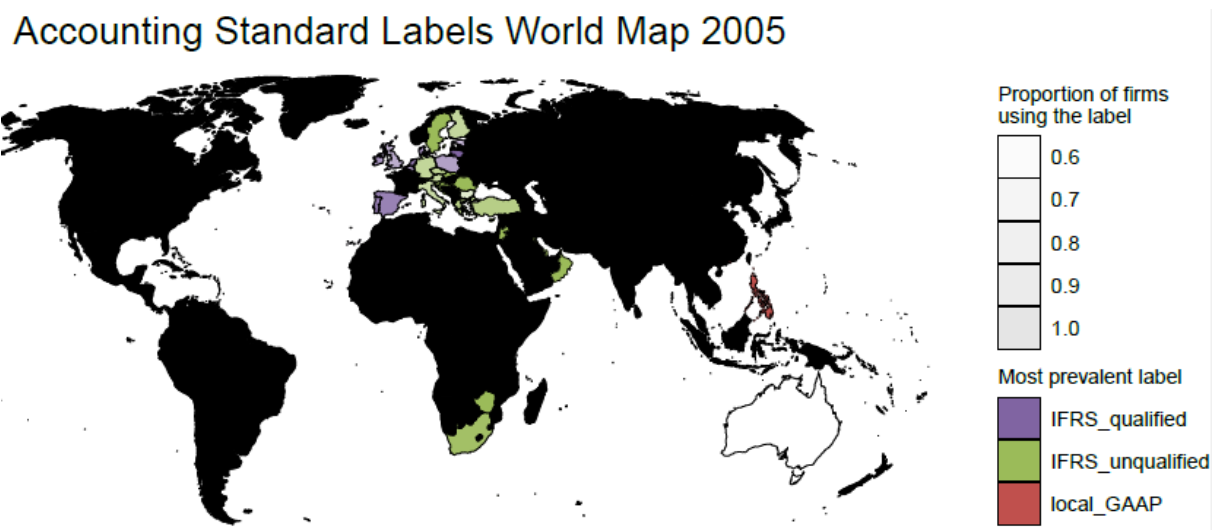
[Full convergence with IFRSs] will also place Singapore-listed companies on a level playing field with their counterparts in the IFRS community and eliminate any perception that they may be applying standards that are different from IFRS, even though they have been IFRS-compliant in a substantive manner for more than a decade.

The joint ASC/SGX press release further confirms that full convergence with IFRS had been the ASC's strategic direction since 2009, and that the 2018 transition date was chosen to align with the effective dates of major new IASB pronouncements on revenue recognition and financial instruments, minimising the restatement burden on companies (Singapore Accounting Standards Council and Singapore Exchange, 2014).

Figure 1: Dominant accounting standards labels across the world in 2005, 2012, and 2019

Notes: The figure shows the most prevalent accounting standards label firms use in their notes for fiscal year 2005 (Panel A), 2012 (Panel B), or 2019 (Panel C). For each country for which we have observations in the given year, the color represents the modal label among sample firms in that country year. The shading of the country represents the share of sample firms using the modal label. Label definitions are in Appendix A.

Panel A: 2005



Panel B: 2012



Panel C: 2019

Accounting Standard Labels World Map 2019

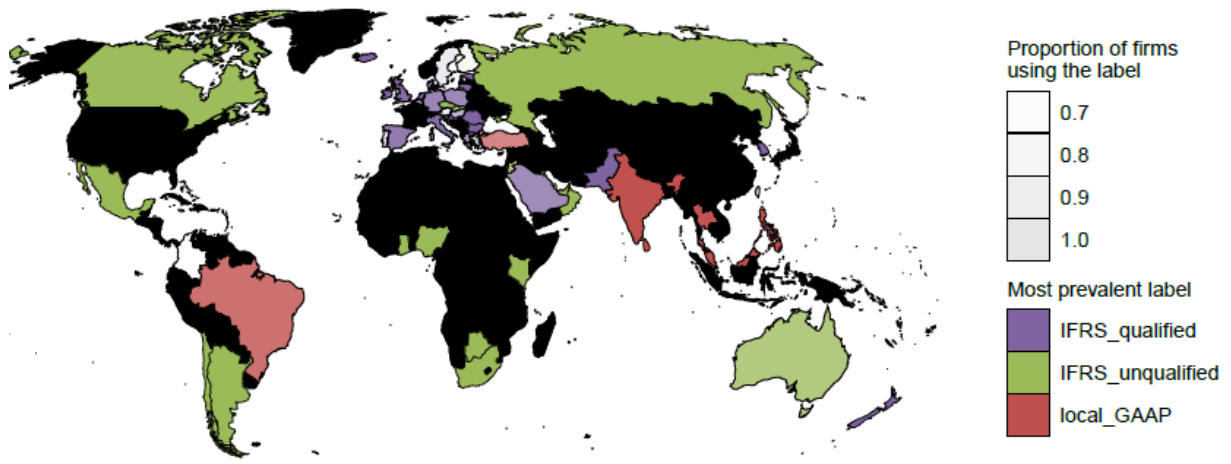


Figure 2: Worldwide trends in accounting standards labels

Notes: The figure shows worldwide averages by year for the variables *IFRS_explicit*, *IFRS_qualified*, *IFRS_unqualified*, *IFRS_Worldscope*, *Juris_profile_compliant*, and *Local_GAAP*. Variable definitions are in Appendix A.

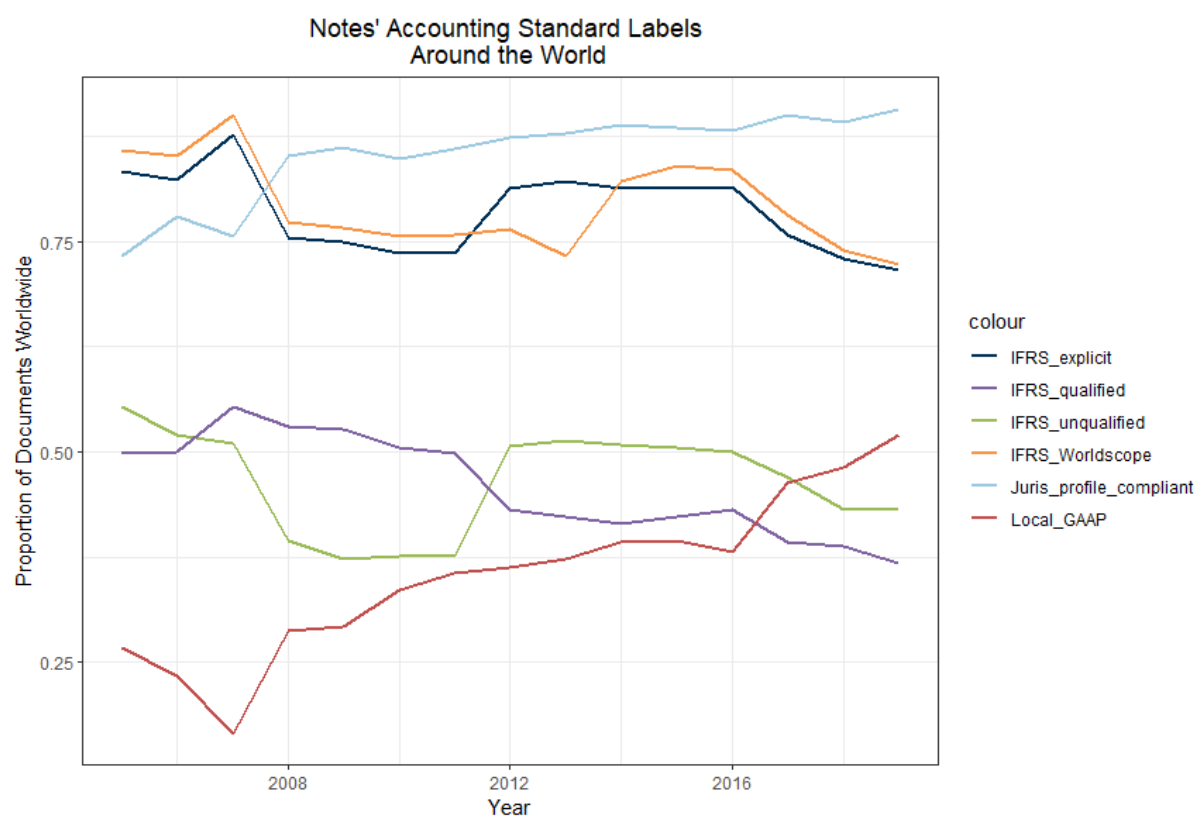


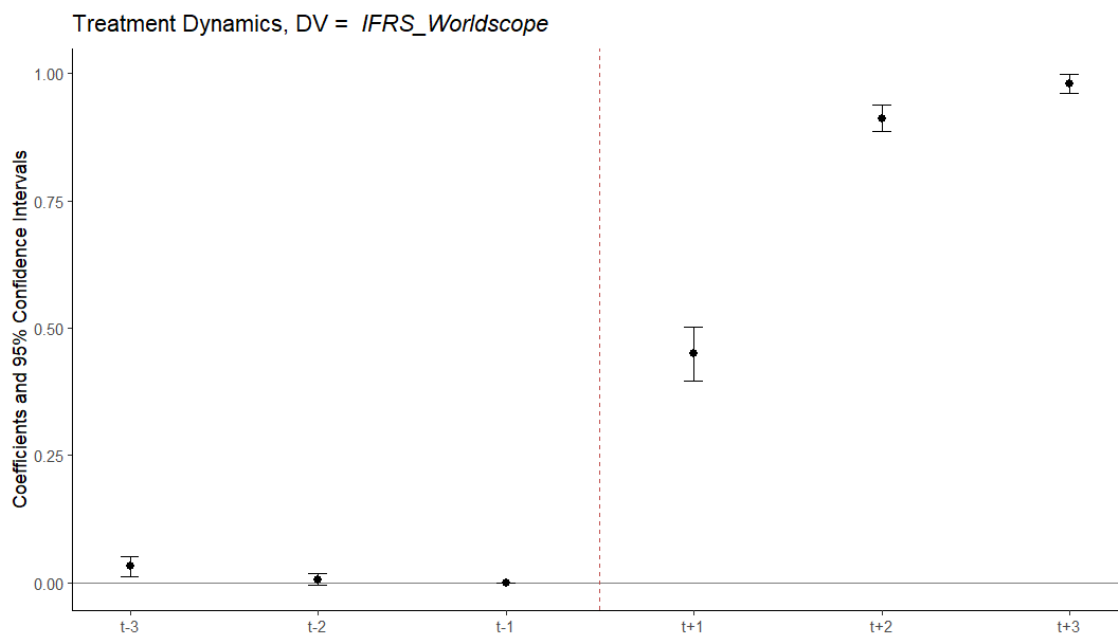
Figure 3: Dynamic Effects of explicit IFRS labels

Notes: The Figure shows coefficients and 95 percent confidence intervals on the $Treat_i \times Year_t$ vector from OLS regressions of the following equation:

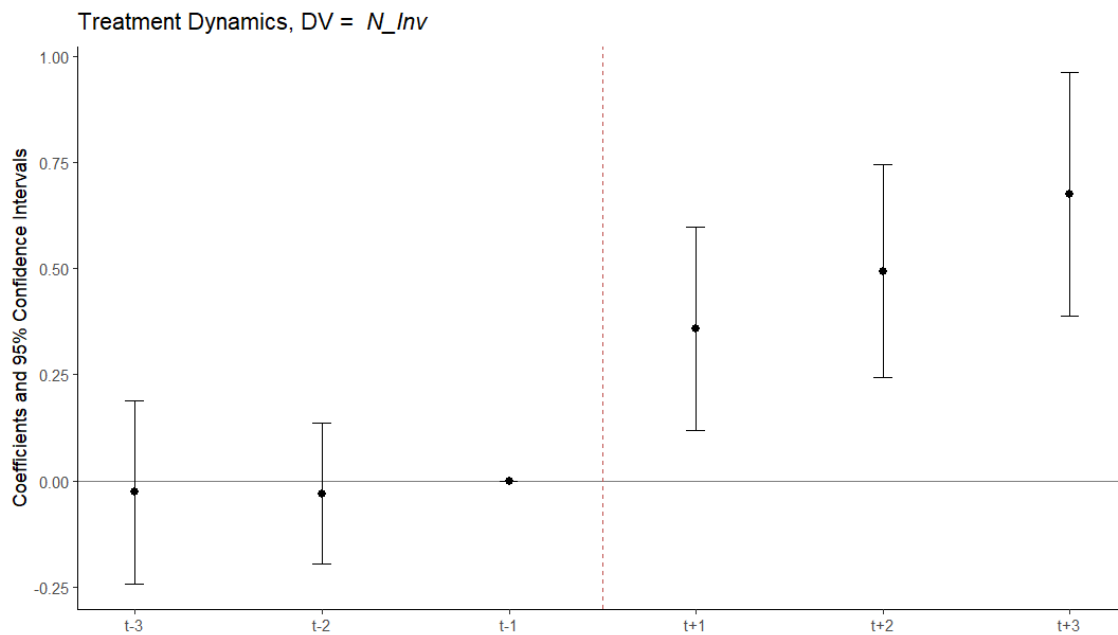
$$Y_{i,t(t+1)} = \beta Treat_i \times Year_t + \gamma CONTROLS_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t},$$

for firm i 's fiscal year t , where $Y_{i,t(t+1)}$ is *IFRS_Worldscope* _{i,t} in Panel A, $N_Inv_{i,t+1}$ in Panel B, $\%Institutional_Inv_{i,t+1}$ in Panel C, and $\%Foreign_Inv_{i,t+1}$ in Panel D, $Treat_i \times Year_t$ is a vector of difference-in-differences we are interested in, *CONTROLS* is a vector of the following controls: *Nanalysts*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, and we use firm-cohort and year-cohort fixed effects, which subsume the main effects of *Treat* and *Year*. All variable definitions are in Appendix A. We cluster standard errors by firm-cohort. We remove the treatment year and take the last year of the pre-period as the baseline year.

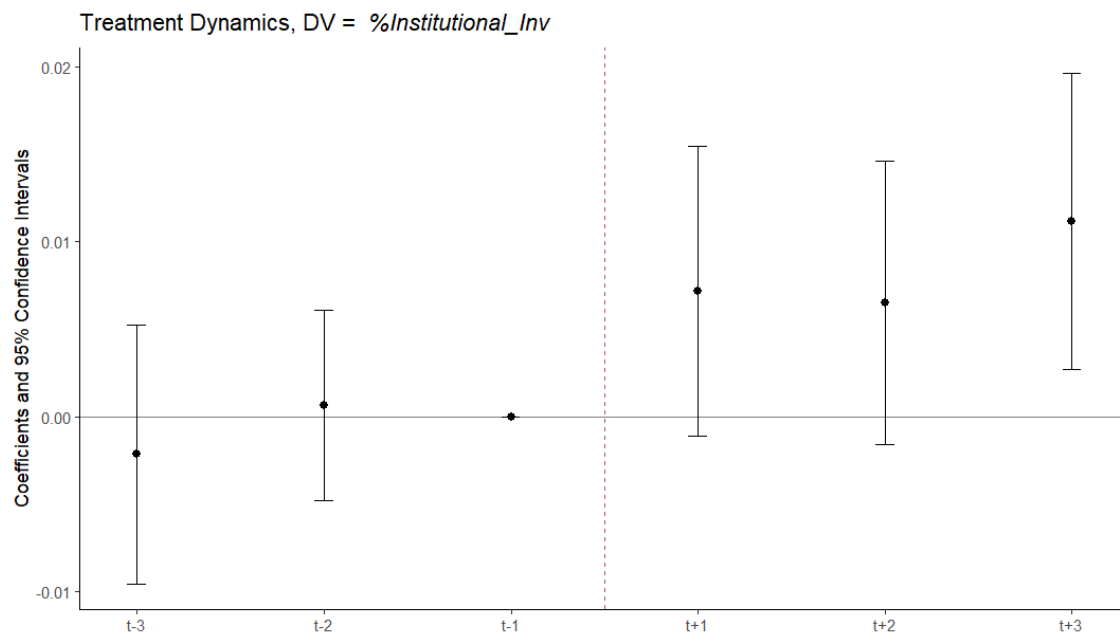
Panel A: DV = *IFRS_Worldscope*



Panel B: DV = N_Inv



Panel C: DV = *%Institutional_Inv*



Panel D: DV = *%Foreign_Inv*

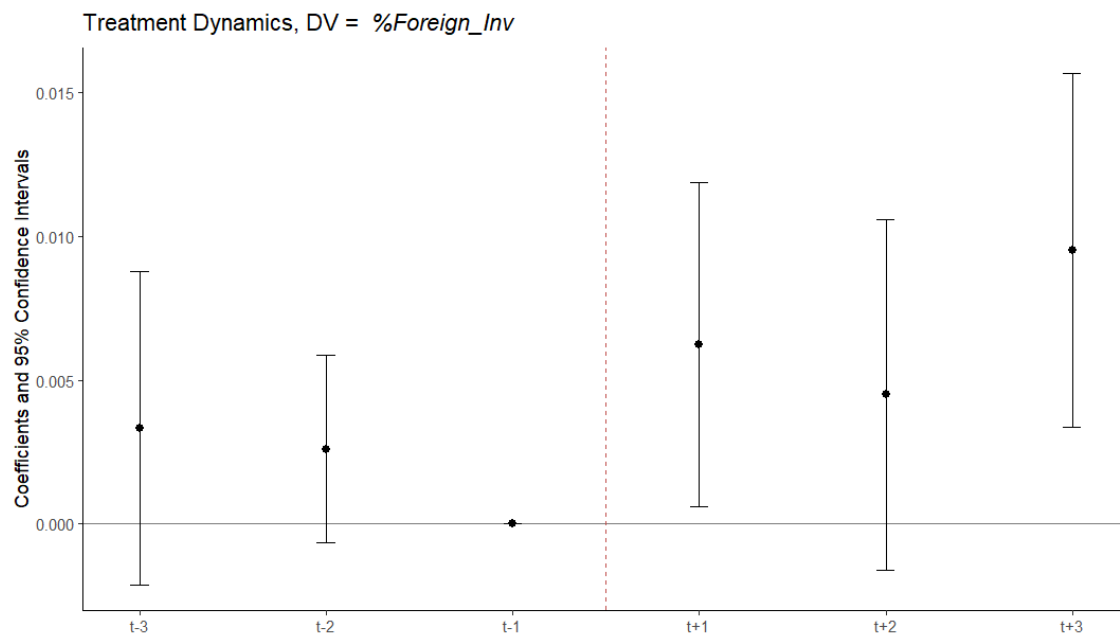


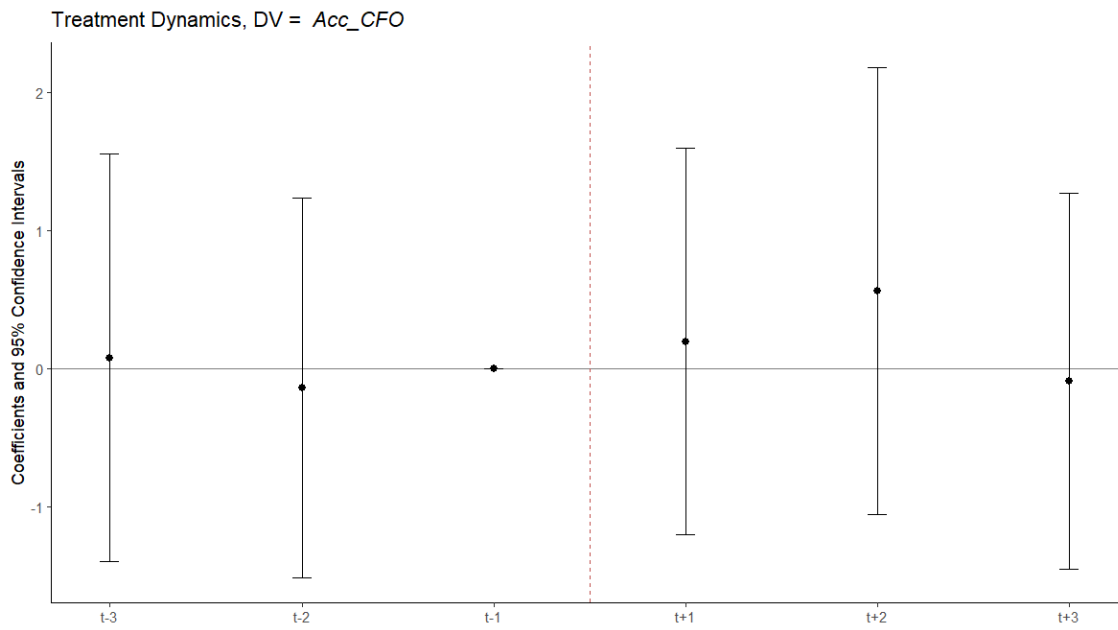
Figure 4: Placebo Test: Dynamic Effects of explicit IFRS labels

Notes: The Figure shows coefficients and 95 percent confidence intervals on the $Treat_i \times Year_t$ vector from OLS regressions of the following equation:

$$Y_{i,t} = \beta Treat_i \times Year_t + \gamma CONTROLS_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t},$$

for firm i 's fiscal year t , where $Y_{i,t}$ is $Acc_CFO_{i,t}$ in Panel A and $FOG_{i,t}$ in Panel B, $Treat_i \times Year_t$ is a vector of difference-in-differences we are interested in, $CONTROLS$ is a vector of the following controls: *Nanalysts*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, and we use firm-cohort and year-cohort fixed effects, which subsume the main effects of *Treat* and *Year*. All variable definitions are in Appendix A. We cluster standard errors by firm-cohort. We remove the treatment year and take the last year of the pre-period as the baseline year.

Panel A: DV = Acc_CFO



Panel B: DV = FOG

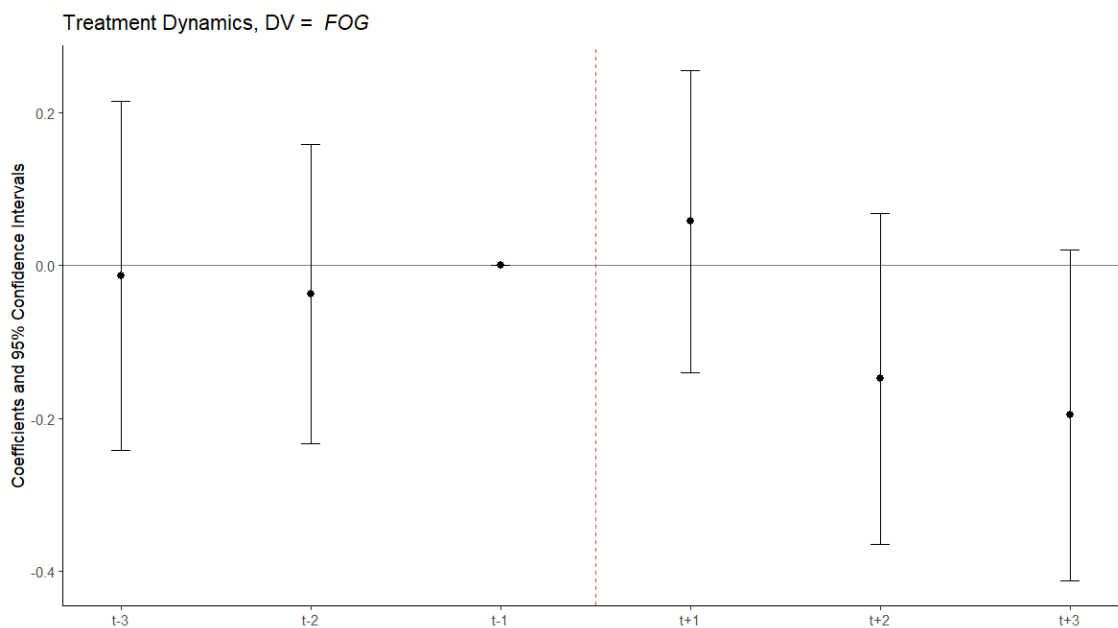


Table 1: Descriptives

Notes: Panel A shows how many observations we have for each fiscal year. Panel B shows how many observations we have for jurisdiction. Panel C shows the number of observations, means, medians, standard deviations (SD), minima (Min), 25th and 75th percentiles (25th and 75th) and maxima (Max) for our primary variables, grouped by our accounting standards labels and additional accounting standards variables, control variables, and ownership outcome variables. All variable definitions are in Appendix A.

Panel A: Observations by Year

Year	2005	2006	2007	2008	2009	2010	2011	2012
N	1045	1628	2566	3229	3158	3315	3488	3944
Year	2013	2014	2015	2016	2017	2018	2019	
N	4092	4271	4375	4457	4881	5593	5304	

Panel B: Observations by Country

Country	N	Country	N	Country	N	Country	N
United Kingdom	11641	Sri Lanka	766	New Zealand	214	Czechia	58
Malaysia	6456	Turkey	658	Russia	209	Roumania	51
Australia	5617	Belgium	620	South Korea	196	Bulgaria	50
Germany	2620	Denkmark	566	Mexiko	191	Jamaica	47
Singapore	2531	Greece	556	Qatar	187	Chile	45
India	2291	Poland	519	Nigeria	182	Iceland	43
South Africa	2059	Austria	501	Malta	159	Hungary	35
Canada	2055	Brazil	476	Kenya	154	Ghana	34
Hong Kong	1521	Taiwan	463	Lithuania	143	Pakistan	27
France	1398	Ireland	397	United Arab Emirates	123	Slovenia	25
Philippines	1309	Kuwait	347	Jordan	120	Slovakia	18
Netherlands	1141	Spain	345	Estonia	85	Zimbabwe	17
Finland	1090	Portugal	275	Croatia	80	Colombia	15
Sweden	1090	Luxembourg	217	Mauritius	74	Argentina	9
Italy	815	Israel	215	Botswana	65		
Thailand	809	Bahrain	214	Oman	63		
Norway	776	Cyprus	214	Saudi Arabia	59		

Panel C: Summary Statistics for Primary Variables

	N	Mean	Median	SD	Min	25th	75th	Max
Accounting Standards								
<i>IFRS_explicit</i>	55346	0.779	1	0.415	0	1	1	1
<i>Local_GAAP</i>	55346	0.38	0	0.485	0	0	1	1
<i>IFRS_unqualified</i>	55346	0.46	0	0.498	0	0	1	1
<i>IFRS_qualified</i>	55346	0.443	0	0.497	0	0	1	1
<i>Juris_profile_compliant</i>	53286	0.869	1	0.337	0	1	1	1
<i>IFRS_Worldscope</i>	55346	0.784	1	0.412	0	1	1	1
<i>Many_Labels</i>	55346	0.145	1	0.352	0	0	0	1
Control Variables								
<i>Nanalysts</i>	55346	4.068	1	6.824	0	0	5	56
<i>Market Index</i>	55346	0.281	0	0.45	0	0	1	1
<i>ADR</i>	55346	0.079	0	0.27	0	0	0	1
<i>Big4</i>	55346	0.492	0	0.5	0	0	1	1
<i>Size</i>	52742	5.139	5.025	2.34	0.131	3.363	6.864	10.465
<i>ROE</i>	52545	-0.044	0.071	0.525	-3.587	-0.035	0.147	0.673
<i>RET</i>	50088	-0.034	0.02	0.53	-1.897	-0.266	0.266	1.307
<i>RetVar</i>	51043	0.118	0.093	0.086	0.015	0.063	0.143	0.522
<i>Dividend Yield</i>	52742	0.259	0.012	1.018	0	0	0.067	8.099
<i>Book-Market</i>	52717	1.002	0.728	1.1	-1.545	0.38	1.287	6.689
<i>Earnings-Price</i>	52720	-0.06	0.047	0.45	-3.084	-0.043	0.092	0.607
<i>Leverage</i>	54320	0.517	0.502	0.303	0.013	0.306	0.686	1.865
Ownership Variables								
<i>N_Inv</i>	55346	4.033	2	5.2	0	0	6.325	22.193
<i>%Institutional_Inv</i>	55346	0.109	0.026	0.153	0	0	0.175	0.6
<i>%Foreign_Inv</i>	55346	0.052	0.003	0.088	0	0	0.071	0.412
Financial Reporting Characteristics								
<i>Acc_CFO</i>	54244	2.362	0.674	6.496	0.014	0.331	1.453	50.294
<i>Tot_Acc</i>	54244	-0.058	-0.031	0.177	-1.186	-0.079	0.007	0.307
<i>Log_Words</i>	55344	10.529	10.492	0.582	9.239	10.117	10.92	11.985
<i>FOG</i>	55344	22.287	22.355	1.751	16.459	21.307	23.347	26.979

Table 2: Determinants of explicit IFRS labels

Notes: The table shows coefficients and standard errors from OLS regressions of the following equation:

$$IFRS_explicit_{i,t} = \gamma CONTROLS_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t},$$

for firm i 's fiscal year t , where *CONTROLS* is a vector of the following controls: *Nanalysts*, *Market Index*, *ADR*, *Big4*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, which we only add in Models 4 and 5, and we use jurisdictional profile fixed effects in Models 1 and 4, add firm fixed effects in Models 3 and 5, and replace all fixed effects with country-by-year fixed effects in Model 2. All variable definitions are in Appendix A. We cluster standard errors by firm. *, **, and *** denote significance at the 10-, 5-, and 1-percent levels of two-tailed t-tests, respectively.

	Model 1	Model 2	Model 3	Model 4	Model 5
	DV = <i>IFRS_explicit</i>	DV = <i>IFRS_explicit</i>	DV = <i>IFRS_explicit</i>	DV = <i>IFRS_explicit</i>	DV = <i>IFRS_explicit</i>
Variable	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)
Fixed Effects	Jurisdictional Profile	Country x Year	Firm + Juris. Profile	Jurisdictional Profile	Firm + Juris. Profile
N	55346	55295	53055	47623	45535
R ²	0.848	0.861	0.924	0.843	0.921
Adj. R ²	0.848	0.859	0.909	0.843	0.905
<i>Nanalysts</i>				0.001** (0.000)	-0.001** (0.000)
<i>Market Index</i>				0.003 (0.004)	
<i>ADR</i>				-0.005 (0.005)	
<i>Big4</i>				0.001 (0.003)	
<i>Size</i>				-0.002 (0.001)	0.002 (0.002)
<i>ROE</i>				0.002 (0.002)	-0.004* (0.002)
<i>RET</i>				0.005*** (0.001)	0.006*** (0.001)
<i>RetVar</i>				0.055*** (0.014)	0.050*** (0.013)
<i>Dividend Yield</i>				0.000* (0.000)	0.000* (0.000)
<i>Book-Market</i>				-0.000*** (0.000)	-0.000 (0.000)
<i>Earnings- Price</i>				-0.000 (0.000)	-0.000 (0.000)
<i>Leverage</i>				-0.017*** (0.006)	-0.037*** (0.010)

Table 3: Panel Regressions on the Association of explicit IFRS labels with data provider codings

Notes: The table shows coefficients and standard errors from OLS regressions of the following equation:

$$IFRS_Worldscope_{i,t} = \beta IFRS_explicit_{i,t} + \gamma CONTROLS_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t},$$

for firm i 's fiscal year t , where *CONTROLS* is a vector of the following controls: *Nanalysts*, *Market Index*, *ADR*, *Big4*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, and we use jurisdictional profile and year fixed effects in Models 1 and 2 and add firm fixed effects in Models 3 and 4. We do not add Controls in Models 1 and 3. All variable definitions are in Appendix A. We cluster standard errors by firm. *, **, and *** denote significance at the 10-, 5-, and 1-percent levels of two-tailed t-tests, respectively.

	Model 1	Model 2	Model 3	Model 4
	DV = <i>IFRS_Worldscope</i>	DV = <i>IFRS_Worldscope</i>	DV = <i>IFRS_Worldscope</i>	DV = <i>IFRS_Worldscope</i>
Variable	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)
<i>IFRS_explicit</i>	0.275*** (0.020)	0.278*** (0.022)	0.260*** (0.024)	0.256*** (0.025)
<i>Nanalysts</i>		0.000 (0.000)		0.002*** (0.001)
<i>Market Index</i>		0.003 (0.003)		
<i>ADR</i>		0.006 (0.004)		
<i>Big4</i>		-0.001 (0.003)		
<i>Size</i>		-0.002* (0.001)		-0.015*** (0.003)
<i>ROE</i>		0.005** (0.002)		0.002 (0.003)
<i>RET</i>		0.007*** (0.002)		0.008*** (0.002)
<i>RetVar</i>		0.023 (0.014)		0.023 (0.016)
<i>Dividend Yield</i>		0.002 (0.002)		-0.001 (0.003)
<i>Book-Market</i>		-0.001 (0.001)		-0.007*** (0.002)
<i>Earnings-Price</i>		-0.004 (0.004)		-0.004 (0.004)
<i>Leverage</i>		-0.001 (0.005)		-0.036*** (0.013)
Fixed Effects	Jurisdictional Profile + Year	Jurisdictional Profile + Year	Firm + Juris. Profile + Year	Firm + Juris. Profile + Year
N	55346	47623	53055	45535
Adj. R ²	0.835	0.831	0.861	0.856

Table 4 Panel Regressions on the Association of explicit IFRS labels with institutional ownership

Notes: The table shows coefficients and standard errors from OLS regressions of the following equation:

$$Y_{i,t+1} = \beta \text{Label}_{i,t} + \gamma \text{CONTROLS}_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t},$$

for firm i 's fiscal year t , where $Y_{i,t+1}$ is $N_Inv_{i,t+1}$ in Models 1-4, $\%Institutional_Inv_{i,t+1}$ in Models 5-8, and $\%Foreign_Inv_{i,t+1}$ in Models 9-12, $Label_{i,t}$ is $IFRS_explicit_{i,t}$ in odd Models and $IFRS_explicit_{i,t}$ and $IFRS_Worldscope_{i,t}$ in even Models, $CONTROLS$ is a vector of the following controls: *Nanalysts*, *Market Index*, *ADR*, *Big4*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, and we use jurisdictional profile and year fixed effects in Models 1, 2, 5, 6, 9, and 10 and add firm fixed effects in Models 3, 4, 7, 8, 11, and 12. All variable definitions are in Appendix A. We cluster standard errors by firm. *, **, and *** denote significance at the 10-, 5-, and 1-percent levels of two-tailed t-tests, respectively.

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
	DV = <i>N_Inv</i>	DV = <i>N_Inv</i>	DV = <i>N_Inv</i>	DV = <i>N_Inv</i>	DV = <i>%Institutional_Inv</i>	DV = <i>%Institutional_Inv</i>	DV = <i>%Institutional_Inv</i>	DV = <i>%Institutional_Inv</i>	DV = <i>%Foreign_Inv</i>	DV = <i>%Foreign_Inv</i>	DV = <i>%Foreign_Inv</i>	DV = <i>%Foreign_Inv</i>
Variable	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)
<i>IFRS_explicit</i>	0.311*** (0.102)	0.298*** (0.096)	0.009 (0.050)	0.015 (0.051)	0.011*** (0.004)	0.009*** (0.003)	0.003** (0.002)	0.003 (0.002)	0.008*** (0.003)	0.007*** (0.003)	0.003* (0.001)	0.003* (0.001)
<i>IFRS_Worldscope</i>		0.048 (0.085)		-0.025 (0.049)		0.006** (0.003)		0.003* (0.002)		0.003 (0.002)		-0.001 (0.001)
<i>Nanalysts</i>	0.306*** (0.008)	0.306*** (0.008)	0.109*** (0.008)	0.109*** (0.008)	0.004*** (0.000)	0.004*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.002*** (0.000)	0.002*** (0.000)
<i>Market Index</i>	1.247*** (0.091)	1.247*** (0.091)			0.030*** (0.004)	0.030*** (0.004)			0.019*** (0.003)	0.019*** (0.003)		
<i>ADR</i>	1.871*** (0.184)	1.870*** (0.184)			0.000 (0.006)	0.000 (0.006)			0.023*** (0.004)	0.023*** (0.004)		
<i>Big4</i>	-0.191*** (0.062)	-0.191*** (0.062)			0.019*** (0.003)	0.019*** (0.003)			0.002 (0.002)	0.002 (0.002)		
<i>Size</i>	0.903*** (0.028)	0.903*** (0.028)	0.839*** (0.027)	0.839*** (0.027)	0.013*** (0.001)	0.013*** (0.001)	0.019*** (0.001)	0.019*** (0.001)	0.008*** (0.001)	0.008*** (0.001)	0.011*** (0.001)	0.011*** (0.001)

<i>ROE</i>	0.252*** (0.038)	0.251*** (0.038)	0.134*** (0.024)	0.134*** (0.024)	0.018*** (0.002)	0.018*** (0.002)	0.004*** (0.001)	0.004*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.002** (0.001)	0.002** (0.001)
<i>RET</i>	0.463*** (0.024)	0.462*** (0.024)	0.340*** (0.018)	0.341*** (0.018)	0.017*** (0.001)	0.017*** (0.001)	0.010*** (0.001)	0.010*** (0.001)	0.006*** (0.001)	0.006*** (0.001)	0.004*** (0.000)	0.004*** (0.000)
<i>RetVar</i>	1.166*** (0.190)	1.165*** (0.190)	-0.506*** (0.125)	-0.505*** (0.125)	-0.034*** (0.010)	-0.034*** (0.010)	-0.029*** (0.006)	-0.029*** (0.006)	0.022*** (0.005)	0.022*** (0.005)	-0.008*** (0.003)	-0.008*** (0.003)
<i>Dividend Yield</i>	-0.113*** (0.022)	-0.113*** (0.022)	0.033*** (0.011)	0.033*** (0.011)	-0.003*** (0.001)	-0.003*** (0.001)	0.001** (0.000)	0.001** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	0.000 (0.000)	0.000 (0.000)
<i>Book-Market</i>	0.087*** (0.023)	0.087*** (0.023)	0.186*** (0.017)	0.186*** (0.017)	-0.008*** (0.001)	-0.008*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	-0.001*** (0.001)	-0.001*** (0.001)	0.003*** (0.000)	0.003*** (0.000)
<i>Earnings-Price</i>	-0.406*** (0.045)	-0.406*** (0.045)	-0.195*** (0.029)	-0.195*** (0.029)	-0.013*** (0.002)	-0.013*** (0.002)	-0.004** (0.001)	-0.004** (0.001)	-0.007*** (0.001)	-0.007*** (0.001)	-0.002** (0.001)	-0.002** (0.001)
<i>Leverage</i>	0.352*** (0.116)	0.352*** (0.116)	0.049 (0.096)	0.048 (0.096)	-0.010* (0.005)	-0.010* (0.005)	-0.014*** (0.005)	-0.013*** (0.005)	-0.013*** (0.003)	-0.013*** (0.003)	-0.007** (0.003)	-0.007** (0.003)
Fixed Effects	Jurisdictional Profile + Year	Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Jurisdictional Profile + Year	Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Jurisdictional Profile + Year	Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year
N	47623	47623	45535	45535	47623	47623	45535	45535	47623	47623	45535	45535
Adj. R ²	0.803	0.803	0.957	0.957	0.521	0.521	0.888	0.888	0.514	0.514	0.866	0.866

Table 5 Placebo Tests: Panel Regressions on the Association of explicit IFRS labels with financial reporting characteristics

Notes: The table shows coefficients and standard errors from OLS regressions of the following equation:

$$Y_{i,t} = \beta \text{IFRS_explicit}_{i,t} + \gamma \text{CONTROLS}_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t},$$

for firm i 's fiscal year t , where $Y_{i,t+1}$ is $\text{Acc_CFO}_{i,t}$ in Models 1-2, $\text{Tot_Acc}_{i,t}$ in Models 3-4, $\text{Log_Words}_{i,t}$ in Models 5-6, and $\text{FOG}_{i,t}$ in Models 7-8, CONTROLS is a vector of the following controls: *Nanalysts*, *Market Index*, *ADR*, *Big4*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, and we use jurisdictional profile and year fixed effects in Models 1, 3, 5, and 7 and add firm fixed effects in Models 2, 4, 6, and 8. We suppress the coefficients on Controls for brevity. All variable definitions are in Appendix A. We cluster standard errors by firm. *, **, and *** denote significance at the 10-, 5-, and 1-percent levels of two-tailed t-tests, respectively.

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	DV = <i>Acc_CFO</i>	DV = <i>Acc_CFO</i>	DV = <i>Tot_Acc</i>	DV = <i>Tot_Acc</i>	DV = <i>Log_Words</i>	DV = <i>Log_Words</i>	DV = <i>FOG</i>	DV = <i>FOG</i>
Variable	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)
<i>IFRS_explicit</i>	-0.062 (0.186)	0.188 (0.222)	-0.010*** (0.003)	-0.002 (0.004)	0.005 (0.013)	0.017 (0.011)	0.015 (0.056)	0.041 (0.044)
<i>Controls</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed Effects	Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year
N	47561	45474	47573	45485	47621	45533	47621	45533
Adj. R ²	0.066	0.142	0.430	0.547	0.704	0.899	0.394	0.733

Table 6: Cross-sectional analysis

Notes: The table shows coefficients and standard errors from OLS regressions of the following equation:

$$Y_{i,t+1} = \beta_1 IFRS_explicit_{i,t} + \beta_2 Many_labels_{i,t} + \beta_3 IFRS_explicit_{i,t} \times Many_labels_{i,t} + \gamma CONTROLS_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t}$$

for firm i 's fiscal year t , where $Y_{i,t+1}$ is $N_Inv_{i,t+1}$ in Model 1, $\%Institutional_Inv_{i,t+1}$ in Model 2, and $\%Foreign_Inv_{i,t+1}$ in Model 3, $CONTROLS$ is a vector of the following controls: *Nanalysts*, *Market Index*, *ADR*, *Big4*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, and we use firm, jurisdictional profile and year fixed effects. All variable definitions are in Appendix A. We cluster standard errors by firm. *, **, and *** denote significance at the 10-, 5-, and 1-percent levels of two-tailed t-tests, respectively.

	Model 1	Model 2	Model 3
	DV = <i>N_Inv</i>	DV = <i>%Institutional_Inv</i>	DV = <i>%Foreign_Inv</i>
Variable	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)
<i>IFRS_explicit</i>	-0.037 (0.051)	0.002 (0.002)	0.002 (0.001)
<i>Many_labels</i>	-0.059 (0.040)	-0.003*** (0.001)	-0.002** (0.001)
<i>IFRS_explicit</i> × <i>Many_labels</i>	0.192*** (0.066)	0.005** (0.002)	0.003** (0.002)
<i>Controls</i>	Yes	Yes	Yes
<i>Fixed Effects</i>	Firm + Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year	Firm + Jurisdictional Profile + Year
N	45535	45535	45535
Adj. R ²	0.957	0.888	0.866

Table 7: Difference-in-differences analysis

Notes: The table shows coefficients and standard errors from OLS regressions of the following equation:

$$Y_{i,t(t+1)} = \beta \text{ Treat}_i \times \text{Post}_t + \gamma \text{ CONTROLS}_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t},$$

for firm i 's fiscal year t , where $Y_{i,t(t+1)}$ is *IFRS_Worldscope* _{i,t} in Model 1, $N_Inv_{i,t+1}$ in Model 2, *%Institutional_Inv* _{$i,t+1$} in Model 3, and *%Foreign_Inv* _{$i,t+1$} in Model 4, $\text{Treat}_i \times \text{Post}_t$ is the difference-in-differences we are interested in, *CONTROLS* is a vector of the following controls: *Nanalysts*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, and we use firm-cohort and year-cohort fixed effects, which subsume the main effects of *Treat* and *Post*. We suppress the coefficients on Controls for brevity. All variable definitions are in Appendix A. We cluster standard errors by firm-cohort. *, **, and *** denote significance at the 10-, 5-, and 1-percent levels of two-tailed t-tests, respectively.

	Model 1	Model 2	Model 3	Model 4
	DV = <i>IFRS_Worldscope</i>	DV = <i>N_Inv</i>	DV = <i>%Institutional_Inv</i>	DV = <i>%Foreign_Inv</i>
Variable	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)
<i>Treat</i> × <i>Post</i>	0.766*** (0.014)	0.522*** (0.124)	0.009** (0.004)	0.005* (0.003)
<i>Controls</i>	Yes	Yes	Yes	Yes
Fixed Effects	Firm-cohort + Year-cohort	Firm-cohort + Year-cohort	Firm-cohort + Year-cohort	Firm-cohort + Year-cohort
N	5078	5078	5078	5078
Adj. R ²	0.846	0.937	0.816	0.818

Table 8: Placebo Test: Difference-in-differences analysis

Notes: The table shows coefficients and standard errors from OLS regressions of the following equation:

$$Y_{i,t} = \beta \text{ Treat}_i \times \text{Post}_t + \gamma \text{ CONTROLS}_{i,t} + \text{Fixed Effects} + \varepsilon_{i,t},$$

for firm i 's fiscal year t , where $Y_{i,t}$ is $\text{Acc_CFO}_{i,t}$ in Model 1, $\text{Tot_Acc}_{i,t}$ in Model 2, $\text{Log_Words}_{i,t}$ in Model 3, and $\text{FOG}_{i,t}$ in Model 4, $\text{Treat}_i \times \text{Post}_t$ is the difference-in-differences we are interested in, CONTROLS is a vector of the following controls: *Nanalysts*, *Size*, *ROE*, *RET*, *RetVar*, *Dividend Yield*, *Book-Market*, *Earnings-Price*, *Leverage*, and we use firm-cohort and year-cohort fixed effects, which subsume the main effects of *Treat* and *Post*. We suppress the coefficients on Controls for brevity. All variable definitions are in Appendix A. We cluster standard errors by firm-cohort. *, **, and *** denote significance at the 10-, 5-, and 1-percent levels of two-tailed t-tests, respectively.

	Model 1	Model 2	Model 3	Model 4
	DV = <i>Acc_CFO</i>	DV = <i>Tot_Acc</i>	DV = <i>Log_Words</i>	DV = <i>FOG</i>
Variable	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)	Coefficient (Std. Error)
<i>Treat</i> × <i>Post</i>	0.263 (0.478)	0.004 (0.007)	0.002 (0.014)	-0.079 (0.081)
<i>Controls</i>	Yes	Yes	Yes	Yes
Fixed Effects	Firm-cohort + Year-cohort	Firm-cohort + Year-cohort	Firm-cohort + Year-cohort	Firm-cohort + Year-cohort
N	5077	5077	3694	3694
Adj. R ²	0.105	0.533	0.932	0.643