Mediating Role of Firm Resilience between the Institutional Isomorphic Pressures and Adoption of IFRS for SMEs in Ghana

Paul Muda [1], John MacCarthy [2]*, Kingsley Tornyeva [3] and Nora Danso [4]

Abstract

The purpose of the study was to assess the direct and indirect effect of institutional isomorphic pressures on the adoption of IFRS for SMEs in Ghana. This study administered a questionnaire to collect primary data to assess the relationship between the variables. Multistage sampling methods were used to select the sample size as the true representative of the 16 regions of Ghana without bias. The study employed factor analysis, and structural equation model analysis to test the null hypotheses in this study. The results revealed that coercive isomorphic and mimetic isomorphic pressures significantly affect the adoption of IFRS for SMEs positively in Ghana. Secondly, the result showed that firm resilience partly mediates the direct relationship between coercive, mimetic isomorphic pressures and the adoption of IFRS for SMEs. However, normative isomorphic pressure has no direct or indirect (mediation) effect on the adoption of IFRS for SMEs in Ghana. The study recommends that the government must place emphasis on both internal and external drivers, particularly the firm's resilience, to facilitate more successful adoptions of IFRS for SMEs in Ghana. Secondly, the government needs to encourage accountants in SMEs to join professional accounting bodies. Again, the study recommends that the government, through the Ministry of Trade and Industry (MoTI), collaborate with the regulator (ICAG) to provide financial accounting education to SME owners and accounting personnel who lack the necessary skills to adopt and implement IFRS for SMEs in Ghana. Finally, Ministry of Trade and Industries should establish a special pathway for non-professional accounting personnel in SMEs to become ICAG members and receive incentives.

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[1] Accounting Department, University of Professional Studies, Accra, Ghana.
[2]* Accounting Department, University of Professional Studies, Accra, Ghana. *(Correspondence).
[3] Accounting Department, Accra Institute of Technology, Accra, Ghana.
[4] University of Professional Studies, Accra, Ghana.

1. Introduction

The adoption of International Financial Reporting Standards (IFRS) for Small and Medium-sized Enterprises (SMEs) has become a focal point globally for improving the transparency, comparability, and credibility of financial statements. The 21st-century financial crises emphasized the need for standardized reporting frameworks, with IFRS emerging as a benchmark for enhancing financial information quality and investor confidence (Barth et al., 2008; Akpan & Akinadewo, 2023). While institutional theory is often used to explain IFRS adoption, focusing on external pressures—such as regulatory mandates, industry standards, and professional norms—research reveals inconsistencies in how these pressures influence IFRS adoption among SMEs in developing contexts like Ghana (Damak-Ayadi et al., 2020; Hassan, 2018; Mawutor et al., 2019).

For Ghanaian SMEs, studies have reported a limited awareness of IFRS for SMEs and a low adoption rate, with 60% of firms in GA East (Madina) being unaware of IFRS adoption mandates (Mawutor et al., 2019). These findings reveal the need to address internal capacities, such as resilience, which institutional theory often overlooks, to fully understand the adoption dynamics. Research also identifies key limitations in institutional theory's explanatory power: it often assumes homogeneity among firms, prioritizes compliance over performance, and underestimates the role of organizational agency and power dynamics (DiMaggio & Powell, 1983; Carpenter & Feroz, 2001; Suddaby, 2010).

This study introduces firm resilience as a mediating factor between institutional isomorphic pressures—coercive, mimetic, and normative—and IFRS adoption, aiming to bridge theoretical and practical gaps in the existing literature. Firm resilience, drawing from the resource-based view (RBV) theory, is posited as an internal resource enabling SMEs to adapt and thrive under external pressures, which may explain the discrepancies in IFRS adoption outcomes observed in Ghana's SMEs.

Using Covariance-Based Structural Equation Modeling (CBSEM), this study assesses both direct and indirect effects of institutional pressures on IFRS adoption. CBSEM provides a robust framework for analyzing complex relationships involving latent variables and measurement errors, thus validating the role of resilience within Ghana's SME sector (McDonald & Ho, 2002; Haenlein & Kaplan, 2004). By exploring firm resilience as a mediator, the study aims to address the existing inconsistencies and broadening our understanding of the factors influencing IFRS adoption within Ghana's developing economy and enhances the understanding of IFRS adoption among SMEs in Ghana and offers actionable insights for policymakers and practitioners aiming to improve SME resilience and IFRS compliance in developing economies. Finally, the study would enhance the theoretical contributions to institutional isomorphism and resource-based perspectives while providing practical insights to support IFRS adoption among SMEs in Ghana's developing economy. This paper is organized as follows: Section 2 reviews the related literature, Section 3 outlines the research methodology, Sections 4 and 5 present the results and discussions, and Section 6 concludes with implications and limitations of the study.

2. Literature Review

This section reviewed theoretical review and empirical review underlying the adoption of International Financial Reporting Standards (IFRS) and Small and Medium-sized Enterprises (SMEs) purposely to support this study. The institutional theory and resource-based view theory provided the underlying foundation to understand the mediating role of firm's resilience in the application of institutional isomorphic pressures in the adoption of IFRS for SMEs in Ghana.

2.1 Theoretical Review

The institutional theory relates the effect of external pressures to the adoption of IFRS for SMEs while resource-based view contrasted institutional theory by relating on resourcefulness of the firm to the adoption of IFRS for SEs in Ghana. These theories are put under stress to predict the correlation between the variables used in this study. The theories provide leverage using CBSEM as model to develop

hypotheses to assess the direct and indirect effects of institutional isomorphic pressures on IFRS adoption through the lens of firm resilience.

2.1.1 Institutional Theory and Its Application in IFRS Adoption by SMEs in Ghana

Institutional theory serves as the primary theoretical foundation for this study, suggesting that organizational structures are influenced by institutional pressures within their operating environments (Meyer & Rowan, 1977). The theory posits that organizations strive to align their structures, norms, and practices with societal expectations to achieve legitimacy and acceptance. This alignment is driven by institutional isomorphic pressures, which shape organizational behavior to conform to prevailing standards (Boxenbaum & Johnson, 2017).

These pressures include adopting established norms and practices to meet social expectations and ensure legitimacy.

DiMaggio and Powell (1983) identified three types of institutional isomorphic pressures: coercive, mimetic, and normative. Coercive isomorphic pressure arises from external mandates, requiring organizations to adopt specific standards, such as the International Financial Reporting Standards (IFRS) prescribed by international entities like the International Accounting Standards Board (IASB). This pressure encourages organizations in developing countries to adopt IFRS to align with global expectations, fostering investor confidence and enhancing capital market efficiency (Mir & Rahaman, 2005). For example, Ghana, under pressure from the World Bank, the IMF, and similar bodies, adopted IFRS in 2007 to improve transparency and comparability in financial reporting.

Mimetic isomorphic pressure, on the other hand, drives organizations to emulate the practices of successful or reputable peers, seeking legitimacy by following standards established by more developed countries (Judge et al., 2010). This pressure can prompt Ghanaian SMEs to adopt IFRS to achieve international credibility, even if the standards may not fully align with their local operational contexts.

Normative isomorphic pressure stems from professional norms and standards, particularly through education and professional development. For instance, countries with a higher level of professional education are often better equipped to implement complex standards like IFRS (DiMaggio & Powell, 2000). Normative pressure thus reinforces the adoption of standards by promoting a professionalized workforce that values and understands these standards. The three dimensions of institutional isomorphism are illustrated in Figure 1.
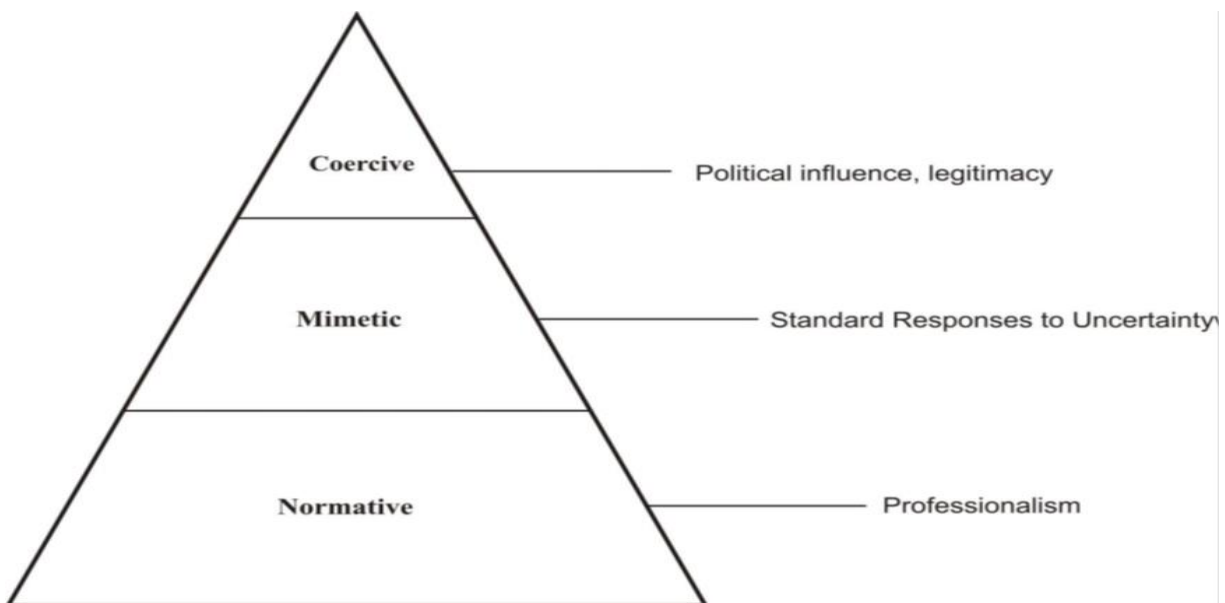

Figure 1: Framework of Institutional Isomorphism
Source: DiMaggio and Powell (1983)

While institutional theory is prominently used in several studies, it has been criticized for its limitations that can affect its application in understanding IFRS adoption among SMEs. Firstly, institutional theory often downplays the role of agency within organizations, focusing on how external forces shape behaviors while neglecting how organizations might adapt or selectively adopt aspects of IFRS that align with their specific goals (DiMaggio & Powell, 1983). For example, SMEs in Ghana may selectively implement certain IFRS elements while ignoring others that do not fit their operational context—a nuance often overlooked by institutional theory. Additionally, the theory assumes that firms in the same environment will act similarly, promoting uniformity in practices like IFRS adoption. However, empirical evidence indicates significant variation in how firms adopt IFRS, even within similar regulatory or cultural environments (Carpenter & Feroz, 2001). This variability suggests that institutional theory may oversimplify the effects of external pressures, overlooking unique organizational factors such as management strategies and capabilities that can impact IFRS adoption. Furthermore, institutional theory prioritizes compliance over the outcomes of such compliance, particularly regarding performance benefits (Hassan, 2018). In the case of IFRS, the theory explains adoption without adequately addressing whether the standards improve financial transparency or decision-making. For Ghanaian SMEs, this raises questions about the practical benefits of IFRS adoption beyond merely conforming to global standards. Finally, the theory often overlooks the power dynamics between organizations and external stakeholders. For instance, in IFRS adoption, influential international bodies like the World Bank and IMF can significantly sway the process, sometimes pressuring developing countries such as Ghana to adopt IFRS without regard for local capacities or readiness. These dynamics affect the adoption process but are frequently neglected in institutional theory. Applying institutional theory and IFRS adoption in Ghana provides a framework for analyzing how external pressures encourage IFRS adoption in the country. However, its limitations of the Institutional theory means it does not fully consider these internal resources, which are critical for the successful adoption of IFRS. As such, this study considers the Resource-Based View (RBV) theory as an alternate theory to fill this gap by focusing on the internal capabilities of SMEs that influence their ability to adopt IFRS. For Ghanaian SMEs to successfully adopt IFRS, factors such as effective communication, change management, and alignment with existing organizational values are essential. These are equally important qualities needed for successful adoption of IFRS for SMEs in Ghana. Additionally, addressing local challenges like regulatory support, training, and infrastructure is critical for meaningful compliance. While institutional theory offers insights into the influence of societal expectations on organizations, its assumptions about homogeneity, agency, and the impact of external pressures must be critically examined. Understanding these dynamics will help SMEs navigate IFRS adoption more effectively, considering both the pressures to conform and the practicalities of achieving compliance in a complex and evolving global accounting landscape.

1.1.2 Resource-Based View Theory and Firm Resilience

The Resource-Based View (RBV) theory provides a foundational framework for examining resilience as a strategic resource, especially for small and medium-sized enterprises (SMEs) facing institutional pressures like the adoption of International Financial Reporting Standards (IFRS) for SMEs. According to RBV, a firm's sustainable competitive advantage arises from resources and capabilities that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). In this context, resilience functions as a dynamic capability enabling SMEs to effectively absorb and adapt to disruptions, manage regulatory demands, and maintain operational stability (Ambrosini & Bowman, 2009; Teece, Pisano, & Shuen, 1997).

In this study, the RBV theory is applied in the context of SMEs in Ghana adopting new practices, such as International Financial Reporting Standards (IFRS) for SMEs, and the role of firm resilience is crucial for successful implementation. Resilient SMEs are firms that utilize detailed planning and goal orientation to mitigate the challenges presented by institutional pressures. The action regulation theory emphasizes the importance of planning as a mechanism to translate broad goals into actionable steps (Gollwitzer & Brandstätter, 1997). When facing the adoption of IFRS, planning guarantees that resources are allocated efficiently, employees are trained, and systems are updated to meet the new reporting standards.

Additionally, planning allows firms to remain flexible, adjusting their strategies as new information arises or regulatory conditions change. Entrepreneurial action is key to SME success, involving reshaping the environment to ensure survival and prosperity. Resilient firms can withstand and adapt to institutional pressures, such as adopting new standards like IFRS. SMEs can capitalize on their resilience to navigate these pressures and integrate the standards in a manner that enhances efficiency and market competitiveness.

Resilience enables SMEs in Ghana to mediate between external institutional pressures—such as coercive, mimetic, and normative forces—and their successful adaptation to IFRS. These pressures require firms to conform to external expectations, often imposing significant financial and operational strain (DiMaggio & Powell, 1983). By fostering resilience, SMEs can leverage their unique internal resources to mitigate these pressures and achieve smoother transitions to regulatory compliance without compromising their core operations (Pache & Santos, 2010). However, SMEs, frequently facing resource constraints, are particularly vulnerable to these institutional pressures due to limited financial and human capital. Building resilience through adaptive leadership, robust knowledge management, and a strong organizational culture allows SMEs to quickly reconfigure their resources, respond effectively to challenges, and navigate the complexities of IFRS adoption (Alberti et al., 2018; Vargo & Seville, 2011).

According to McMullen and Dimov (2013), entrepreneurship in SMEs is a process that entails discovering, evaluating, and exploiting opportunities through iterative actions and feedback. The opportunity development process involves taking action, gathering information, and continually updating the business idea through learning. The cyclical process of firm resilience includes goal-setting, mapping the environment, planning, execution, and receiving feedback. Resilient firms respond to institutional pressures by setting goals and mapping the regulatory landscape. They recognize pressures from external forces and stakeholders advocating for standardized financial reporting. For SMEs to successfully map the external environment in the context of IFRS adoption, they must understand both direct and indirect pressures that influence firm decisions. Coercive pressures from regulatory agencies or mimetic pressures from competitors can create uncertainty or risks for SMEs. However, resilient firms navigate this complex environment by identifying opportunities within these pressures. For example, the adoption of IFRS can enhance transparency, attract international investment, and build legitimacy within the global financial system. Resilient firms leverage these insights to develop strategies that align external pressures with internal goals, ensuring long-term sustainability. For SMEs in developing economies like Ghana, resilience is particularly vital due to their exposure to frequent economic constraints and crises, such as IFRS adoption, empowers SMEs to make timely decisions, foster strong organizational cultures, and cultivate adaptive leadership capable of managing unforeseen challenges (Nilakant et al., 2014). Building resilience in these firms requires pursuing long-term strategies characterized by flexibility, innovation, and a proactive approach to market demands, all of which are essential for sustainable growth and enhancing the region's economic development (Adel, Mahrous, & Hammad, 2020; Ates & Bititci, 2011).

The literature highlights resilience as a critical resource for firms facing institutional changes, offering essential capabilities such as adaptation to key trends, recovery from setbacks, and stability in turbulent environments (Stewart & O'Donnell, 2007). Applying resilience in organizational literature refers to the ability of the firm to withstand and return to equilibrium after environmental changes (Burnard & Bhamra, 2011). In this context, resilience describes a firm's ability to endure, absorb, and recover from existential threats, including the adoption of mandatory regulations, rapid technological shifts, and global market pressures (Chrisman et al., 2011). This proactive approach to change is critical in fast-paced markets, as resilient firms excel in constant adaptation, resource reconfiguration, and flexible strategy formation (Alberti et al., 2018; Sullivan-Taylor & Branicki, 2011).

Within the Resource-Based View (RBV) framework, resilience emerges as a distinctive capability that not only shields SMEs from institutional pressures but also fosters adaptability and growth. For SMEs in Ghana, navigating the IFRS transition underscores resilience as a core strategic resource that supports compliance, enhances competitive positioning, and contributes to the firm's long-term sustainability (Lampel, Bhalla, & Jha, 2014; Barney & Arikan, 2001). Enhancing resilience by equipping SMEs with the necessary resources and fostering an entrepreneurial mindset could drive growth and sustainability, helping to

mitigate the adverse effects of rapid globalization and technological advancement in today's dynamic regulatory landscape.

In sum, RBV highlights resilience as a distinctive capability that empowers SMEs in Ghana to adapt to IFRS demands while securing compliance and stability in a rapidly changing regulatory landscape. Through resilience, SMEs align external pressures with internal goals, ensuring sustainable development amid institutional demands (Adel et al., 2020; Barney & Arikan, 2001).

2.2 Hypotheses Development

This section develops set of hypotheses relating to direct and indirect relationships between institutional pressures, firm resilience and the adoption of IFRS for SMEs with the aim to provide a more nuanced to understand how external pressures and internal capacities interact to influence IFRS adoption among SMEs in Ghana. The proposed framework is tested using CBSEM, which is capable of providing for an in-depth analysis of both direct and indirect relationships in the Ghanaian SME context.

2.2.1 Direct Effect between Institutional Isomorphic Pressures and Adoption IFRS for SMEs

Institutional isomorphic pressures—coercive, mimetic, and normative—are known to influence organizational behavior and decision-making, often prompting firms to conform to industry standards and regulatory requirements. The study assesses the effects of these three components of institutional isomorphic pressures (CISP, MISP, and NISP) on the adoption of IFRS for SMEs similar to previous studies that utilized similar variables (Albu & Albu, 2012; Damak-Ayadi et al., 2020; Kossentini & Othman, 2014). Coercive pressures from legal or regulatory requirements compel firms to adopt IFRS for compliance and to avoid penalties. As IFRS adoption is increasingly seen as a best practice, mimetic pressures motivate SMEs to emulate peers who have successfully implemented these standards, especially in uncertain financial conditions. Additionally, normative pressures from professional associations and industry standards encourage firms to adopt IFRS to gain legitimacy within the professional community and align with accepted norms in financial reporting (Damak-Ayadi et al., 2020; Sappor et al., 2023). Prior research on IFRS adoption in SMEs shows mixed results regarding the strength of these pressures, especially in developing economies like Ghana. While studies suggest that coercive pressures may prompt initial adoption, they do not ensure ongoing compliance without adequate internal support and resources (Hassan, 2018). Given these inconsistencies, it is essential to adopt SEM to assess the direct effect of the institutional pressures on the adoption of IFRS for SMEs among Ghanaian SMEs. In the context of IFRS adoption, these pressures encourage SMEs to implement standardized financial reporting practices, enhancing the credibility and comparability of their financial statements (DiMaggio & Powell, 1983). Therefore, we propose that institutional isomorphic pressures have a direct positive effect on the adoption of IFRS for SMEs as follows:

H1a: Coercive Isomorphic Pressure (CISP) has a positive effect on the adoption of IFRS for SMEs.

H1b: Mimetic Isomorphic Pressure (MISP) has a positive effect on the adoption of IFRS for SMEs.

H1c: Normative Isomorphic Pressure (NISP) has a positive effect on the adoption IFRS for SMEs

2.2.2 The Direct Effect between Institutional Isomorphic Pressures and Firm Resilience

Institutional isomorphic pressures do not only influence direct compliance outcomes but can also impact internal organizational capabilities, including firm resilience. Resilience, as derived from resource-based view (RBV) theory, refers to an organization's capacity to adapt to changes and withstand external shocks. SMEs in Ghana are particularly affected by institutional pressures, which can prompt firms to enhance their resilience as a strategic response. Coercive pressures, for example, may push firms to develop adaptive capabilities to comply effectively with regulatory demands, while mimetic pressures may encourage firms to strengthen their internal processes to emulate successful peer organizations. Similarly, normative pressures from professional associations may foster resilience by encouraging firms to adopt best practices,

thereby aligning with professional standards. A study conducted by DiMaggio and Powell (1991) suggests that external pressures can indeed stimulate the development of resilience as firms adjust to meet institutional expectations. As a result, SMEs' resilience enables them to respond more effectively to regulatory changes and industry norms, which can be especially critical for firms with limited resources. Therefore, this study proposes that institutional isomorphic pressures have a direct positive effect on firm resilience as follows:

H2a: Coercive Isomorphic Pressure (CISP) affects the firm's Resilience (Res)

H2b: Mimetic Isomorphic Pressure (MISP) affects the firm's Resilience (Res)

H2c: Normative Isomorphic Pressure (NISP) affects the firm's Resilience (Res)

2.2.3 Direct Effect between Firm Resilience and the Adoption of IFRS for SMEs
In this context, firm resilience serves as a mediator and therefore may independently affect the adoption of IFRS for SMEs by providing the internal strength and adaptability necessary to manage the challenges associated with IFRS implementation. Resilient firms are typically characterized by their ability to anticipate and respond to environmental changes, including regulatory shifts and competitive pressures, without compromising their operational or strategic objectives (Haenlein & Kaplan, 2004). For SMEs in Ghana, resilience may manifest as a proactive approach to adopting global standards such as IFRS, enabling them to leverage enhanced financial reporting to build credibility, attract investors, and improve competitiveness.
The adoption of IFRS involves technical adjustments and resource investments that resilient firms are more likely to undertake successfully, even in the face of resource limitations or unfamiliarity with IFRS requirements. Therefore, firm resilience is hypothesized to have a direct positive effect on the adoption of IFRS, reinforcing the premise that internal capacities are as essential as external pressures in determining successful adoption outcomes. This leads the study to propose that firm resilience has a direct positive effect on the adoption of IFRS for SMEs as follows:

H3: Firm resilience has a positive effect on the adoption of IFRS for SMEs.

2.2.4 Indirect Effect between Institutional Isomorphic Pressures and Firm's Resilience
Institutional theory posits that organizations face pressures to conform to specific norms and standards, which can manifest as coercive, mimetic, and normative pressures, driving firms toward homogeneity. For Small and Medium-Sized Enterprises (SMEs) in Ghana, these pressures can impact their ability to adopt International Financial Reporting Standards (IFRS). While theoretically, institutional isomorphic pressures provide external motivation for IFRS adoption, in reality, organizations respond to both institutional pressures and the internal capability of resilience, which are crucial forces required for any successful SME's endeavors. This is because the same institutional isomorphic pressures may compel organizations to become resourceful to achieve success. This has resulted in mixed outcomes in studies on the relationship between institutional isomorphic pressures and the adoption of IFRS in the past. To address the inconsistencies found in previous research regarding the relationship between institutional isomorphic pressures and the adoption of IFRS for SMEs, this study uses both institutional isomorphism theory and the resource-based view (RBV) theory as foundational theories to assess the direct and indirect relationships between institutional isomorphic pressures, firm resilience, and the adoption of IFRS for SMEs. Firm resilience aligns with the resource-based view (RBV) theory, which posits that internal resources are essential factors of firm resilience, capable of navigating external pressures and achieving organizational goals.
Firm resilience is defined as an organization's capacity to withstand, adapt, and thrive in the face of external challenges. It enables firms to adopt IFRS standards not only for regulatory compliance but also as a strategic initiative for growth and stability (Barney, 1991; Wernerfelt, 1984). In developing economies like

Ghana, SMEs often face resource constraints, limiting their ability to comply with IFRS without sufficient resilience. Resilience acts as an internal buffer, enhancing an SME's capacity to absorb and adapt to external pressures, allowing for more effective implementation of IFRS standards.

Therefore, resilience is expected to mediate the relationship between institutional isomorphic pressures and IFRS adoption, suggesting that the success of IFRS adoption depends on both external pressures and the firm's internal capacity to navigate these demands. This resilience fosters compliance and positions firms for long-term sustainability in a competitive and regulated environment. Thus, institutional isomorphic pressures—whether coercive, mimetic, or normative—significantly shape the resilience of firms, particularly SMEs in Ghana. Resilient firms are better equipped to manage the challenges associated with IFRS adoption, such as resource constraints, technical expertise requirements, and the complexity of financial reporting. We propose the following hypotheses:

H4a: Firm resilience (Res) mediates the relationship between coercive isomorphic pressures (CISP) and the adoption of IFRS for SMEs

H4b: Firm resilience (Res) mediates the relationship between mimetic isomorphic pressures (MISP) and the adoption of IFRS for SMEs.

H4c: Firm resilience (Res) mediates the relationship between normative isomorphic pressures (NISP) and the adoption of IFRS for SMEs.

Each of these hypotheses would be tested for their statistical significance and use for the application of Baron and Kenny's (1986) methodology on the assessment of mediating analysis. The null hypotheses for each hypothesis would be rejected when the p-value is greater than 5% and the t-statistic is lower than 1.96; otherwise, the alternative hypothesis would be accepted.

3. Methodology

This study utilizes an explanatory research design with a quantitative approach to collect primary data in order to test the hypotheses outlined. The main objective is to explain the role of the mediating variable (firm's resilience) in the relationship between institutional isomorphic pressures and the adoption of IFRS for SMEs in Ghana. The focus on SMEs as the target population is justified by their significant contribution to the business landscape in Ghana, accounting for about XX% of all businesses. Therefore, assessing the impact of institutional isomorphic pressure on IFRS adoption by SMEs in Ghana is crucial.

To select the sample for this study, Miller and Brewer's (2003) formula was employed, resulting in a sample size of 370 SMEs from a target population of 4,998. This sample size was determined using the formula.

$$n = \frac{N}{1 + n(e^2)} \tag{1}$$

Where:
n= Number of sample
N= Total target population
e= error tolerance

The target population for this study is the SME population of more than six employees in Ghana. The purpose of excluding microenterprises from the SME population is to ensure SMEs selected for this study are of a certain status and have the requisite skills, qualifications, and experience to answer the questionnaires.

Descriptive statistics, Pearson correlation analysis, and structural equation modeling (SEM) were utilized as analytical tools to evaluate the relationship between the variables. SEM is a powerful technique that incorporates both measured variables and latent constructs while accounting for measurement error. In this study, SEM was used to test the conceptual model presented in Figure 2, employing STATA software and conducting 5,000 bootstrapping resamples (Hair et al., 2011). SEM was selected as the main analytical tool due to its ability to estimate the structural relationship between measured variables and latent constructs, as well as its capability to analyze multiple interdependencies within a single analysis. The software used for the analysis was STATA SEM version 16, which falls under the category of "classical" SEM, also known as covariance structure analysis and latent variable analysis.

3.1 Research Variables

Four research variables were used in this study and are classified broadly as dependent variable, independent variables, and control variables. The dependent variable is the adoption and implementation of IFRS for SMEs, the independent variables are the three institutional isomorphic pressures (coercive isomorphic pressure, mimetic isomorphic pressure, and normative isomorphic pressure), mediating variable is the firm's resilience and the control variable is Audit quality

3.2.1 Dependent Variable (i.e., IFRS)

IFRS Adoption: The dependent variable in this study is the adoption and implementation of IFRS for SMEs. It is measured using a binary coding system, where a value of "1" indicates that the firm has adopted IFRS for SMEs, and a value of "0" signifies that the firm has not yet adopted IFRS for SMEs. This dichotomous measure reflects the presence or absence of IFRS adoption within SMEs, serving as a key indicator of their compliance with global financial reporting standards.

3.2.2 Independent Variables (i.e., CISP, MISP and NISP)

Independent variables are the institutional Isomorphic Pressures: Numerous studies have highlighted that firms are often compelled to adopt and implement International Financial Reporting Standards (IFRS) due to institutional isomorphic pressures. These pressures, as described by DiMaggio and Powell (1983, 2000), and further supported by Mir and Rahaman (2005), Ahn et al. (2018), Judge et al. (2010), and Pricope (2016), arise from coercive, mimetic, and normative influences within the organizational environment. Coercive pressures come from regulatory bodies and legal mandates, mimetic pressures emerge from competitive benchmarking, and normative pressures stem from professional standards and industry norms. In this context, institutional isomorphism drives firms towards IFRS adoption as a means to achieve legitimacy, competitiveness, and conformity in the financial landscape. The institutional isomorphic pressures are coercive isomorphic pressure (CISP), mimetic isomorphic pressure (MISP), and normative isomorphic pressure (NISP).

Coercive Isomorphic Pressure (CISP): Is one of the independent variables examined in this study. CISP refers to the ability of a regulatory body to enforce the adoption and implementation of IFRS for SMEs in the preparation of annual financial statements (DiMaggio & Powell, 1983; Kossentini & Othman, 2014; Pricope, 2016). Multiple studies have found a positive and significant relationship between CISP and the adoption and implementation of IFRS (Damak-Ayadi et al., 2020; Kossentini & Othman, 2014; Albu & Albu, 2012; Rodrigues & Craig, 2007; Touron, 2005).

Mimetic Isomorphic Pressure (MISP): MISP is another independent variable explored in this study, occurs when firms imitate successful organizations in order to achieve success themselves (DiMaggio & Powell, 1983; Pricope, 2016). It is hypothesized that there is a positive and significant relationship between MISP and the adoption and implementation of IFRS (Albu et al., 2011; Judge et al., 2010; Ritsumeikan, 2011).

Normative Isomorphic Pressure (NISP): NISP is the third independent variable examined in this study,

refers to collective efforts undertaken by professional accounting associations to influence their members in aligning financial statement preparation with the adoption and implementation of IFRS. Previous studies have yielded mixed and inconclusive findings regarding the relationship between NISP and the adoption and implementation of IFRS for SMEs. Some studies have found no significant relationship between NISP and the adoption and implementation of IFRS for SMEs (Sappor, Sarpong & Seini, 2023; Damak-Ayadi et al., 2020; Kossentini & Othman, 2014; Pricope, 2016).

3.2 Model Specification

This study evaluates the significance and strength of the relationship between board characteristics (CISP, MISP, and NISP) and the adoption of IFRS for SMEs in Ghana. To address potential biases and determine causality, the model includes the lagged value of the dependent variable as a regressor, represented by equation (2) to assess the direct relationship between Institutional Isomorphic Pressures and adoption of IFRS for SMEs:

$$IFRS_{it} = \beta_0 + \beta_1 IFRS_{it-1} + \beta_2 CISP_{it} + \beta_3 MISP_{it} + \beta_4 NISP_{it} + \beta_5 Big4_{it} + \mu_i + \lambda_t + \varepsilon_{it} \qquad (2)$$

To examine the mediating effect of FRes on the relationship between Institutional Isomorphic Pressures and adoption of IFRS for SMEs, the study employs the Causal Steps Method introduced by Baron and Kenny (1986). The impact of the mediating variable (BExp) on the dependent variable (NIM) is expressed in equations (3) and (4):

$$IFRS_{it} = \beta_0 + \beta_1 IFRS_{it-1} + \beta_2 FRes_{it} + \beta_3 Big4_{it} + \mu_i + \lambda_t + \varepsilon_{it} \qquad (3)$$

$$IFRS_{it} = \beta_0 + \beta_1 IFRS_{it-1} + \beta_2 CISP_{it} + \beta_3 MISP_{it} + \beta_4 NISP_{it} + \beta_5 FRes_{it} + \beta_6 Big4_{it} + \mu_i + \lambda_t + \varepsilon_{it} \qquad (4)$$

In these equations, IFRS represents the dependent variable, while CISP, MISP and NISP are the independent variables. β_0 is the constant, β_1 and β_6 are the unknown parameters to be estimated, μ_i denotes the individual effect, λ_i represents the fixed effect, and ε_i is the classical error term assumed to be independent and identically distributed in this study. Equation (2) is referred to as path C (total effect), equation (3) as path A (direct effect), and equation (4) as path B (direct effect). Figure 1 displays path C, while Figure 2 presents path A, path B, and Path C' in the conceptual design. The mediation analysis, specified in equations (2), (3), and (4), is expected to yield one of three outcomes: (a) full mediation, (b) partial mediation, or (c) no mediation, following Baron and Kenny (1986).

3.3 Data Collection Instrument

The study employed questionnaires as research instruments to collect primary data. Unlike secondary data, primary data is collected specifically for the study at hand, ensuring that it is directly relevant to the study's objectives and questions. Additionally, because primary data is original and unique to the study, it helps reduce issues of bias and misinterpretation that may arise from previous studies.
Structured questionnaires were designed with six main sections: (A) Respondents' demographic characteristics, (B) Coercive Isomorphic Pressure (CISP), (C) Mimetic Isomorphic Pressure (MISP), (D) Normative Isomorphic Pressure (NISP), (E) Firm Resilience (F_Res), and (F) The adoption and implementation of IFRS for SMEs. The questionnaire was hand-delivered to two participants in each of the 370 selected SMEs, resulting in a total of 740 participants. Usable responses were received from 685 questionnaires, representing 92.57% of those distributed. This response rate exceeds the acceptable range of 60% to 80% for surveys (Baruch, 1999). According to Coffey et al. (1996), a higher response rate enhances the validity of study findings. One advantage of using an adopted questionnaire is that it provides assurance, allowing the study to rely on validity and reliability tests from previous research to measure the constructs involved.

4. Results and Discussion

This section presents the results that align with the primary objective of this study and continues the discussion of these findings. The result from the data analysed is classified into preliminary analysis of the data and testing of the hypotheses using SEM. It is organized into three main subsections: the demographic characteristics of the respondents, descriptive statistics along with reliability and correlation analysis for the constructs, and the results of the structural equation modeling (SEM).

4.1 Result of Descriptive Statistical Analysis

The section presents the results obtained from the preliminary analysis of the participants' characteristics and the description of the data used for the analysis. This outcome provides insight into the qualities of the participants and the data collected to address the research problems outlined in this study. The findings are organized and presented in sections: the first section focuses on the demographic statistical analysis of the respondents, while the second section focuses on the descriptive statistical analysis of the variables used for the analyses.

4.1.1 Demographic Characteristics of the Respondents

This section presents the results of the analysis of the demographic characteristics of the respondents, specifically examining gender, years of experience among microfinance institution employees, age brackets, ownership of microfinance institutions, and the number of employees in SMEs in Ghana. The demographic statistical analysis provides information on both the respondents and the SMEs that answered the questionnaire, enabling a better understanding of the respondents' competence. Knowledge of the respondents' backgrounds helps establish the credibility of the collected data. This analyzed information assures the study that the respondents are well qualified in terms of education and experience, reflecting the true situation in the entity. It also helps the study understand the respondents' capacity to contribute to the research objective, which was excluded from this analysis. The main respondent characteristics of interest are gender, age, highest level of education, position, and number of work experience. The demographic characteristics information is presented in frequencies and percentages in tabular form. The findings from the demographic characteristics information obtained from 740 collected questionnaires. After excluding outliers and erroneous responses, the study yielded 685 usable questionnaires, as detailed in Table 3.

Table 3: Demographic Characteristics of Respondents

Variables		Frequency	Percent	Cumulative Percent
Gender	Male	360	52.55	52.55
	Female	325	47.45	100.0
Age Group	18- 30	20	2.92	2.92
	31- 40	59	8.61	11.53
	41- 50	469	68.41	80.00
	51 and above	137	20.00	100.0
Highest Level of Education	Diploma/HND	283	41.31	41.31
	Bachelor Degree	286	41.75	83.06
	Master Degree	86	12.55	95.61
	Professional	30	4.38	100.007
Positions	CEO/Directors	69	10.07	10.07
	General/Op. Managers.	256	37.37	47.45
	Supervisors	125	7.30	65.69
	Accountants	185	28.47	92.70
	Finance Officers	50	16.79	100.00
Number of Work Experience	1-5	25	41.7	41.7
	6-10	20	33.3	75.0
	11-15	10	16.7	91.7
	16 and above	5	8.3	100.0

Source: Modified Field Data (2023)

Table 3 presents the demographic characteristics of the respondents, including gender, age group, highest level of education, and years of service with the company. The data indicate that males constitute approximately 52.55% of the respondents, while females account for 47.45%. Although there is a slight male majority, the distribution remains fairly balanced, suggesting that males are more actively engaged in economic activities in Ghana than females. Importantly, this gender distribution does not compromise the validity of the findings.

According to Table 3, 283 respondents, or 41.31%, hold a Higher National Diploma (HND). Additionally, 286 respondents, representing 41.75%, have earned a Bachelor's degree. Furthermore, 86 respondents possess a Master's degree, while 30 hold professional qualifications. Overall, the educational background of the respondents is impressive, with 95.62% holding academic qualifications and only 4.38% holding professional certificates. This indicates that most respondents are highly educated, which enhances the reliability of their responses and positively contributes to the quality of this study.

In terms of age distribution, Table 3 shows that 46.57% of the respondents, totaling 319 individuals, are between 18 and 30 years old. Meanwhile, 30.66%, or 210 respondents, fall within the 30 to 40 age range. Additionally, 121 respondents, representing 17.66%, are between 41 and 50 years old. Lastly, a smaller group of 35 respondents, or 5.11%, is 51 years or older. The age demographics suggest that the respondents possess a significant level of maturity, which may correlate with a wealth of experience in both life and business matters (Ghio & Verona, 2018).

4.1.2 Descriptive Analysis of the Variables

Descriptive statistics is a statistical technique used to summarize the central tendency of data prior to conducting inferential statistical analysis. This summary includes the mean, standard deviation, minimum, maximum, and skewness, kurtosis, and Jarque-Bera test. By providing insights into the distribution of data around the mean, descriptive statistics helps assess the normality of the dataset. The mean identifies potential irregularities, while the standard deviation reveals the dispersion of observations from the mean. Normality is evaluated using skewness and kurtosis: a variable is considered normally distributed if its skewness falls between -2 and +2, and its kurtosis is less than or equal to 3. The findings from the descriptive statistical analysis are summarized in Table 4, which includes the mean, standard deviation, and results for normality.

Table 4: Result of Descriptive Statistical Analysis

Variables	Mean	St. Dev.	Min	Max	Skew	Kurtosis	J-B	Prob
CISP	3.763	0.891	3.20	4.40	0.304	1.916	256.03	0.000
MISP	3.668	0.944	3.00	4.60	0.162	1.897	231.44	0.000
NISP	3.446	0.912	3.29	4.29	0.401	2.017	134.38	0.000
F_Res	3.984	0.768	0.000	1.00	0.407	2.752	234.76	0.000
IFRS	3.063	0.699	3.00	5.00	0.176	2.183	104.46	0.00

Source: Researcher's STATA version 16 Compilation

Table 4 presents the mean, standard deviation, minimum, maximum, skewness, and kurtosis for the variables under investigation. The second column of Table 4 shows that the mean values for CISP, MISP, NISP, F_Res, and IFRS were 3.763, 3.668, 3.446, 3.984, and 3.063, respectively, over the ten-year study period. A mean value exceeding 3.5 indicates that the variable is above the population mean of 3.5, suggesting that respondents generally agreed with the questionnaire items. Among these, CISP had the highest mean, followed by MISP, while NISP had the lowest mean score. The results indicate that the mean score for the adoption and implementation of IFRS for SMEs in Ghana (i.e., IFRS) was 3.063, falling below 3.5. On a Likert scale, a score below 3.5 reflects disagreement with the posed questions, implying that the majority of respondents have not adopted or implemented IFRS for SMEs. This finding aligns with previous studies on the adoption and implementation of IFRS in Ghana (Mawutor et al., 2019; Arhin et al., 2017; Sappor, Sarpong & Seini, 2023). It is also noteworthy that there was moderate improvement in adoption and implementation, as the lower ends of the SMEs in Ghana were excluded based on Mawutor et al.'s (2019) recommendations. Moreover, ENVI recorded the highest mean, indicating that respondents acknowledged the influence of environmental factors on the adoption and implementation of IFRS for SMEs.

The standard deviation indicates the spread of the dataset, reflecting how closely or loosely the variables cluster around the mean. The standard deviations for CISP, MISP, NISP, F_Res, and IFRS were 0.891, 0.944, 0.912, 0.768, and 0.699, respectively. A high standard deviation suggests a significant dispersion from the mean, indicating volatility, while a low standard deviation signifies that the variables are clustered around the mean and are stable. Additionally, Table 1 presents information on the skewness and kurtosis of the dataset, which helps assess whether it meets the normality assumption for regression analysis (Kline, 2011). Acceptable skewness values range from -2 to +2, and kurtosis should fall between -7 and +7 (Byrne, 2010; George & Mallery, 2010). The results indicate that CISP, MISP, NISP, ENVI, and IFRS all exhibit positive skewness and are relatively close to zero. Positive skewness indicates that the dataset has a longer right tail than the left, suggesting approximate symmetry for the skewness of these variables. The kurtosis values for CISP, MISP, NISP, F_Res, and IFRS were 1.916, 1.897, 2.017, 2.752, and 2.183, respectively. Except for NISP and IFRS, which had kurtosis values greater than 1.96, the other variables were around 1.96. While there is no universally accepted kurtosis value, levels between -2 and +2 are generally considered acceptable for demonstrating a normal univariate distribution (George & Mallery, 2010).

4.2 Correlational Analysis of the Variables

   This sub-section of the study utilized Pearson correlation analysis to examine the relationships between the variables in the model. The first step in any regression analysis is to create a correlation matrix, which helps identify the strength of associations between (1) the independent variables and the dependent variable, and (2) among the independent variables themselves. This matrix provides insights into the variables or factors related to a complex variable, such as compliance, achievement, etc. The strength of correlation is represented by the coefficient index (r), which ranges from -1 to +1, while the p-value indicates the predictive power and significance level of the relationships between the variables.

Table 5: Result from Pearson Correlation Matrix

Variables	IFRS	CISP	MISP	NISP	F_Res
IFRS	1				
	….				
CISP	0.488	1			
	0.000	….			
MISP	0.442	0.595	1		
	0.000	0.000	….		
NISP	0.369	0.543	0.491	1	
	0.000	0.000	0.002	….	
F_Res	0.538	0.457	0.421	0.519	1
	0.000	0.003	0.000	0.000	….

Source: Researcher's STATA version 16 Compilation

Table 5 presents the coefficient index (r) and p-values for the analyzed variables. Notably, there is a positive relationship between institutional isomorphism—comprising coercive, normative, and mimetic pressures—and IFRS compliance among SMEs in Ghana. Typically, a cut-off of 0.70 is regarded as the ideal threshold: a correlation coefficient above 0.70 indicates a strong relationship, while a coefficient below 0.70 suggests a weaker relationship. The positive correlation implies that as institutional isomorphism increases, so does IFRS compliance among SMEs in Ghana, and vice versa.

The correlation values reported in Table 5 show that coercive isomorphic pressure (CISP), mimetic isomorphic pressure (MISP), normative isomorphic pressure (NISP), and firm resilience (F_RES) correlate with IFRS compliance at ($r = 0.488$, $p < 0.000$), ($r = 0.442$, $p < 0.000$), ($r = 0.369$, $p < 0.000$), and ($r = 0.538$, $p < 0.000$), respectively. This indicates that an increase in institutional isomorphic pressures corresponds with heightened adoption of IFRS among SMEs in Ghana. Furthermore, Table 5 reveals significant associations between all isomorphic pressures and SMEs' compliance with IFRS in Ghana.

Additionally, Pearson's correlational analysis was employed to examine the relationships between the independent and control variables, helping to identify potential multicollinearity issues that could misinterpret the study's findings. Multicollinearity can inflate regression coefficients, destabilize the model, and complicate the interpretation of results (Keith, 2019; Shrestha, 2020).

5. Structural Equation Modelling (Outer and Inner Models) Results

   Structure equation modelling (SEM) is a comprehensive statistical technique that combines multiple regressions, factor analysis, and path analysis to examine complex relationships between observed (measured) and latent (unobserved) variables. Generally, SEM is composed of two sub models: as (1) measurement model and (2) structural model analysis (Anderson & Gerbing, 1988; Hair et al., 2014; Schreiber et al., 2006). The model is divided into two parts and represented as two-stage analysis as: (1) the measurement model (i.e., outer model) and (2) the structural model (i.e., inner model). SEM allows for the testing and estimation of theoretical models by representing causal relationships in the form of structure equations. The main advantages of SEM are that it can handles multiple dependent variables and can also model both direct and indirect relationship (e.g., mediating analysis) and finally, it can accommodates latent

variables and measurement errors. SEM has the advantages The SEM has an ability to test hypotheses involving multiple dependent variables and mediating relationships. SEM is preferred and adopted in this study because it can estimate the structural relationship between measured variables (i.e., outer model) and latent constructs (i.e., inner model) and secondly, it can estimate the multiple and interrelated dependence in a single analysis.

5.1 Measurement Model

The measurement model identifies the nature of the relationships between the manifest indicators and latent variables, helping the study assess the reliability and validity of the constructs. The measurement model focuses on evaluating how well the observed indicators represent the underlying latent variables. To ensure the constructs are properly measured, the study checks for convergent validity through factor loadings, average variance extracted (AVE), and composite reliability. The measurement model is validated through four key tests: reliability (via factor loadings), convergent validity (via AVE), construct reliability (via composite reliability), and discriminant validity (via the square root of AVE and cross-loadings). These tests ensure the robustness and accuracy of the measurement framework, providing confidence in the latent constructs used in the study.

5.1.1 Factor Analysis

The exploratory nature of this study implies that most constructs used as variables to assess the relationships in the model were newly created, while some were derived from previous studies. In this regard, since a large number of constructs were employed, acknowledging that some may not meet the required tests. To gather information about the relationships between constructs and reduce data redundancy, the Kaiser-Meyer-Olkin (KMO) Sampling Adequacy test, Cumulative Variance Explained (CVE), and Bartlett's test of Sphericity (p-value) were employed. The KMO test is a measure of sampling adequacy and assesses whether the variables are likely to form meaningful factor. A KMO statistics ranges from 0 to 1 and it indicates how suitable the data is for the factor analysis. The conventional thresholds for the KMO value should be greater than 0.5, the CVE should exceed 50%, and Bartlett's test value should be significant at a 5% confidence level. The results from the KMO, CVE, and the p-values from Bartlett's test indicate that the data sample is sufficient for factor analysis.
The results from the CVE, and KMO tests conducted were presented as Table 6.

Table 6: Summary of Results Showing Factor Analysis of the Study Variables

Variables	CVE (%)	KMO	Bartlett's Test (P-value)
Coercive	61.191	0.817	0.00
Normative	66.560	0.618	0.00
Mimetic	64.352	0.614	0.00
Resilience	63.365	0.703	0.00
Compliance	85.328	0.676	0.00

NB: Acceptable thresholds: CVE = Cumulative Variance Explained, > 50%; KMO = Kaiser-Meyer-Olkin, Minimum value >0.6, Bartlett's test of Sphericity (p-value < 0.05)
Source: Author's Construct (2021),

Table 6 shows that the CVE ranges from 61% to 85%, and the KMO sample adequacy test range from 0.61 to 0.81, meeting the recommended threshold. All variables met the criteria for Bartlett's test, with all p-values being significant. Once the tests revealed acceptable level, the study proceeded to subject the data to Principal Component Analysis (PCA), and then followed by Varimax rotation. The study proceeded to adopt Harman's one-factor test to examine the potential existence of common method variance bias among the constructs to address this issue (Chuang & Lin, 2013). The essence of the factor loadings is to show how well a variable "loads" onto or is related with specific factor. This helps to explain the structure within the data.

Therefore, to proceed with the one-factor test, the study utilized exploratory factor analysis (EFA) as a statistical technique to reduce data to a set of summary variables and explore the underlying theoretical structure of the phenomena. EFA helped extract the underlying factors and retain items with high correlations with the variables for structural equation modeling (SEM) analysis. The factor loadings were used to assess the average variance extracted for this study. The generally accepted minimum threshold for factor loadings is 0.70 or above, which is considered ideal for factor analysis. This process of removing construct items below the threshold is critical, especially in this case where most of the construct items are new for the newly developed scales employed in this study. It is common for several items in an estimated model to have loadings measuring less than the threshold. This implies that there is more shared variance between the constructs and their measures than error variance (Hulland, 1999; Barroso et al., 2010; Gotz et al., 2009). Any test items or variables below 0.70 were sequentially removed from the dataset and accounted for by the extracted factor.

For that matter, to help the study identify the key test items (variables) influencing the implementation of IFRS for SMEs in Ghana, exploratory factor analysis (EFA) was performed to eliminate redundant test items from the dataset. A total of 34 items (constructs) used to measure institutional isomorphic pressures, SMEs' resilience, and the adoption of IFRS for SMEs in Ghana were subjected to the PCA test. The eigenvalue and factor loadings were set at conventional high values of 1.0 and 0.70, respectively (Dainty et al., 2003). In PCA, communalities represent the common variance that ranges between 0 and 1. Values closer to 1 indicate that the extracted PCA explains more variance of the test items/observed indicators. The initial results showed that some test items had low extraction communalities (i.e., communalities below 0.70), while others exhibited significant cross-loadings.

This implies that in this study, any factor loading below 0.70 was discarded. The purpose of using the minimum of 0.70 is to eliminate construct items with negative loadings and those with very low loadings one at a time until most measures achieved reasonable loadings compared to the acceptable minimum threshold of 0.70. Furthermore, the EFA was rerun until a final result acceptable by factor structure was obtained based on the recommendations (Hair et al., 2016). The final loadings presented by the PCA included 24 items (constructs/variables) out of the original 34 items (constructs) for the five components. The loadings of 11 items were eliminated from the total of 34 items, representing approximately 29.41% of all items removed. Therefore, the trimming process produced final loadings of 70.6%, which exceeds the 70% acceptable recommendation for displayed loadings (Hair et al., 2016). In summary, the majority of the construct items used in the study exceeded the more stringent cutoff threshold of 0.70.

5.1.2 Test of Reliability and Validity Results

Using quantitative data required that the construct measured by the items be assessed for reliability and validity regarding quality, accuracy, and consistency, particularly when used with a model like SEM. The study employed Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) to assess the reliability and validity of the construct. Cronbach's Alpha and Composite Reliability (CR) were used to evaluate the reliability of the variables in the model. These validity and reliability tests provide some level of assurance that the survey items are capturing the constructs that they are designed to capture. Reliability refers to the consistency of measuring what the instrument intended to measure. Composite reliability, as a measure of construct reliability, is evaluated using Cronbach's Alpha. Its index ranges from 0 (indicating completely unreliable) to 1 (indicating perfect reliability), with an acceptable reliability threshold set at 0.70 (Dibbern & Chin, 2005; Gotz et al., 2009; Kerlinger & Lee, 2000; Urbach & Ahlemann, 2010).

Table 7: Reliability and Validity Analyses of Study Variables

Variables	Test items	Final items	Alpha (α)	CR	AVE
CISP	Coerc1	0.974	0.723	0.896	0.685
	Coerc2	0.787			
	Coerc4	0.763			
	Coerc5	0.768			
MISP	Mimetic1	0.801	0.741	0.815	0.595
	Mimetic2	0.723			
	Mimetic4	0.787			
NISP	Norm1	0.708	0.705	0.784	0.548
	Norm3	0.786			
	Norm4	0.724			
F_Res	Resil2	0.729	0.779	0.940	0.587
	Resil3	0.811			
	Resil4	0.768			
	Resil5	**0.731**			
	Resil7	0.738			
	Resil8	0.877			
	Resil9	0.763			
	Resil10	0.809			
	Resil11	0.705			
	Resil12	0.742			
	Resil13	0.713			
IFRS	Comp1	0.768	0.723	0.782	0.643
	Comp2	0.834			

NOTE: α= Cronbach's Alpha, CR= Composite Reliability, ACE= Average Variance Explained.
Source: Modified Field Data (2023)

However, validity addresses issues like honesty, depth, richness, and scope. The purpose of testing validity is to ensure that the instrument accurately measures what it intends to measure. This process minimizes bias, ensuring that systematic errors are identified and corrected before drawing conclusions from the data. Average Variance Extracted (AVE) is used to corroborate the instrument's validity regarding the reliability of the instruments. Both the Average Variance Extracted (AVE) and CR were found to be higher than or close to 0.500 and 0.700, respectively, which supports convergent validity. Discriminant validity was assessed through cross-loadings. A summary of the results on factor loadings was input into the statistical software (STATA version 15) to calculate Cronbach's Alpha (α), composite reliability (CR), and Average Variance Extracted (AVE) for the constructs/variables used in the analysis. Table 7 presents the results for the factor loadings, reliability, and validity for the 20 remaining items, both for the overall sample and for each country specifically.

The results presented in Table 7 show that the Cronbach's alpha (α) values for the test items exceed 0.700, indicating good reliability and acceptability (Nunnally, 1970). The lowest Cronbach's alpha value, for normative isomorphic pressure (NISP), is above 0.705, still surpassing the acceptable threshold. Furthermore, the composite reliability (CR) values for the constructs range from 0.782 to 0.904, all exceeding the recommended standards. These findings demonstrate that all constructs exhibit sufficient composite reliability, in line with the thresholds established by Nunnally (1970). Consequently, the

reliability values obtained for the test items are acceptable, confirming that the components are internally consistent as a whole (Creswell, 2012; Kline, 2011).

The next step was to examine the convergent validity of the measurement model using the Average Variance Extracted (AVE). This is to ensure that the constructs share more variance with their measures than with other constructs in the model (Fornell and Larcker, 1981). The Average Variance Extracted (AVE) calculates the level of variance captured by one construct versus the level explained due to measurement errors and was also used to ascertain the data. The AVE calculates the grand mean value of the squared loadings of the indicators, and it is the amount of variance that is captured by the construct concerning the amount of variance due to measurement error (Hair et al., 2014). The recommended acceptable minimum threshold for the AVE measure is 0.50 (Gefen and Straub, 2005; Hair et al., 2006), so that at least 50% of the indicator variance is accounted for. The results of AVE tests show that all the average variances extracted were above the acceptable level of 0.50, which is based on Fornell and Larcker's (1981) recommendation. Therefore, the constructs or the test items were valid and trustworthy to assess the adoption and implementation of IFRS for SMEs in Ghana.

5.1.3 Discriminant Validity and Composite Validity Results

The next measurement model assessed for this construct items is discriminant validity. Discriminant validity is used to assess the extent to which the constructs in the model differs from each other (Hair et al., 2017). Discriminant validity differentiates one construct from another within a model, ensuring that each construct is distinct from others (Gefen & Straub, 2005). It confirms that no common cause can explain the variance among different variables, demonstrating that each measurement item correlates strongly only with its intended construct and weakly with unrelated constructs. Discriminant validity is typically assessed by comparing correlations of constructs across the model through an examination of the loadings and cross-loadings matrix. For this study, discriminant validity was evaluated using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio. The Fornell-Larcker criterion, a statistical technique in structural equation modelling, used to assess and compares the square root of the Average Variance Extracted (AVE) with the correlation between latent constructs (Hair et al., 2014). According to Hair et al. (2010) and Fornell and Larcker (1981) discriminant validity is established when the square root of the AVE should exceed the correlation value of the same construct. The results of the Fornell-Larcker analysis are presented in Table 8.

Table 8: Result of Fornell-Lacker Discriminant Validity Analysis

Variables	CISP	MISP	NISP	F_Res	IFRS
CISP	**0.712**				
MISP	0.647	**0.702**			
NISP	0.433	0.477	**0.723**		
F_Res	0.519	0.496	0.565	0.631	
IFRS	0.338	0.491	0.342	0.318	**0.739**

Source: Researcher's STATA version 16 Compilation

Table 8 illustrates the diagonal values of the correlation matrix for each construct, where the square root of the AVE is greater than the correlations in all respective rows and columns. While there is no universally accepted threshold for establishing discriminant validity, literature commonly agrees that the loadings of measurement items on their assigned constructs should not exceed the square root of the AVE of those constructs (Barclay et al., 1995; Gefen & Straub, 2005; Chin, 1998, 2010; Urbach & Ahlemann, 2010). Therefore, the measurement model measured by Fornell-Larcker criterion in Table 8 indicates reliability since the correlation values in the rows and the columns are lower measurement to the square roots of AVE of the variables. Therefore, the constructs in this study demonstrate strong discriminant validity, and confirms the appropriateness of the test items and constructs for this study.

The second criteria used to assess the discriminant validity of the test items is the Heterotrait-Monotrait (HTMT) ratio, proposed by Henseler, Ringle, and Sarstedt (2015). The purpose of the HTMT ratio ensures that the constructs are valid and distinct from each other. Similar to Fornell-Larcker criterion, HTMT serves

an alternative to the Fornell-Larcker criterion for assessing discriminant validity. HTMT ratio is a statistical criterion used in SEM to assess the discriminant validity in the measurement model. Traditionally, Fornell-Larcker criterion is usually criticised for being less reliable while HTMT ratio is considered as more sensitive and accurate measure of discriminant validity. An HTMT values below 0.85 (or 0.90 in some cases) is considered as adequate discriminant validity. This implies that the constructs are sufficiently distinct. Any HTMT higher than these thresholds there is a potential issue in the discriminant validity which is a potential that there is overlap between the constructs. The HTMT ratio measures the similarity between latent variables, with values below one indicating robust discriminant validity and presented as Table 9.

Table 9: Heterotrait-Monotrait (HTMT) Ratio

Variables	CISP	MISP	NISP	F_Res	IFRS
CISP	0.796				
MISP	0.773	0.792			
NISP	0.441	0.558	0.707		
F_Res	0.565	0.545	0.621	0.649	
IFRS	0.323	0.612	0.374	0.364	0.747

Source: Researcher's STATA version 16 Compilation

Tables 9 show that none of HTMT ratio for the variables exceeds the threshold of 0.85, and it signifies that discriminant validity is established and the constructs are distinct from one another. This means that both the Fornell-Larcker criterion and the HTMT ratio confirm widespread discriminant validity within the model. Therefore, the test statistics indicate that the constructs are reliable, internally consistent, and possess both convergent and discriminant validity, rendering the measurement model suitable for structural model analysis in the context of assessing the mediating role of firm resilience between institutional isomorphic pressures and the adoption of IFRS for SMEs in Ghana.

5.1.4 Results of Testing other Pre-SEM Fundamental Assumptions

Before conducting parametric statistical analysis, it is crucial to verify the regression assumptions. This is important because the data used for the analysis is drawn from a sample population, and the results will be generalized to a larger population. Checking these assumptions helps identify any violations related to multicollinearity, linearity, normality, homoscedasticity, and autocorrelation. The first assumption to be tested is multicollinearity, and the results are presented in Table 10.

Table 10: Variance Inflation Factor (VIF) Index and the Tolerance Level (TL) Index

Variables	Tolerance Level (i.e., 1/VIF)	VIF level
IFRS	0.374	2.674
CISP	0.447	2.237
MISP	0.386	2.591
NISP	0.434	2.304
F_Res	0.411	2.433

Source: Researcher's STATA version 16 Compilation

Multicollinearity was also assessed with the value of each indicator Variance Inflation Factor (VIF) and it shows a value lesser than 5 as shown in Table 10. This indicates that the Variance Inflation Factor (VIF) values for the variables are below 10, suggesting that multicollinearity is not a concern. The variable with the highest VIF is the adoption of IFRS for SMEs (IFRS), which has a value of 2.674 and a tolerance value exceeding 0.374. This finding confirms that none of the variables violate the multiple regression assumptions of the model. Multicollinearity occurs when there is a correlation between two or more independent or control variables in the regression analysis, leading to redundant information that needs to be addressed. If not, it can result in unstable estimates of the regression coefficients.

The second regression assumption evaluated was linearity, which implies that the relationship between the variables should be represented by a straight line. In other words, the slope of the regression function is constant, reflecting a linear relationship between the dependent and independent variables. According to Hair et al. (2010), linearity is a fundamental aspect of multivariate techniques, including factor analysis and multiple regression. To assess linearity, a scatter plot is utilized, allowing for a visual examination of the data points' pattern. Any deviation from linearity could impact the correlation between the variables, making it crucial to ensure that the linearity assumption is upheld. The results of this test confirmed that all the variables exhibited linear relationships with one another.

The third regression assumption assessed in this study was the normality assumption. This assumption is critical because maximum likelihood (ML) estimation presumes that the data are normally distributed, particularly with a sufficiently large sample size. Consequently, testing these assumptions is essential to confirm their validity. The null hypothesis of the Shapiro-Wilk test or the Kolmogorov-Smirnov test is employed to evaluate whether the sample data's population is normally distributed. The results regarding the normality of the data are presented in Table 11.

Table 11: Tests of Normality Distribution

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**Df**	**Sig.**	**Statistic**	**Df**	**Sig.**
CISP	0.234	685	0.143	0.845	685	0.345
MISP	0.229	685	0.197	0.891	685	0.423
NISP	0.263	685	0.367	0.770	685	0.541
F_Res	0.220	685	0.115	0.881	685	0.247
ENVI	0.213	685	0.233	0.816	685	0.373
IFRS	0.202	685	0.206	0.816	685	0.223

Source: Researcher's STATA version 16 Compilation

Table 11 indicates that the p-value for the Shapiro-Wilk test is 0.143, which exceeds the 5% significance level (i.e., $p > 0.05$). This suggests that the data does not significantly deviate from a normal distribution; thus, the study can assume that the data is normally distributed.

The final regression assumption examined in this study was homoscedasticity, which refers to the condition where the error variance remains consistent across different values of the predictors (Hair et al., 2010). Homoscedasticity, also known as homogeneity, is typically assessed using Levene's test of homogeneity of variance (Tabachnick & Fidell, 2007). This test employs the F-test to evaluate the null hypothesis that the variances are equal across groups, thereby determining whether the homoscedasticity assumption holds. According to the decision rule for Levene's test, if the p-value is less than 5%, it indicates that the variances are significantly different or that the group sizes are unequal. The Levene test for the metric variables was conducted as part of the t-test and is presented in Table 12.

Table 12: Test of Homogeneity of Variance (Levene's Test)

Variables	Levene Statistics	df1	df2	Sig.
IFRS	2.435	2	685	0.247
CISP	2.283	2	685	0.189
MISP	1.256	2	685	0.143
NISP	1.648	2	685	0.236
ENVI	1.769	2	685	0.196

Source: Researcher's STATA version 16 Compilation

Table 12 indicates that the p-values exceed 5%, leading to the rejection of the null hypothesis, which posits that the variances are significantly different or that the group sizes are unequal. When this assumption is violated, the F-statistic may become biased, potentially resulting in a large sample size being inaccurately associated with a small sample size, and vice versa. This misalignment can lead to an underestimation of

the significance level, increasing the risk of falsely rejecting the null hypothesis. The p-values for these variables are greater than 0.05 (5%), with MISP exhibiting the best homogeneity of variance, followed by NISP. This is attributed to their lowest Levene's statistic values of 1.256 and 1.648, respectively.

5.2 Structural Model Estimation and Evaluation Results

The structural model in SEM is used to examine and validate the hypothesized relationships between latent variables, explains the causal effects and assesses the overall fit of the model to the data. It examines the relationships between latent and observed variables, specifically focusing on the direct and indirect paths between independent and dependent variables. In this study, maximum likelihood (ML) estimation was employed to fit the structural model to the data, assuming multivariate normality. The structural model predictive power and the path constructs are used to assess the effect of the independent constructs on the dependent constructs respectively. The study adopted the Goodness-of-Fit (GoF) approach by Bentler and Raykov (2000) that offers a method for evaluating the fit of structural equation models (SEMs) by comparing the predicted and observed data. The GoF approach includes several indices that help determine how well the hypothesized model aligns with the actual data. Some of the commonly indices used in SEM to in SEM to assess GoF include the chi-square to degrees of freedom ratio (CMIN/df), Goodness of Fit Index (GFI), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Normed Fit Index (NFI), Pclose (the p-value for rejecting the null hypothesis regarding the fit of the model to individual subject data), Standardized Root Mean-Squared Residual (SRMR), and Root Mean Square Error of Approximation (RMSEA). The SRMR **m**easures the average residual difference between observed data while RMSEA measures the fit per degree of freedom. The Values of RMSEA below 0.05 suggest a close fit, while values up to 0.08 are considered acceptable. These indices provide a comprehensive view of model fit and offer flexibility for identifying model strengths and areas needing improvement. It is generally recommended that a combination of at least two fit indices to be used to evaluate the suitability of the model (Hu & Bentler, 1999). The summary of these indices for the structural model is presented as Table 13.

Table 13: Result of Measurement Model (Confirmatory Factor Analysis)

Fit Indices	Cut-off Point	Initial Measurement Model	Modified Measurement model	Interpretation
CMIN/DF	≤3.00	2.622	2.481	Excellent
G.F.I	≥0.95	0.806	0.911	Acceptable
C.F.I	≥0.95	0.879	0.914	Acceptable
Pclose	≥0.05	0.038	0.060	Excellent
SRMR	≤0.08	0.022	0.057	Excellent
TLI	≥0.95	0.895	0.913	Acceptable
IFI	≥0.95	0.847	0.867	Acceptable
RMSEA	≤0.06	1.423	0.053	Acceptable

Threshold Sources: Hu and Bentler (1999), and Gaskin and Lim (2016)

Table 13 shows the following fit indices from this study are GFI = 0.839, AGFI = 0.799, NFI = 0.817, TLI = 0.860, CFI = 0.878 and RMSEA = 0.074 and it shown with the acceptable cut-off points (rule of thumb). The Root Mean Square Error of Approximation (RMSEA) relates to the model's residuals, with values ideally ranging from 0 to 1. A smaller RMSEA indicates a better model fit, with values below 0.05 considered good, between 0.05 and 0.08 is acceptable, 0.08 to 0.1 marginal, and above 0.1 poor (Fabrigar et al., 1999; Hu & Bentler, 1999). Thus, an RMSEA of 0.053 indicates an acceptable model fit (Hu & Bentler, 1999).

Initial fit indices revealed a significant chi-square ($\chi2 = 317.504$, degrees of freedom (DF) = 128, P < 0.000), CMIN/DF = 2.622, GFI = 0.806, CFI = 0.900, and RMSEA = 1.423. A preliminary review of several fit indices, such as GFI, AGFI, and IFI, indicated that they were not sufficiently optimized, necessitating re-specifications and refinements (Anderson & Gerbing, 1988; Byrne, 2010). The revised measurement model

was then analyzed after excluding problematic items. The updated fit indices showed a significant improvement in model fit, with all indices falling within recommended levels: CMIN/DF = 2.481, GFI = 0.911, AGFI = 0.818, IFI = 0.867, CFI = 0.914 and RMSEA = 0.057, as shown in Table 13. The CMIN/DF value of 2.481 is well within the recommended threshold of 3 (Hu & Bentler, 1999), indicating a good fit and quality across commonly used fit indices (Hu & Bentler, 1999; Kline, 2011; Hair et al., 2010; Hoyle, 1995). Additionally, the RMSEA of 0.053 meets the suggested cutoff point of < 0.06 (Hu & Bentler, 1999; Hair et al., 2010). The result showed that the fit indices are within an acceptable range and satisfactorily. Satisfactory fit indices imply the data is well fit and the model can help validate the structural equation model (SEM).

The next is the analysis is to use the path coefficients of the structural model to test the hypotheses mentioned earlier in the study. The path coefficients show the direction, size and statistical significance between the different latent variables / constructs that were generated and hypothesised for this study. Each hypothesis is tested basis of the size, sign, and statistical significance of the coefficient of the latent variable and the dependent variable (Hair et al., 2016). The result from the direct analysis is presented as a baseline result in Table 14 while the result from the indirect analysis is presented as Table 15.

Table 14: The Result of the Direct Effect of Board Characteristics, Director Expertise, and Bank's Performance

	Path	B	SE	CR	Sign.	95% CI		R^2	F-stat	Prob	DW
						2.5%	97.5%				
H1a	CISP→ *IFRS*	0.466	0.110	4.236	0.000	0.056	0.205				
H1b	MISP→ *IFRS*	0.237	0.047	5.043	0.000	0.055	0.250	0.891	863.1	0.00	2.057
H1c	NISP→ *IFRS*	0.170	0.106	1.604	0.870	0.071	0.193				
H2a	CISP→ *Res*	0.284	0.110	2.582	0.000	0.051	0.274				
H2b	MISP→ *Res*	0.196	0.044	4.455	0.000	0.058	0.322	0.789	850.1	0.00	2.103
H2c	NISP→ *Res*	0.037	0.012	3.083	0.018	0.038	0.459				
H3	Res→ *IFRS*	0.546	0.081	6.783	0.000	0.067	0.310	0.776	643.1	0.00	2.086

Source: Author's SPSS version 20 Computation

Table 14 shows that coercive isomorphic pressure (CISP) and mimetic isomorphic pressure (MISP) have a positive relationship with the adoption of IFRS for SMEs in Ghana with the coefficients (β) of 0.466 and 0.237 respectively while the relationship between normative isomorphic pressures (NISP) was positive but statistically insignificant at 5% level of significance. To begin with the coefficient value and the p-value of the paths starting from Coercive Isomorphic Pressure (CISP) ending at the adoption of IFRS for SMEs (β=0.466, p<0.05). This indicates that there is a positive and significant relationship between Coercive Isomorphic Pressure (CISP) and adoption of IFRS for SMEs at a 5% significance level. This implies that a 1% increase in Coercive Isomorphic Pressure (CISP) leads to a 46.6% increase in adoption of IFRS for SMEs in Ghana. This finding is consistent with previous studies that opined that coercive isomorphic pressure and IFRS compliance (Damak-Ayadi et al., 2020; Kossentini & Othman, 2014) carried out studies on the coercive isomorphic pressure and the adoption of IFRS and concluded that coercive isomorphic pressure is a powerful legal system that SMEs must comply with to secure structural and procedural legitimacy. This result therefore confirms the acceptance of the alternative hypothesis (H1a) and concludes that Coercive Isomorphic Pressure (CISP) significantly affects adoption of IFRS for SMEs in Ghana.

Again, the coefficient value and the p-value of the paths starting from mimetic isomorphic pressure (MISP) ending at adoption of IFRS for SMEs was (β=0.237, p<0.05). This indicates that there is a positive and significant relationship between Mimetic Isomorphic Pressure (MISP) and adoption of IFRS for SMEs at a 5% significance level. This implies that a 1% increase in Mimetic Isomorphic Pressure (MISP) leads to a 23.7% increase in adoption of IFRS for SMEs in Ghana. This finding is consistent with previous studies conducted by Judge et al. (2010), Kossentini and Othman (2014), Ritsumeikan (2011), Pricope (2016), and Sellami and Gafsi (2018) opined that many companies adopt and implement IFRS due to the pressure to

imitate successful organizations that have implemented IFRS. These studies concluded that mimetic isomorphic pressures affect the adoption of IFRS. Therefore, mimetic isomorphic pressure is one of the powerful forces driving SMEs to adopt and implement IFRS for SMEs in Ghana. This result therefore confirms the acceptance of the alternative hypothesis (H1b) and concludes that concludes that Mimetic Isomorphic Pressure (MISP) significantly affects adoption of IFRS for SMEs in Ghana.

Finally, the coefficient value and the p-value of the paths starting from normative isomorphic pressure (NISP) ending at adoption of IFRS for SMEs was (β=0.170, p>0.10). This implies that there was positive but insignificant relationship between normative isomorphic pressure and the adoption of IFRS for SMEs at 5% significance level. Therefore, based on the result in Table 13 and the explanations thereof, the study rejects the null hypothesis (H1c) and concludes that normative isomorphic pressure does not significantly affect the adoption of IFRS for SMEs. This outcome is consistent with previous studies (Sappor, Sarpong & Seini, 2023; Damak-Ayadi et al., 2020; Kossentini & Othman, 2014; Pricope, 2016) who concluded that there was an insignificant relationship between normative isomorphic pressure and the adoption of IFRS for SMEs. Furthermore, Pricope (2016) concluded that normative pressure is not a significant determinant of IFRS adoption in developing countries. This indicates that there is a positive but insignificant relationship between normative isomorphic pressure (NISP) and adoption of IFRS for SMEs at a 5% level of significance. The outcome on the relationship between normative isomorphic pressure and the adoption of IFRS for SMEs did not fulfil the condition required for mediation test to be conducted and it violates the first requirement for mediation analysis (Baron & Kenny, 1986).

Hence the hypotheses H1a and H1b are supported while the effect of normative isomorphic pressure (NISP) is not significant; thus, the hypothesis H1c is rejected. These outcomes indicate that mediation analysis can be conducted between coercive and mimetic isomorphic pressures and the adoption of IFRS for SMEs but cannot be conducted between normative institutional pressure (NISP) and the adoption of IFRS for SMEs since the relationship is insignificant. These suggest that regulatory mandates, pressure from powerful stakeholders, and imitation of successful peers drive SMEs toward adopting these standards. However, the effect of normative pressures, which arise from professional norms and industry best practices, was found to be positive but statistically insignificant, implying that norms and values from industry associations or educational institutions may not strongly influence the decision to adopt IFRS for SMEs in Ghana.

The study proceeded to assess path (a) that is on relationship between institutional isomorphic pressures (CISP, MISP, and NISP) and the firm's resilience. Table 14 shows that the coefficient value and the p-value of the paths starting from Coercive Isomorphic Pressure (CISP) ending at firm's resilience (β=0.284, p<0.05). This indicates that there is a positive and significant relationship between coercive isomorphic pressure (CISP) and firm's resilience at a 5% significance level. This result therefore confirms the acceptance of the alternative hypothesis (H2a) and concludes that coercive isomorphic pressure (CISP) significantly affects firm's resilience. In other words, a 1% increase in coercive isomorphic pressure (CISP) leads to a 28.4% increase in the firm's resilience. This result therefore confirms the acceptance of the alternative hypothesis (H2a) and concludes that coercive isomorphic pressure (CISP) significantly affects the firm's resilience.

Again, the coefficient value and the p-value of the path starting from mimetic isomorphic pressure (MISP) ending at firm's resilience was (β=0.196, p<0.05). This indicates that there is a positive and significant relationship between mimetic isomorphic pressure (MISP) and firm's resilience at a 5% significance level. This result therefore confirms the acceptance of the alternative hypothesis (H2b) and concludes that mimetic isomorphic pressure (MISP) significantly affects firm's resilience. In other words, a 1% increase in mimetic isomorphic pressure (MISP) leads to a 19.6% increase in the firm's resilience.

Finally, the coefficient value and the p-value of the path starting from normative isomorphic pressure (NISP) ending at firm's resilience was (β=0.037, p<0.05). This indicates that there is a positive and significant relationship between normative isomorphic pressure (NISP) and firm's resilience at a 5% significance level. This result therefore confirms the acceptance of the alternative hypothesis (H2c) and concludes that normative isomorphic pressure (NISP) significantly affects firm's resilience. In other words, a 1% increase in normative isomorphic pressure (NISP) leads to a 3.7% increase in the firm's resilience. Therefore, the result of testing hypotheses on the relationship between institutional isomorphic pressures

(CISP, MISP and NISP) and firm's resilience indicates that all dimensions of institutional isomorphic pressures mainly CISP and MISP affect firm's resilience (F_Res) positively and significantly. Hence the hypotheses H2a, H2b and H2c are supported.

Finally, the coefficient value and the p-value of the path starting from firm's resilience (Res) ending at the adoption of IFRS for SMEs was (β=0.546, p<0.05). This indicates that a 1% increase in firm's resilience leads to a 54.6% increase in the adoption of IFRS for SMEs in Ghana. Therefore, the hypothesis H3 is supported. In summary, the study concludes based on the evidence obtained in this study that path (a) and path (b) are consistent with action regulation theory which explains that individuals or organizations adjust their actions to achieve their goals, particularly in dynamic environments (Freese, 2007).

According to Baron and Kenny (1986) mediation occurs when the independent variables affect a specific variation in the mediator variable, which in turn affect a specific variation in the dependent variable. In this case, the mediator variable carries the effect of the independent variables into the dependent variable. In order to conduct the mediation test using firm resilience as the mediator variable, the study employed structural equation modelling (SEM) path analysis using STATA (16) as the analytical software for this study. The result obtained from the structural model and summarised in Table 13 indicate a satisfactory fit indices of data and capable of providing a reliable prediction of the relationship in this analysis. To recall the coefficients and p-values between institutional isomorphic pressures (CISP, MISP, and NISP) and the adoption of IFRS for SMEs were [(β=0.466, p<0.05), (β=0.237, p<0.05) and (β=0.170, p<0.10)] respectively, while institutional isomorphic pressures (CISP, MISP, and NISP) and the firm's resilience (Res) were [(β=0.284, p<0.05), (β=0.196, p<0.05) and (β=0.037, p<0.05)] respectively, and finally between firm's resilience (Res) and the adoption of IFRS for SMEs was (β=0.546, p<0.05). This indicates that there are only dimensions of institutional isomorphic pressures (i.e., CISP and MISP) that have positive and significant effect on and the adoption of IFRS for SMEs and therefore, the relationship between normative isomorphic pressures (NISP) did not fulfil the requirement condition for mediation test, indicating that firm's resilience cannot mediate the relationship between normative isomorphic pressure and the adoption of IFRS for SMEs in Ghana.

Table 14 shows that all the three dimensions institutional isomorphic pressures (CISP, MISP and NISP) have a positive relationship with the firm resilience with the coefficients (β) of 0.284, 0.196, and 0.237 respectively at 5% level of significance. Finally, the study proceeded to assess the relationship in path (b) which is on the between firm's resilience (Res) and the adoption of IFRS for SMEs in Ghana. The result revealed that the coefficient value and the p-value of the path starting from firm's resilience and ending at the adoption of IFRS for SMEs was (β=0.546, p<0.05). This indicates that there is a positive and significant relationship between firm's resilience and the adoption of IFRS for SMEs in Ghana at a 5% significance level. Hence the hypothesis H3 is supported.

In order to assess the role of mediating variable that is firm's resilience (Res) acting through the relationship between institutional isomorphic pressures (CISP, MISP, and NISP) and the adoption of IFRS for SMEs in Ghana, the study adopted a bootstrapping method as a non-parametric statistical technique to assess the relationship. Bootstrapping allows the study to assess the significance of the indirect effects by resampling of 5,000 replacements (i.e., data multiple 5,000 times), thereby generating an empirical approximation of the sampling distribution of the mediation effect. This method is particularly useful for this study because it involves mediation analysis, and can provide more accurate confidence intervals for indirect effects without relying on the assumption of normality. Bootstrapping enhances the reliability of mediation analysis by minimizing biases in small sample sizes, which is crucial in studies involving organizational resilience and institutional pressures in specific contexts like Ghanaian SMEs. The result of direct effect (c'), indirect effect (ab) and total effect (c) are summarised and presented as Table 15.

Table 15: Result of Direct Effect, Indirect Effect, and Total effect

| | A | | B | | Direct (c') | | Indirect (ab) | | | | Total | | |
| | | | | | | | | | 95% CI | | | | |
	B	SE	B	SE	B	SE	B	SE	LLCI	ULCI	β	SE	Decision
CISP	0.284***	0.110	0.546***	0.081	0.466***	0.110	0.155	0.011	0.007	0.126	0.621	0.038	Accepted
MISP	0.196***	0.044	0.546***	0.081	0.237***	0.047	0.107	0.010	0.014	0.133	0.344	0.029	Accepted
NISP	0.037***	0.100	0.546***	0.081	0.170*	0.106	0.020	0.135	-0.09	0.054	0.190	0.031	Not accepted

The p-value expressed as *** p<0.01, ** p<0.05, and *p<0.1
Source: Author's SPSS version 20 Computation

The result in Table 15, also ccoincidently confirms that only two dimensions of institutional isomorphic pressures (i.e., CISP and MISP) that have indirect (mediating) effect on the adoption of IFRS for SMEs in Ghana. Table 15 shows that the coefficient (β) and confidence interval (CI) for the mediator variable (Res) acting through coercive isomorphic pressure (CISP) and the adoption of IFRS for SMEs are (β=0.155, CI=0.007 to 0.126). This indicates that there is a positive and significant indirect effect of firm's resilience (Res) on the relationship between coercive isomorphic pressure (CISP) and the adoption of IFRS for SMEs since the CI of the LLCI and ULCI does not include zero. The result indicates that there are zeroes between the intervals. This outcome provides confidence to the study that the indirect (mediating) effect is different from zero. Additionally, the result shows that the coefficients and p-values of total effect coercive isomorphic pressure (CISP) acting through the mediator variable (Res) to the adoption of IFRS for SMEs was (β=0.621, p=0.000). Therefore, the Variance Accounted (VAF) index was 24.97%. The VAF index is the proportion of the total effect that is explained by the indirect effect in the mediation analysis. A VAF index of 24.97% indicates partial mediation (i.e., complementary mediation), since the direct effect (c') and indirect effect (ab) are both significant. The partial mediation outcome simply means, even though the coercive isomorphic pressure (CISP) has a direct impact on the adoption of IFRS for SMEs in Ghana, however, the firm's resilience also contributed greatly to the successful adoption of IFRS for SMEs in Ghana. This implies that coercive isomorphic pressure (CISP) alone is not enough to achieve successful adoption of IFRS for SMEs in Ghana. Therefore, the study failed to reject the alternative hypothesis (H4a) and concludes that firm's resilience partially mediates relationship between coercive isomorphic pressure (CISP) and the adoption of IFRS for SMEs. Therefore, the null hypothesis (H4a) is supported.

Again, Table 15 shows that the coefficient (β) and confidence interval (CI) of the indirect variable (Res) acting through mimetic isomorphic pressure (MISP) and the adoption of IFRS for SMEs are (β=0.107, CI=0.014 to 0.133). This indicates that there is a positive and significant indirect effect of firm's resilience (Res) on the relationship between mimetic isomorphic pressure (MISP) and the adoption of IFRS for SMEs since the CI of the LLCI and ULCI does not include zero. The result indicates that there are zeroes between the intervals. This outcome provides confidence to the study that the indirect (mediating) effect is different from zero. Additionally, the result shows that the coefficients and p-values of total effect mimetic isomorphic pressure (MISP) acting through the mediator variable (Res) to the adoption of IFRS for SMEs was (β=0.344, p=0.000). Therefore, the Variance Accounted (VAF) index was 31.1%. The VAF index is the proportion of the total effect that is explained by the indirect effect in the mediation analysis. A VAF index of 24.97% indicates partial mediation (i.e., complementary mediation), since the direct effect (c') and indirect effect (ab) are both significant. The partial mediation outcome simply means, even though the mimetic isomorphic pressure (MISP) has a direct impact on the adoption of IFRS for SMEs in Ghana, however, the firm's resilience also contributed greatly to the successful adoption of IFRS for SMEs in Ghana. This implies that mimetic isomorphic pressure (MISP) alone is not enough to achieve successful adoption of IFRS for SMEs in Ghana. Therefore, the study failed to reject the alternative hypothesis (H4b) and concludes that firm's resilience partially mediates relationship between mimetic isomorphic pressure (MISP) and the adoption of IFRS for SMEs. Therefore, the null hypothesis (H4b) is supported. This means that while firm resilience plays an important role in the adoption process, even though mimetic isomorphic

pressure still have a direct effect on adoption of IFRS for SMEs. This implies that both external and internal factors are at work.

Finally, Table 15 shows that there is no mediating effect of resilience (Res) in the relationship between institutional isomorphic pressures (NISP) and the adoption of IFRS for SMEs. The coefficient (β) and confidence interval (CI) of the indirect variable (Res) acting through normative isomorphic pressure (NISP) and the adoption of IFRS for SMEs are (β=0.020, CI=-009 to 0.064). This implies that there is insignificant relationship for the indirect effect since the CI of the LLCI and ULCI contains zero. Therefore, there is no mediation normative isomorphic pressure acting through firm's resilience to adoption of IFRS for SMEs Since the initial relationship between normative isomorphic pressure and the adoption of IFRS for SMEs is insignificant. This therefore, violates the first requirement for mediation analysis to take place. This conclusion is drawn because the initial relationship between the independent variable (NISP) and the dependent variable (IFRS) was insignificant, which fails the first requirement for mediation. However, the results do suggest that resilience (Res) plays a significant role in predicting IFRS adoption, as it maintains a strong significant effect on IFRS even when controlled. This implies that While SMEs in Ghana have adopted IFRS for SMEs; the adoption is not directly influenced by the firms' resilience in the context of normative pressures. Instead, the adoption may be driven more by external factors such as industry standards and professional guidelines rather than internal resilience. However, resilience may still contribute to other aspects of the firms' capacity to adapt to IFRS, albeit not as a mediating factor between normative pressures and adoption. Therefore, the study rejects the alternative hypothesis (H4c) and concludes that firm's resilience does not mediate s the relationship between normative isomorphic pressure and the adoption of IFRS for SMEs. Therefore, the null hypothesis (H4c) is not supported.

5.3 Discussion of the Results

The study observed that two dimensions of institutional isomorphic pressures (i.e., coercive and mimetic) are statistically significant and can explain the variation in the adoption of IFRS for SMEs in Ghana since the p-values were lesser than 5% while normative isomorphic pressure was not statistically significance to explain the relationship with the adoption of IFRS for SMEs in Ghana. This revelation highlights the need to encourage accountants of SMEs to join professional accounting bodies. The study recommends that the government, through the Ministry of Trade and Industry (MoTI), collaborate with the regulator (ICAG) to provide financial accounting education to SME owners and accounting personnel who lack the necessary skills to adopt and implement IFRS for SMEs in Ghana. Additionally, MoTI should establish a special pathway for accounting personnel in SMEs who are not professional accountants to become ICAG members and receive incentives. This is important due to the significant role the quality of financial reports plays for both local and international investors. There are two main limitations to this study. Consequently, the study failed to reject outcomes of the direct analysis for the alternate hypotheses H1a, and H1b and reject the hypothesis H1c.

This indicates that institutional isomorphic pressures alone is not adequate to ensure SMEs can adopt and implement IFRS for SMEs successfully and a such a findings clarify and expand upon the mixed relationship identified in earlier literature regarding how institutional isomorphic pressures—namely, CISP, MISP, and NISP—contribute to the adoption of IFRS for SMEs. This outcome is consistent with the mixed findings obtained by previous studies from the direct relationships emphasizes the necessity for every SME to be resourceful in order to successfully implement IFRS for SMEs in Ghana, and therefore the need to align resource-based view theory to strengthen a firm's resource base, facilitating the effective implementation of IFRS for SMEs. The result showed that there were partial mediation of firm's resilience on the relationship between coercive and mimetic isomorphic pressures and the adoption of IFRS for SMEs in Ghana, while there was complete mediation of firm's resilience on the relationship between normative isomorphic pressure and the adoption of IFRS for SMEs in Ghana. Again, the study observed a significant improvement in model fitness after the introduction of the intervening term (firm's resilience) into the direct regression model. This outcome confirmed that institutional theory can co-exist with external factor to pressurize SMEs to adopt IFRS for SMEs in Ghana. These findings have significant implications for structuring the adoption of IFRS for SMEs in Ghana. For instance, the study found that firm's resilience

contribute more to the successful adoption of IFRS for SMEs in normative isomorphic pressure than coercive isomorphic pressure, and mimetic isomorphic pressure in Ghana. Considering the importance of SMEs adoption of IFRS successfully in Ghana, emphasis must be placed on external drivers especially the firms; resilience to get more SMEs to successfully adopt IFRS for SMEs in Ghana. Secondly, the study found normative isomorphic pressure is insignificantly related to the adoption of IFRS for SMEs. Consequently, the outcomes of the mediation analysis for the alternate hypotheses, H4a and H4b, indicate partial mediation, while H4c indicates there is no mediation.

In summary, the study revealed that firm's resilience partially mediates the relationship between coercive isomorphic pressure and adoption of IFRS for SMEs, as well as between mimetic isomorphic pressure and adoption of IFRS for SMEs, but it does not mediate the relationship between normative isomorphic pressure and adoption of IFRS for SMEs.

5.4 Robustness Test and Results of Testing Underlying Assumptions

The study conducted robustness and reliability test to ensure the result obtained from the analysis is reliable based on goodness of fit (GoF) approach, given that the study employed CBSEM to test the conceptual models under the direct and indirect assessments. The GoF indices obtained in Table 13 provide empirical indicators that the model fits the data, and therefore add rigor to the analysis. For the study to enhance the reliability of this finding, a bootstrapping procedure was adopted as the robustness test for this study. Bootstrapping provides a non-parametric approach to estimating the precision of mediation effects by repeatedly sampling from the data, offering a robust assessment of the indirect effect and confidence intervals. This approach is especially appropriate given the complex mediation pathways in the proposed model, where firm resilience mediates the relationship between institutional pressures and IFRS adoption. A total of 5,000 bootstrap samples were generated to calculate the confidence intervals for the mediation paths. The results indicated that the confidence interval for the indirect effect did not include zero, demonstrating a statistically significant mediation effect of firm resilience between institutional isomorphic pressures and IFRS adoption for SMEs in Ghana. Specifically, the confidence interval results provide strong evidence of significant mediation, affirming that firm resilience plays a meaningful role in the relationship between institutional pressures (coercive, mimetic, and normative) and the adoption of IFRS.

The use of bootstrapping further confirms the reliability of the mediation effect, as this approach is robust against potential violations of normality in the data distribution. The significant indirect effect found through this test supports the hypothesis that firm resilience is a crucial factor that enables SMEs to navigate external pressures, facilitating a smoother transition toward IFRS adoption. Thus, the findings underscore the mediating role of firm resilience in the model, enhancing the theoretical validity of using both institutional and resource-based perspectives to explain IFRS adoption among Ghanaian SMEs. These robustness tests and the significant mediation effect observed indicate that the proposed model offers a reliable and consistent explanation of the dynamics between institutional pressures, firm resilience, and IFRS adoption. This validation strengthens the study's contributions to the literature and provides a solid foundation for recommending practical strategies for SMEs in Ghana to improve their resilience and adaptability to external regulatory frameworks like IFRS.

6. Conclusions and Recommendations

The paper assesses the direct relationship between coercive isomorphic pressure, mimetic isomorphic pressure, normative isomorphic pressure, and the adoption of IFRS for SMEs, along with the mediating effect of a firm's resilience. The results showed that there was partial mediation of a firm's resilience in the relationship between coercive and mimetic isomorphic pressures and the adoption of IFRS for SMEs in Ghana, while there was complete mediation of a firm's resilience in the relationship between normative isomorphic pressure and the adoption of IFRS for SMEs in Ghana. Additionally, the study observed a significant improvement in model fit after introducing the intervening term (firm's resilience) into the direct regression model. This outcome confirmed that institutional theory can coexist with external factors to pressure SMEs into adopting IFRS for SMEs in Ghana. These findings have significant implications for

structuring the adoption of IFRS for SMEs in Ghana. For instance, the study found that a firm's resilience contributes more to the successful adoption of IFRS for SMEs under normative isomorphic pressure than under coercive or mimetic isomorphic pressure in Ghana. Given the importance of the successful adoption of IFRS for SMEs in Ghana, emphasis must be placed on external drivers, particularly the firm's resilience, to facilitate more successful adoptions of IFRS for SMEs in Ghana. The makes two recommendations based on the findings and conclusions of this study. The first recommendation is the government, through the Ministry of Trade and Industry (MoTI), should collaborate with the regulator (ICAG) to provide financial accounting education to SME owners and accounting personnel who lack the necessary skills to adopt and implement IFRS for SMEs in Ghana. Additionally, MoTI should establish a special pathway for non-professional accounting personnel in SMEs to become ICAG members and receive incentives. They can provide subsidized or free financial accounting education programs for SME owners and accounting personnel who lack the skills required to adopt IFRS for SMEs. This is important due to the significant role that the quality of financial reports plays for both local and international investors. Secondly, the study recommends that SMEs should focus on building SMEs resilience to strengthen IFRS adoption under coercive and mimetic pressures. Given the study revealed that firm resilience partially mediates the relationship between coercive and mimetic pressures and IFRS adoption, stakeholders should prioritize strategies to enhance SME resilience by providing training programs tailored to improving SME managers' strategic and operational capabilities to adapt to external pressures.

6.1 Implications for Managers of SMEs

The findings of the study has practical and managerial implications for various parties involved, including management, the board, regulatory authorities, and other stakeholders. Firstly, the findings from the regulatory mandates of coercive and mimetic pressures mean managers of firms must stayed compliant with financial regulations and observe closely the practices of leading firms in their industry is very crucial. This implies that for managers of SMEs to remain competitive and avoid penalties, they should ensure their firms align with IFRS requirements, especially when external pressures from regulatory bodies or industry leaders are involved. Secondly, the revelation of the partial mediation of firm resilience in the relationship between these pressures and IFRS adoption highlights the importance of developing internal capabilities. This requires that managers of SMEs should invest in strengthening their firms' resilience by building adaptive financial management systems, training staff, and increasing their ability to respond to changing regulatory environments. This resilience can make SMEs more capable of handling external pressures and achieving successful IFRS adoption. On the other hand, the insignificant role of normative pressures (professional standards and norms) suggests that SMEs may not have prioritized these pressures of joining professional associations in their decision-making. The managers of SMEs should therefore focus more on complying with concrete regulatory requirements and following industry best practices rather than relying solely on professional norms for IFRS adoption.

6.2 Limitations and Future Research

This study identifies several limitations while steps were taken to ensure these limitations do not affect the quality of the research. First, the use of survey methodology has inherent response biases that can threaten the quality of the study's outcomes, as participants may provide socially desirable answers rather than accurate reflections of their firms' practices. Additionally, the study's reliance on cross-sectional data may hinder the ability to establish causal relationships between institutional pressures, firm resilience, and IFRS adoption. While SEM allows for modeling complex relationships, the lack of longitudinal data limits insights into how these variables evolve over time. Another concern is the possibility of common method bias, given that data on all key variables are collected from the same respondents, potentially inflating the relationships between them. Furthermore, the findings cannot be generalized across different sectors or beyond Ghana, as institutional pressures and resilience mechanisms may vary by region and industry. Despite these limitations, this study provides valuable insights into the dynamics of institutional pressures, resilience, and IFRS adoption among SMEs in Ghana. Future research could address these limitations by employing longitudinal designs, larger sample sizes, and mixed-methods approaches.

Based on the limitations identified, several opportunities for future research arise. The first future research should address the challenge of using cross-sectional data, and rather adopt a longitudinal design to track how firm resilience, institutional isomorphic pressures, and IFRS adoption evolve over time. This approach would provide clearer insights into causal relationships and allow for a more dynamic understanding of these factors.

Again, a future should delve deeper into the findings that there was insignificant effect of normative pressures on the adoption of IFRS for SMEs. The future research could investigate why professional norms and industry best practices have a limited impact on SMEs in Ghana. It would be valuable to explore whether the structure of professional associations, the availability of training, or the role of professional bodies influence the effectiveness of normative pressures.

Furthermore, the future research should mitigate the potential response biases associated with reliance on survey methodology by using a mixed-methods approach, combining quantitative surveys with qualitative interviews or case studies to gain deeper insights and cross-validate findings. Finally, the future should expand the scope beyond Ghana to include a comparative analysis across different regions or sectors, thereby enhancing the generalizability of the findings. By examining institutional isomorphic pressures and firm resilience across various industries and cultural contexts, future studies could provide broader insights into IFRS adoption. Finally, studies could investigate the role of external stakeholders or the impact of technological adoption on firm resilience, offering new dimensions to understanding the adoption of IFRS for SMEs.

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