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Motivation and Objective

The objective of this study is to develop a **framework to achieve output legitimacy for the IASB**.

The IASB lacks output legitimacy or **global rigorous enforcement of compliance with IFRS** as published by the IASB. This negatively affect comparability of accounting information across countries and for cross listing companies

Practical implications

Provide a **more comparable accounting information worldwide in the investors' perspective**

Methodology

We apply **normative modeling to prescribe a framework** for IASB's output legitimacy of its IFRS. → Qualitative Analysis through NVivo of documents from IASB and IOSCO:

- **Content analysis** of all documents from IASB's website (2006-2019).

Step 1

- Found a total of **597** IASB meetings and events
- Included **9,585** documents from 2006 to 2019

Step 2

- For every meeting we listed all of those who participated;
- Determined non-IASB organization (**external participant**);
- Every time there was a meeting or event jointly held or participated in by IASB and an external party, we defined it as a "**contact**".

Step 3

- Studied in depth, the **33** (out of 562) contacts between IASB with IOSCO and other national regulatory markets authorities
- Used NVivo to search for the keywords "**enforce**" with its stemmed words (such as enforcing, enforceable, enforcement, enforceability, etc.)

- **Content analysis** of all documents from IOSCO's.

Step 1

- Found a total of **3,188** documents from 1989 to 2019
- Including media releases, articles, speeches, public reports, annual reports, comment letters, information repositories, agreements, and regulator's statements.

Step 2

- Used NVivo to shortlist the documents that contain the keywords: "International Accounting Standards Board", "International Accounting Standards", "International Financial Reporting Standards", or their abbreviations.
- Resulted in a list of **338** from the total 3,118 documents (10.84%).

Step 3

- Used NVivo to search within the 338 documents for the keywords "enforce", "regulate", "penalty", "comply", "sanction", or "support" and their stemmed words.
- **316** (93.49%) documents were found.
- Each time of one the key words appeared, we defined it as a **reference**.

Step 4

- Matched the IOSCO content analysis time frame with that of the IASB content analysis time frame (2006 to 2019).
- Resulting in **239** IOSCO documents and **17,132** keyword references.

Findings

Most of the references regarding enforcement activities are mentioned in meetings that are not participated by authority parties. They appeared in the meeting of IFRIC, or IASB itself, or joint IASB and FASB meetings.

Generally, IASB had most of its contacts (24.56%) with national standard setters. More than half of these contacts are from the joint meetings between the IASB and FASB (76 out of 138 observations). However, we found only 2.14% (12 meetings) of the total contacts with IOSCO and 3.74% (21 meetings) with national financial market authorities. This paucity of meetings between IASB and national market authority parties could suggest that IASB should meet more often with IOSCO and national market authorities in pursuing enforcement of IFRS to achieve output legitimacy.

We conclude that enforceable standard is a goal of IASB but it has not been achieved yet.

Conclusions

Firstly, we propose **IOSCO as a central portal and enforcement of IFRS** as published by the IASB.

Secondly, we support the **comment letter approach** to review a cross-listed firm's financial reporting filings under IOSCO's authority.

Thirdly, a **final IFRS compliance or non-compliance ruling** would be made by and disclosed by IOSCO along with all comment letters.