

Assessing the IASB:

Results of a Business Survey about International Financial Reporting Standards and IASB's Operations, Accountability, and Responsiveness to Stakeholders

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Executive Summary



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Executive Summary

Assessing the IASB reports key findings from the first major scientific business survey about corporate financial reporting and the financial reporting standards developed by the International Accounting Standards Board (IASB). The survey was conducted among financial executives—mostly CFOs and chief accounting officers—of companies listed on the major stock exchanges of the United States, Germany, France and the United Kingdom. 749 of these corporate finance experts, representing firms from all industries, participated in the business survey, which is part of a larger study, the International Standards Project, which we jointly direct at Duke and Oxford Universities. Our findings include:

- Financial executives overwhelmingly expect financial reporting standards to be increasingly set at the international level, and a clear majority of participants approves of this trend.
- More than 1 in 3 nonetheless questions whether truly global accounting rules and practices are achievable given the differences in legal environments and business cultures across countries.
- Large majorities of both U.S. and European corporate finance executives see the IASB as moving toward full fair value accounting; only few approve of this trend.
- Americans assess key aspects of IASB standard-setting much more favourably than Europeans, including IASB due process, transparency, accessibility, inclusiveness, and accountability.
- Clear majorities of both U.S. and European financial executives believe that the quality and effectiveness of the IASB's International Financial Reporting Standards (IFRS) is high. At the same time, many also consider the complexity and cost of implementation of IFRS to be high or very high, and almost 60 percent respondents believe that the costs of switching to IFRS so far outweigh the benefits.
- Listed companies that expect to be affected by a forthcoming IASB standard but nonetheless fail to communicate their views to the IASB often explain their inaction by saying they do not believe their comments would lead to any changes in the provisions of the draft standard.
- U.S. firms that do get involved in IASB standard-setting assess important methods or channels of involvement quite differently from their European counterparts. For example, 93 percent of American financial executives consider submitting comment letters effective; only 51 percent of Europeans consider them effective. Similarly diverging assessments apply to field tests and oral testimony at public hearings.
- Overwhelming majorities say early involvement in the standard-setting process is key.