

IASB engagement with academics

Anne McGeachin
Technical Principal and Academic Relations
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The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board (the Board) or IFRS Foundation.

Objective of this session

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- Background information
 - benefits of using academic research
 - obstacles in doing so
- Draft strategy and activities
- Resources
- Breakout groups
 - **help us develop further our academic liaison strategy**
 - **have we identified the right objectives and activities to achieve them?**
- Feedback session

Background information

- Due Process Handbook
 - research programme before standard-setting activity
 - analyse possible financial reporting problems by collecting evidence
 - IASB and the technical staff are not expected to undertake all of the activities on its research programme
 - important to the IASB that others such as academics participate in these activities
- Feedback on Agenda Consultation 2015
 - Support for increased focus on gathering evidence
 - IASB commitment to evidence-based approach to standard-setting

We need evidence

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- To identify financial reporting problems
 - Financial reporting differences
 - Scale
 - Evidence of estimation error
- To assess solutions
 - Surveys
 - Decision experiments
 - Evidence of how information is incorporated by markets
 - Fieldwork
 - Systems testing
 - Testing draft words
 - Financial statement simulations
- To identify implementation problems
 - Evidence of diversity

- IASB initiated work
 - Fieldwork
 - Reviews of financial statements
 - Modelling results of proposals
- Independent research
 - Extant literature
 - Commissioning new research
 - Fostering new research

Benefits of using academic research

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- Better decision-making based on evidence
- Better ability to defend decisions supported by evidence
- Access a broader range of (different) perspectives
- Academics are trained collectors and analysers of evidence
- Academics are funded to do research
- Academics are increasingly being required to show the impact of their research

- Timeliness
- Vast literature
 - only tangentially relevant
 - or very narrow, marginal contribution
 - need synthesis / literature review
- Not easily accessible to standard setters
 - Hard to identify relevant research
 - Difficult for us to understand
- Need to understand limitations of research methodologies
 - Overclaiming results
- **Needs interpretation to be useful**

- Failing to make use of relevant evidence
- Misinterpreting evidence
- Selectivity bias
 - We might access only papers that support our view
 - We might access only papers we can understand
 - non-English papers

- Literature reviews for PIRs
 - IFRS 3 *Business Combinations*
 - IFRS 8 *Operating Segments*
 - IFRS 13 *Fair Value Measurement*
- Tarca 2012: The Case for Global Accounting Standards: Arguments and Evidence

Draft strategy for academic liaison: objectives and activities

IFRS Foundation strategic goal Draft academic liaison objectives

IFRS as high quality standards

A Improve Board and staff awareness and understanding of academic research relevant to the Board's standard-setting activities.

B Encourage academics to engage in research that is relevant to the Board's standard-setting activities, and to communicate that research evidence to us.

Draft objectives

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IFRS Foundation strategic goals

Support IFRS
implementation (C*)

Global adoption of IFRS
(C+D+E)

Organisational excellence
and best practice (D+E)

Draft academic liaison objectives

C Support academics teaching IFRS Standards (education objective)*

D Engage with academics so they are supportive of IFRS Standards

E Communicate the Board's academic liaison activities

*The focus of today's session is liaison with academics other than support for teaching. Our education strategy includes academic support but that is not part of our discussion today.

- IASB annual research forum
 - Run jointly with high-quality academic journal
 - Mixed audience of academics and non-academics
 - Papers/case studies on topics of interest to IASB
- Research centre website
- IAAER-KPMG research programme
 - Research relevant to IASB discussed with Board members
- Academic organisation roles (eg EAA, IAAER)
 - Board/staff attendance at committees/advisory groups
- Activities/attendance at academic conferences (eg EAA, AAA)
 - Board/staff participation in workshops/panel sessions
- Calls for academic literature reviews/specific research (examples on slide 10)

- Research centre newsletter
- Academic advisory group
 - Some national standard-setters have such groups
- Visiting academic fellow (post-doctoral position)
 - Or PhD placement
- More frequent calls for academic literature reviews/specific research
 - Some national standard-setters do this for many of their projects

Resources

- Trade-off between resources devoted to academic liaison and resources devoted to engaging with other stakeholder groups, eg investors, preparers, regulators and auditors
- Current resources
 - Board members with academic background/strong interest in academic research, but with multiple demands on their time
 - staff members with academic background/strong interest in academic research, but relatively little academic research expertise
- Potential additional future resources?
 - academic fellow (post-doctoral position)
 - technical staff with academic expertise
- Extent of benefit from academic liaison depends on:
 - effective strategy and
 - allocated resources

Questions for breakout groups

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- For each of the IFRS Foundation strategic goals, and given the resource trade-off with engagement with other stakeholders:
 - have we identified the right academic liaison objectives (slides 12 and 13)?
 - how important are the academic liaison objectives in achieving the goal (slides 12 and 13)?
 - which specific academic liaison activities are the most useful for achieving the objectives and goal (slides 14 and 15)?
 - are there other activities you think would be useful in achieving the goal and objectives?
- What type of resources should be used (slide 17)?

We will provide handouts to help structure the answers.

Contact us

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