

LEGITIMACY AND CONVERGENCE IN INTERNATIONAL ACCOUNTING REGULATION

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Abstract: Originally formed as a method for quantifying wealth, accounting changed in line with the evolution of economic phenomena, reaching its peak by developing a general framework for reporting at the international level, in response to increased globalization trends that characterize modern society. The International Accounting Standards Board has successfully gained the status of reference transnational standardization organism, but its democratic deficit allows questions to be asked on its procedural legitimacy. This study aims to emphasize that achieving its goals as an international normaliser depends firstly on the manner in which this body of standardization will be able to fulfil the construction of its procedural legitimacy, and secondly on the completion of the IASB and FASB convergence process as one of the most challenging projects conducted on the financial reporting field. The scientific approach seeks to reveal the accomplishments regarding the development of IASB's due process and also to analyze the degree of convergence achieved by the most important transnational bodies in accounting regulation.

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Key-words: due process, IASB, FASB, transnational standardization, reporting

1.1 Introduction

The second half of the 21st century brought in the accounting researchers' attention the necessity of a common business language able to respond to the exigencies of the contemporary society, characterized by the magnitude of the economic phenomena and leading to the appearance of the transnational standardization organisms whose main purpose is the elaboration of general guiding lines in order to produce the informational satisfaction of the stakeholders. The International Accounting Standards Board has successfully gained the status of reference transnational standardization organism and it is one of the most important reporting normalisers of the moment, along with the Financial Accounting Standards Board.

The general research area of the paper is the approach of the process of building IASB's legitimacy as a leader in transnational standardization and also the evolution of the common project of IASB and FASB concerning the convergence of the international accounting regulation, the study being placed in the accounting and financial reporting field.

In terms of *methodology and research perspective*, the study is searching for a theoretical approach as a foundation for the empirical future research that aims at a *deductive* approach, set on existing concepts, theories and regulations and their customizing at the level of a set of companies.

This study was conducted using a large scale of informational resources such as scientific publications, official documents, announcements and regulations issued by the international standardization organisms, and various studies and analysis connected to the researched topic.

The theme and the purposes of the research are reflected in the main parts of the paper: the first part focuses on the sociological and normative approach of the IASB's legitimacy as one of the most important regulators in accounting, the process of procedural legitimacy construction being addressed in the second part of the study; the third part of the scientific endeavor approaches the convergence in the field of international accounting standardization, while the last three parts are dedicated to the common project of IASB and FASB in this direction.

1.2 IASB - From Sociological Legitimacy to Normative Legitimacy

Defined as the art, science and technique of business administration (Feleaga et al., 1999), the accountancy has been evolving along with the progress of mankind, beginning with the first timid efforts of quantifying personal fortunes and till the highly elaborated systems used nowadays for measuring, evaluating, recognizing, managing, and controlling assets, debts and capitals, and companies results as well.

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The complexity of the contemporary society, defined by the unprecedented magnitude of concurrence, of globalization and of all the economic phenomena at large, influences the evolution of accountancy, allowing paradigms to change and major transformation to take place.

The end of the last century greatly challenged the researchers of the accounting field through the appearance and development of the transnational standardization organisms whose main purpose is the elaboration of general guiding lines and of a common business language.

In some researchers opinion, the use alone of the International Financial Reporting Standards by a growing number of countries is suffice to place the International Accounting Standards Board as their issuer in the top of the hierarchy of the transnational standardization organisms, being a ruling model for them all (Bütthe & Mattli, 2008; Lloyd et al., 2007). But the accounting standardization at large depends on both the technical characteristics of the standards and on the management of their elaborating process: "the fundamental question asked in accounting research is not 'what are income and wealth', not even 'how shall we measure income and wealth?'. The main question is 'How shall we issue the rules for measuring income and wealth?'. An accounting standardization organism will be successful not only due to its technical competitiveness, but mainly through its political one". (Gerboth, 1973, p.479).

Given the context, the IASB's success in elaborating technically competitive standards that address and fulfill the requirements of the capital market by regulating international cash flow is sometimes questioned from the political legitimacy perspective of the process of issuing those standards (Veron, 2007; Kerwer, 2008). Even the European Parliament drew the public attention in 2008 on the fact that IASB is a self-regulating private organism, having the role of normaliser in the accounting field in the European Union countries, in spite of its lack of transparency and legitimacy. Furthermore, the non-mandatory character of consulting procedures and practices unlike those used in the EU institutions highlights the democratic deficit inside IASB.

It is also true that the long experience in the accounting regulation field shows that the process of elaborating national regulations cannot be applied by a transnational standardization organism as it is, because its theatre of operation crosses the national borders and the national jurisdiction. In fact, there are numerous other transnational organisms challenged to face similar situations, such as the International Organization for Standardization, Global Reporting Initiative and others (Cashore et al., 2004; Pattberg, 2007). Those organisms elaborate general rules and guiding lines largely accepted, even though their application is technically voluntary. The extent of voluntary application to generalized use of the standards requires punitive measures in case of their violation, but the frail democratic legitimacy of the transnational standardization organisms does not provide the foundation for such an approach.

Accounting literature and the political one as well emphasizes the researchers' constant concern regarding the legitimacy of the transnational standardization organisms, the means to acquire solid legitimacy and its consequences on the stakeholders interests (Buchanan&Keohane, 2006; Bernstein&Cashore, 2007; Beinsheim&Dingwerth, 2008; Richardson, 2009), this important theme being approached both in a normative manner and in a positivistic one either. The generalized use of transnational accounting standards is inherent considering the expansion of globalizing phenomenon and the extent of crossing border business, researchers all over the world debating on the most suitable means of assuring the validity of those mechanisms: should the standards be applied on normative basis or should the encouragement of their empirical use provide a better result? (Held&Koenig-Archibugi, 2005)

It is often found in scientific literature a neat distinction between the normative perspective of legitimacy and the sociological one. Whilst the normative legitimacy operates with specific valid mechanisms in order to establish mandatory regulations, the sociological legitimacy is defined as "the general perception on some entity's actions as being necessary and in accordance with a certain set of rules, values, beliefs, and definitions" (Suchman, 1995, p.574). The international accounting standards issued by IASB are definitely legitimate from the sociological point of view, given the large scale of their acceptance.

An important consequence deriving from the sociological dimension of legitimacy is that the legitimacy itself is a main resource IASB should gain and preserve by a continuous interaction with the social and economic environment; such a strategic approach of legitimacy emphasize the constant concern of the standardization organisms for achieving the full societal support (Dowling&Pfeffer, 1975). The strategic perspective is thus defining IASB legitimacy since its voluntary application depends entirely on the free acceptance of the standards by the companies or by national organisms that have the authority to adopt and implement them in their own jurisdiction.

The full or partially acceptance or rejection of the standards issued by IASB also depends on the divergent opinions on the legitimacy of the concepts and principles used. Thus, the construction of a valid legitimacy of IASB and the convergence regarding the operational concepts and principles should be one

of the main targets of IASB as the most important transnational organism in accounting regulation (Black, 2008).

1.3 Building the Procedural Legitimacy of the IASB

A basic component of the legitimacy of a transnational standardization body, procedural legitimacy (due process) aims at those aspects regarding the surveillance mechanisms and at establishing responsibilities, features that are specific to institutions which are acting in an advanced democratic society. The IASB originally built its credibility as based on its competences and competitiveness, and later increasingly engaged in building its procedural legitimacy so as to consolidate the position of chief transnational standardization body. The need for the adoption of procedural rules inside IASB and the acquiring of a full procedural legitimacy reflects on the one hand, its desire that IFRS should be adopted and implemented without any changes, and on the other hand limiting the use of alternative mechanisms developed by other bodies.

Classical models of procedural legitimacy are built on the basis of two principles: the communicative rationality and the deliberation without constraints (Habermas, 1996). For obtaining legitimacy, IASB must ensure by procedural norms the obtaining of decisions subsequently embodied in the standards elaborated - adopted exclusively on rational bases and free of any constraint (van Peurseem, 2005). Richardson (2008, p. 683) chooses from Habermas's model a number of principles underlying the procedural legitimacy in general and reveals along with Eberlein (2011), their verifiability in the IASB:

1. The principle of transparency: "transparency is an essential element of good governing: open procedures contribute to grounding the attributes of legitimacy" (Esty, 2006, p.1530). Richardson and Eberlein (2011) showed that the IASB procedures comply with the principle of transparency through the openness in making public - through using informatics means – the projects, deliberations and decisions adopted;
2. The opportunity for stakeholders to observe and contribute to the development of standards is ensured by the IASB through inviting them to make comments on the projects propounded or through the use of information and consultation mechanisms such as public hearings, round-table discussions or meetings. However, it should be noted that not all stakeholder categories do currently enjoy equal opportunities of communication and especially of influence upon the IASB decisions. If lobbying activity exerted on the IASB by powerful interest groups such as industry associations, major accounting companies or public institutions as, for instance, the European Commission, does mostly result in focussing the IASB attention on the questions raised, this is not the case with smaller companies such as non-governmental organizations, whose interests are less well represented.
3. The responsibility for decisions is the emblem of a systematic and solid standardization activity (Esty, 2006). The requirement to explain and justify the decisions adopted gives an extra credibility to all categories of stakeholders. In institutional terms, the IASB is responsible for its decisions before the IASC Foundation, which supervises its work from the viewpoint of its meetings, funding and general performance. The proposal of setting up an external monitoring forum in the form of the Monitoring Council, in order to establish a connection with national

public authorities, although endorsed in January 2009, does only provide a formal surveillance and establishes a new level of hierarchy, actually lacking the legal action leverages.

4. The observing of the power sharing principle (Esty, 2006) is fundamental to controlling the exercise of authority and to representing and promoting the interests of minority. Starting in July 2011, the IASB has 22 members chosen on the basis of skills and professional experience, yet with observing the geographical balance, in order to represent the interests of stakeholders from all the regions of the globe. Thus, the IASB will have six members apiece from Europe, Asia/Oceania and North America, a member from South America and from Africa, and other two members will be appointed from any area, so as to maintain a geographical balance.

The constant concern of the IASB for the construction and consolidation of its procedural legitimacy is revealed in the adoption of measures aimed at increasing stakeholders' confidence in the viability of the decisions and resolutions adopted and transposed in the standards developed by this body. Thus, the decision with 60% of the votes to cut in favouring certain interest groups, the use of a consultation period sufficiently long to allow the aggregation of opinions at national level before being introduced into the IASB discussions, the adoption of self-mandated procedures of justification and explanation of its own actions are clear evidence of the efforts undertaken by the IASB in order to increase its credibility as an authorised body.

As a result, the IASB is considered one of the most solid bodies of standardization, which unquestionably meets the transnational legitimate sociological conditions. However, the IASB is faced with the problem of the lack of an external operational oversight forum, with a regulating role and equipped with leverages of intervention, an element which is becoming more acute in the macroeconomic context characterized by a trend of public regulation of financial markets. So, having to his advantage the unanimous recognition of the necessity of using a common business language at a transnational level, as well as the growing number of voluntary IFRS application, it can be affirmed that the future success of the IASB depends on the manner in which this body of standardization will be able to complete the construction of its legitimacy.

1.4 The Process of Convergence in the Field of Accounting Standardization

The magnitude of the globalization phenomenon characterizing the contemporary world economy has brought to the attention of the chief normalisers of the moment, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), the need of using a common business language allowing the comparability and coherent evaluation of results, and facilitating the proper grounding of decisions at the trans-national level.

From the perspective of the American normaliser, the opportunity of an IASB-FASB convergence project lies in the unprecedented expansion of the operations performed by American companies outside the US borders, quantified in the form of added value growth, of investments and employment (Barefoot & Mataloni, 2009). The implementation arena of these operations is constituted in a dominant proportion of countries that have already adopted the IFRS as reference standards. Furthermore, IFRS are accepted even on the US territory, international companies not being forced to reconcile their financial statements from IFRS or US GAAP in order to operate on the American market.

The implicit recognition regarding the International Accounting Standards Board as one of the most solid standardizing bodies by applying the IFRS by a growing number of countries has enhanced its receptiveness to engaging in a convergence project with the FASB, a project which, along with the constant concern of the IASB for the construction and perfection of its legitimacy, is designed to enhance its credibility and widen the scope of applying the standards generated.

In the narrow meaning, convergence implies the joint setting up by the two bodies of a single set of standards, while the wider meaning of the term is aimed at reducing the differences existing among the various standards issued by each particular body. Carmona and Trombetta (2010) make a distinction among three major directions of approaching the convergence process:

1. achieving a high degree of convergence by creating a unique body of standardization, which draws up common standards;
2. the coexistence of national standardization bodies along with international bodies with coordinating roles;
3. The existence of different standardization bodies that preserve their authority in their own jurisdiction.

From the theoretical perspective, the highest degree of convergence is assured through the appointment of a single body with the role of normalizer, yet the technical literature reveals varied opinions of the researchers in this field.

A first argument upheld by the advocates of a moderate convergence is the one according to which accounting standards characterized by the ensuring the freedom of action and flexibility are preferable to the restrictive and rigid to enforce ones. Using economic modelling based on agents to study the interaction between management and shareholders in the context of applying accounting standards, Dye and Verrecchia (1995) have shown that the freedom of action and interpretation of standards stands for an incentive for their application, especially when expect positive consequences are expected. A set of uniform and rigid accounting standards cannot provide viable solutions for the wide range of issues and complex situations resulting from the transactions described by the accounting system (Dye & Sridhar, 2012).

According to some scholars of convergence in the field the accounting standardization, the mutual recognition of the various standards is greater than the total-harmonization attempts (Trombetta, 2003). Total harmonisation may reduce the information potential of financial reporting because common standards cannot be based on events that are perceived differently from one jurisdiction to another. A system based on the mutual recognition of different standards would ensure a better understanding of the phenomena and results presented, and would increase the confidence of investors in the quality of financial reporting (Stecher&Suijs, 2007).

With the objective as ensuring comparability and coherence in perceiving economic phenomena whose area of manifestation spreads beyond national or regional boundaries, the joint IASB and FASB project aims nonetheless at reaching high convergence degree, being intended to develop a unique set of high quality standards.

In order to achieve the aimed purpose, the two bodies signed in 2006 a memorandum in which they stated their intention to move from compatible standards to a unique set of standards that apply in both jurisdictions. Representing a major step in starting the process of convergence, the Memorandum pointed

out at 11 critical areas of accounting standardization: combination of companies, consolidation of accounts, the fair value, the dealing with shares and bonds, the performance reporting, the accounting and reporting the plans for retirement, the plans for recognizing the items presented in financial statements, the financial instruments, the revenue recognition, the intangible assets and the leasing contracts.

The onset of the financial crisis and its long-term effects have had an adverse effect on the development of the convergence process, its progress being slowed by bringing new controversial themes into the debate, such as the reporting of information on financial instruments, the opportunity of using fair value and the consolidation perimeter pertaining to the combinations of special purpose entities. However, in November 2009 the two bodies have restated their intention to continue the joint project, publishing a detailed progress report in which they emphasized the existence of two major contradictory points which had to be resolved by the year 2011, the year suggested as the deadline for achieving the convergence: the derecognition of assets and liabilities and the accounting of financial instruments.

The differences between the IASB and FASB approaches on the derecognition of the items presented in the financial statements rely on the support grounds of the derecognition decision regarding such an item. From the FASB perspective, the derecognition decision relies on the concept of legal separation (legal isolation) which requires that a financial asset can be derecognized by the transferor only if, after the transfer, there is no possibility for the one having ceded it to regain the asset in question even in the event of insolvency or judicial reorganization. In the IASB perspective, the derecognition is grounded on the *transfer of substantial risks and benefits*, according to which the transferor may derecognize a financial asset when he or she transfers all contractual rights on the cash flows arising from it and no longer has any kind of future benefits from the asset in question.

With regard to the accounting of financial instruments, the IASB launched in 2009 a project for the development of a new standard (IFRS 9) with the objective of increasing the comprehensibility of financial statements by simplifying the classification and requirements for measuring financial instruments. The initial version of IFRS 9 aimed at new requirements for financial assets, while the stipulations concerning financial debts were added in October 2010, even though there are no major changes to the provisions of IAS 39. Deliberations on this project were organized in three work phases pertaining to the classification and measurement of financial instruments, the methodology on the deterioration of the financial instruments, and the hedge accounting, the last of the stages starting in September 2012. The project is also in the attention of the FASB, for the highest possible degree of convergence to be reached at the moment of concluding deliberations.

1.5 The Current Development State of the IASB and FASB Joint Project in the Field of Convergence

Although the unfavourable economic context has led to the increasing in complexity of the issues addressed and to the emergence of new differences of opinion, the efforts of the two standardization bodies in the direction of convergence have materialised through the publication in April 2012, of a progress report which shows the advanced stage of achievement of the goals aimed.

According to a progress report, most of the short-term projects have already been completed, the two normalisers using two methods of achieving convergence: either one of the bodies has revised its

standards to make them comply with the requirements from within the standards developed by the other body (the IASB has revised the reporting on segments of activity – IFRS 8 – to bring it into line with the provisions of US GAAP) or both bodies have revised their own standards to bring them to a common denominator (such as in the field of payments based on shares).

Short-term projects completed until the moment of presenting the progress report by the IASB and FASB cover ten areas of concern, most of the reviewed standards already being operational:

1. *Payments based on shares* – achievement of convergence by issuing in 2004 certain aligned standards;
2. *Reporting on segments of activity* – elaboration in 2008 by the IASB of IFRS 8 by aligning the old IAS 14 - *Segment Reporting Standard* to the SFAS 131 standard - *Presenting Information on the segments of a company and related information*;
3. *Non-monetary Assets* – FASB revised the treatment of certain non-monetary exchanges by including into FAS 121 (2004) the requirement regarding the use of fair value, provided that the transactions in question are not devoid of commercial substance;
4. *Inventory accounting* – FASB revised in FAS 151 the treatment of additional costs concerning transport, handling or scrap as costs of the current period;
5. *Changing accounting policies* – by reviewing FAS 150 - *Changing accounting policies and the correction of errors* FASB aligned to the IASB standpoint on the retrospective retreatment of financial statements for the changes in accounting policies;
6. *The fair value for financial instruments* – the option to use fair value for financial instruments was introduced in US GAAP in 2007;
7. *Costs of indebtedness* – achievement of convergence through reviewing by the IASB in 2007 of the IAS 23 standard;
8. *Minority interests* – the Elimination by the US GAAP in 2008, within the context of venture combinations, of the presentation on minority interests in the form of the *mezannine equity*;
9. *Research and development* – the including by the US GAAP in 2008 of the requirements on carrying out research and development activities;
10. *Joint venture agreements* – in May 2011, the IASB drew up IFRS 11 - *Venture Arrangements*, which set up the principles of financial reporting to be observed by the members of a joint venture agreement.

The profit tax and the real estate investment companies represent the two areas included in the category of yet uncompleted short-term projects. The two standardization bodies brought to the public debate a joint draft on the profit tax return, prepared in 2009, and re-categorized this area as a low priority one, which does not require any immediate completion. The process of convergence with regard to the second area is also in progress, FASB releasing to the public debate a project which introduces the requirement to evaluate real estate investments at the fair value.

Joint long-term projects approached by the IASB and FASB in their capacity of chief accounting normalisers at the international level aimed at both the operations with a high complexity (combinations of companies, consolidation, financial instruments), as well as those areas characterised by large differences between the visions of the two bodies, and requiring a longer period of study and debate.

Through the joint efforts of the IASB and FASB, the expected convergence level has been achieved in six of the long run projects, standards or revised standard projects being drawn up (Progress Report 2012):

1. *Combinations of companies* – development in 2008 of common requirements for the accounting of the combinations of companies and the minority interests;
2. The *derecognition* of items presented in the financial statements – both the IASB and FASB have introduced substantial reforms aimed at aligning the requirements for derecognizing and harmonising US GAAP provisions with the IFRS;
3. *Consolidated financial statements* – in May 2010 the IASB issued IFRS 10 - *Consolidated Financial Statements* and IFRS 12 *Presentation of Information regarding the Interests In Other Companies*;
4. The *fair value*- in 2006 FASB reviewed the fair value requirements, and the IASB issued IFRS 13 on the same topic in May 2011.
5. *Post-employment benefits* – in 2011 the IASB revised and amended IAS 19 with the aim to provide investors and other users of financial statements with a clear picture of current and future obligations of companies, deriving from provisions for employee benefit plans and the manner in which such obligations would affect the financial position, financial performance and cash flows of the company;
6. *Presentation of other elements of the overall result* – in 2011 both standardization bodies issued amendments on presenting a larger number of components from within other overall result elements with the aim of “helping the users of financial statements to make the distinction between the components of other elements of the overall result that can subsequently be reclassified to profit or loss and the ones that can never be reclassified to profit or loss” (EU Regulation No. 475/2012 of the European Commission, June 5 2012).

As regards the financial instruments with characteristics of equity, the project has been reclassified as being of a low priority. In 2009, the IASB has amended IAS 32 and IAS 1 for the purpose of classification in equities of certain instruments issued by companies, which were catalogued as debts “despite the fact that they have characteristics similar to ordinary shares. There are necessary additional presentations of information relating to the instruments in question, and there must be applied the new rules for their reclassification” (Regulation (EC) No 53/2009 of the European Commission, January 21, 2009).

During the year 2011 there were drawn up separate proposals on investment companies, reaching different aspects of this area. The IASB proposal regards the exemption from preparing consolidated financial statements of those companies whose main activity is aimed at increasing the capitals or incomes from investments, these companies having to assess the controlled investments at their fair value, its changes being recognised as a profit or a loss. The FASB proposal on investment firms is seeking to amend the US GAAP provisions in the sense of applying convergence criteria for the classification of a company as being an investment one.

The progress report on the convergence process presented by the two standardization bodies in 5 April 2012 reveals the existence of four long-term priority projects which are in full progress, the debates being to further lead to a common point of view:

Table 1: Status of Priority Projects in the Convergence Process

	Domain	Project Stage
1	Leasing	The IASB and FASB presented joint proposals in august 2010 and decided to debate the revised versions in the second half of 2012.
2	Revenue recognition	The IASB and FASB have launched common proposals to debate in June 2010, the comments session being closed in March 2012. It is expected to witness a conclusion of discussions and to reach a common denominator by the end of 2012.
3	Financial Instruments	The development by the IASB of IFRS 9 and the structuring of debates on work stages: the classification and measurement of financial instruments, the methodology on the deterioration of financial instruments and the hedge accounting.
4	Insurance Contracts	The IASB and FASB are preparing the publication of projects in this area in the second half of 2012. The IASB does not exclude the possibility to publish a revealing draft which should facilitate the alignment of the two bodies in the consultative process.

Source: Progress Report - IASB-FASB, 2012: 5 (adaptation)

Started in 2002 by the Norfolk agreement, the extensive process of achieving convergence caught up the two main accounting standardization bodies in a large-scale approach, structured on areas of interest addressed both in terms of priority and of time perspective, the goals being aimed within short-term or long-term projects. Although the complexity of the convergence process was further enhanced by the repercussions of the global crisis, the adverse economic conditions did not discourage the originators of this important endeavour, which remained consistent with the statements assumed by the memorandum signed in 2006.

The constant and correlated efforts of IASB and FASB over the most economically exciting decade reveal ⁶⁶ the undaunted confidence of the two bodies in their joint project and the need for unity in diversity, allowing proper substantiation of decisions at the trans-national level.

1.6 Conclusions

Originally formed as a method for quantifying wealth, accounting changed in line with the evolution of economic phenomena, reaching its peak by developing a general framework for reporting at the international level, in response to increased globalization trends that characterize modern society.

In the context of national state border fading, the imminence of using a common business language requires the existence of transnational accounting standardization bodies, providing guidelines and tools for information communication.

With the objective of providing a common base and developing consistent standards in the field of accounting, the Council for International Accounting Standards has been remarked as the main transnational accounting standardisation body, whose rules are adopted and transposed into national law by a growing number of countries. Although it works as an independent body, being often accused by scientists, politicians and business people of a profound democratic and normative dearth, it is undeniable that the existence of the IASB is based on a solid foundation of sociologic legitimacy, the standards

developed by this body being in line with the contemporary system of norms, values, beliefs and definitions (Suchman, 1995) and being necessary to ensure a real and consistent information flow which guarantees the correct making of decisions. Strengthening the position of the IASB as the main accounting normaliser of contemporary society involves the focusing of its efforts not only in the direction of drawing up consistent standards, but also in the direction of the building its own procedural legitimacy, in view of increasing its credibility and effectiveness as an authorised body.

The project on the convergence of accounting standardization initiated more than a decade ago by the IASB and FASB is part of the efforts to achieve a common base, which should ensure comparability and consistency in the presentation of economic information. Faced with differences of opinion of the two normalisers on some accounting concepts and treatments, as well as the negative effects of the global crisis, the convergence process has evolved steadily, most of the objectives being achieved at the end of 2012. The full confidence in the usefulness of their joint project have led the IASB and FASB to coordinate and focus their efforts towards the development of common standards or correlated standards, which should guarantee the concord in the presentation of information on the diversity of economic operations, allowing proper substantiation of decisions on the grounds of a coherent information flow.

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