

The state of accounting convergence among large public companies - thesis proposa...

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The State of Accounting Convergence Among Large Public Companies

The of Accounting Convergence among Large Public Companies Overview of the Problem: Globalization is a major topic discussed in the current century and it has necessitated transparency among companies and industries in the world economy.

The International Financial Reporting Standard (IFRS) has stipulated various parameters for coordinating business and financial transactions on a global basis. Organizations like the Security Exchange Commission (SEC), the International Accounting Standards Board (IASB) and the Financial Accounting Standard Board (FASB) work together to promote the union among the national accounting standard, international accounting standard and the Generally Accepted Accounting Principles (GAAP). The purpose of the Security Exchange Commission in uniting the (IFRS) and (GAAP) is to satisfy the accounting professionals, investors and world leaders. “ The international standard-setting process began several decades ago as an effort by industrialized nations to create standards smaller nations unable to establish their own accounting standards. The regulators, investors, large companies and auditing firms began to realize the importance of having common standards in all areas of the financial reporting chain” (International Financial Reporting Standards (IFRS): An AICPA Backgrounder n. d., p. 2). The union among the countries includes the European Nations (Larson & Street 2004) and China (Qu & Zhang n. d). Many of the large public sector companies all over the world have been against the adoption of the new standard for a number of reasons. Till today, the precise reasons for the opposition and

objection for the new accounting standard convergence are not clearly understood. The main idea of the dissertation is a theoretical explanation of the weighted resistant factors.

Research Questions:

- 1) What are the chances of the Securities and Exchange Commission replacing IFRS for GAAP?
- 2) What are the pros and cons of converting to IFRS?
- 3) When evaluating IFRS and GAAP, what are certain vital differences that are to be considered?
- 4) Is the conversion to IFRS from US GAAP truly a financial reporting problem?
- 5) What steps are considered which can permit private companies to take up IFRS?
- 6) What reasons allow certain private companies to adopt IFRS?

Methodology:

The above research questions need to be addressed through an investigation. The researcher will conduct research by means of literature review on accounting convergence. The literature will comprise of researches on the delay in accounting convergence. Hail, Leuz, and Wysocki (2009) identified transition costs as a major factor in the reluctance of U. S companies to move towards convergence. The literature will also include official explanations of what convergence is and why it is being implemented (AICPA, 2011 & 2010). No hypotheses are associated with the research question, as an exploratory Delphi method will be used to generate the factorized and weighted list. The Delphi method has been frequently used

with experts in accounting and financial analysis, as a means of generating factorized lists of adopted reasons. (Alwert, Bornemann & Will 2009).

Perceived Value:

The dissertation will be valuable for committees that are working towards promoting accounting convergence as well as the business community in general. The insights for the study will help accounting professionals to understand why they rejected the convergence. The two-round interview of Delphi method, accompanied by principal component analysis (PCA) will build a great degree of communication to work together to reduce the resistance.

Reference List

International Financial Reporting Standards (IFRS): An AICPA Backgrounder. n. d. AICPA. IFRS. com. Available at < [http://www. ifrs. com/pdf/IFRSUpdate_V8. pdf](http://www.ifrs.com/pdf/IFRSUpdate_V8.pdf)> [Accessed 25 Oct. 2011].