

# Invitation

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**DOCTOR OF PUBLIC ADMINISTRATION AND PUBLIC MANAGEMENT**

by Anschi De Wolf

**Stakeholder Participation in the IPSASB's due process**

Supervisors:

Prof. dr. Johan Christiaens

Prof. dr. Bertel De Groote

**Wednesday, 8<sup>th</sup> December at 16h00**

In "Faculteitsraadzaal", Faculteit Economie en Bedrijfskunde, Universiteit Gent

Please confirm your attendance no later than 1<sup>st</sup> of December by email to

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## Abstract

The International Public Sector Accounting Standards Board (IPSASB) is an international organisation which aims to develop high-quality public sector financial reporting standards, better known as International Public Sector Accounting Standards (IPSAS). To this day there is a high variety in accounting methods applied by public sector entities. Not only do different countries apply different methods, even when looking at different public sector entities from the same country, there is no assurance that they use the same accounting method. IPSAS could harmonize public sector accounting increasing the comparability of financial information both within as across different countries.

To develop IPSAS, the IPSASB employs public consultation known as the 'due process', in which stakeholders can submit written feedback by means of 'comment letters'. The IPSASB analyses the issues raised by respondents and decides whether or not to make changes to their draft version. However, the due process is more than just a method to identify potential problems and gauging potential support. As the IPSASB lacks elected or other governmental authority, and is therefore unable to impose IPSAS, standard-setting with participation from stakeholders is an often used method for an organisation to gain more societal acceptance and motivate stakeholders to implement the standards, in other words: the gain legitimacy. Types of legitimacy that can be gained through stakeholder participation is input, throughput and output legitimacy. The aim of this study is to assess the influence of the IPSASB's due process and stakeholder participation on its legitimacy.

Regarding its outputs, the consultation paper on *Financial Reporting for Heritage in the Public Sector* was analysed to assess whether it might be the first step in ending the ongoing debate on the subject by examining whether the IPSASB proposes solutions that could result in an appropriate output. This would not only mean ending the debate but also a strengthening of the IPSASB's output legitimacy. Results indicate however that this is not the case. The IPSASB shows completely opposite views to academics, with the respondents' opinions wavering in between.

Another chapter focusses on the input legitimacy and shows that the input was dominated by stakeholders from Europe and Oceania, while stakeholders from South America were least active. Similarly, professional associations and public sector entities participated most, while academics were least active. Additionally, there is a general decline in participation in the IPSASB's due process. This indicates a problematic situation regarding the IPSASB's input legitimacy.

In this research, a case is made for the hurdle negative binomial regression model (hence hurdle model) as statistical approach to analyse whether a country's characteristics influences its stakeholders participation. The hurdle model not only analyses the influence of certain characteristics on how often a stakeholder participates, but also on whether they decide to participate in the first place or not. Results indicate a positive relationship between stakeholder participation and a higher IPSAS implementation status and a higher economic development level, both for whether and how often respondents participated. There are no indications that stakeholders are likelier to participate if they are more proficient in English; however, if they participate, the more proficient stakeholders will write more comment letters than less proficient stakeholders. This nuance shows the added value of the hurdle model.

Besides an examination of who the respondents are in the IPSASB's due process, the quality of the IPSASB's due process itself is analysed. A first step is made to examine the extent to which respondents' input was considered and integrated in a final IPSAS. There are indications that some respondents' input was integrated, however, results indicate a clear flaw in the lack of transparency regarding how respondents' input is analysed. This could make the decision-making process seem arbitrary and subjective and could potentially have a negative effect on the IPSASB's throughput legitimacy.

## Curriculum vitae

Anschi De Wolf (\*1993, Lokeren) holds the degrees of Master of Arts in History (2015, UGent) and Master of Science in Public Administration and Management (2017, UGent). When working for EY public sector, Anschi became part of the research group Accounting Research Public Sector (ARPS), being a cooperation EY with Ghent University. While writing and editing for ARPS, Anschi officially enrolled as a PhD student in 2019. Three chapters of her dissertation were published in peer-reviewed journals: *Public Money and Management*, *Accountancy & Bedrijfskunde*, and *Financial Accountability & Management*. A fourth chapter is currently in a second review round for *Public Money & Management*. Besides the PhD project, Anschi co-authored a chapter on IPSAS for the book 'Public Sector Accounting' (Routledge), by G. Budding, for which the publication is planned end of 2021-beginning 2022. This research was presented at several international conferences, including the EGPA Spring Workshop PSC XII Public Sector Financial Management (2019), CIGAR Amsterdam (2019), the International Conference on Public Organization (ICONPO, 2019), and the International Conference on Social, Education and Political Sciences and Business and Management (ICSEPSBM, 2020). At ICONPO, Anschi won the award for best paper.