Completeness of the qualitative characteristics using Foucauldian critical discourse analysis and content analysis paradigms

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Completeness of the Qualitative Characteristics using Foucauldian Critical Discourse Analysis and Content Analysis paradigms: towards a revised Conceptual Framework.

Abstract

Purpose

This paper aims to study the completeness of the qualitative characteristics towards suggesting a revision of the Conceptual Framework.

Design/methodology/approach

The present study evaluated the completeness of these qualitative characteristics using Foucauldian critical discourse analysis and content analysis paradigms to elucidate the inclusion conundrum. Foucauldian analysis allowed focus on power relationships, governmentality and subjectification in accounting society, as expressed through language and practices of the IASB who ultimately decide on the qualitative characteristics, and the IASB's interaction with professional accountants preparing international, domestic UK and local Isle of Man banks' annual reports. Content analysis was employed to analyse data collected via interviews with preparers and users of banks' accounts, changes in banks' accounting policies after the conceptual framework was published and comment letters from banks who wrote to the IASB. Geographical and cultural spread was attained by exploring the annual reports of both building societies and regulated banks listed on the UK FTSE, South African JSE and Australian stock exchange main boards.

Findings

Novel findings from this study revealed the potential significant omissions of the constraints of 'materiality', 'transparency' and 'regulatory/supervisory framework'. Also, surrounding the qualitative characteristics having been shown to be valid and includable, the adjective 'decision-useful' reinstated in the chapter title and the IASB project team technical writers needing to show completeness of attention to all comments.

Originality

From these findings, a freshly formulated chapter in the conceptual framework on the qualitative characteristics can now be submitted for consideration by the IASB, with potential for international post-implementation review.

Keywords

Accounting; Qualitative Characteristics; Conceptual Framework; financial reporting; content analysis; Foucault; critical discourse analysis.

Article classification

Research paper

1. Introduction

The Qualitative Characteristics of decision-useful financial information (as set out in the revised March 2018 Conceptual Framework for financial reporting of the International Accounting Standards Board (IASB) are fundamental for standard setting relied on by companies when making accounting policy changes and choices. However, there has not been an overarching universally agreed conceptual context of the qualitative characteristics.

Following the International Accounting Standards Board's initial Conceptual Framework (CF) in 1989, its then merger with Financial Accounting Standards Board (FASB) and subsequent divorce from FASB in 2010, the Qualitative Characteristics (QCs) have been questioned. There remains a lack of confidence by users and preparers over the main purpose of annual reports being stewardship or financial strength (Cascino et al., 2016); the completeness of the characteristics (Nobes and Stadler, 2014); questioning whether 'transparency' should now be included as a qualitative characteristic; the terminology used (Sutton, Cordery and van Zijl, 2015, 'faithful representation' v 'reliability'); and the definitions of those characteristic terms that were used (Deller, 2018, on 'prudence'). Our view, also expressed elsewhere (Williams, 2018; Whittington, 2016; van Beest et al., 2009), is that the 2010 CF remains incomplete and under-emphasizes concepts such as 'prudence' and 'matching'. Nobes and Stadler (2014) reflected on the QC of 'transparency', meaning enhanced disclosure; additional information; improved visibility of information and non-secrecy by companies and countries of registration, having been omitted from the 2010 CF. Indeed, the Financial Conduct Authority (FCA) recently issued its own 'disclosure and transparency' rules for its regulated banks'. If these significant omissions are shown to be correct after both evidential Content Analysis (CA)[i] and further mixed methods paradigm studies (following in part Parasuraman, Zeithamel and Berry, 1985) and Foucauldian[ii] Critical Discourse Analysis (CDA)[iii], then a revised chapter in the international CF on the QCs of decision-useful financial information could be formulated and submitted to the IASB for due consideration and possible international implementation (Evans, Lusher and Day, 2019).

The regulatory framework is the most important element in ensuring that relevant and faithfully presented financial information meets the needs of shareholders and other users. Without a single body, such as the IASB, being overall responsible for producing financial reporting standards and a framework of general principles within which they can be produced, there would be no means of enforcing compliance with accounting regulations. Also, accounting regulations would be unable to evolve in any structured way in response to changes in economic conditions. The research behind this paper has been positioned just prior to and immediately after the revised CF issued by the IASB late March 2018.

This paper fills a gap in prior research and goes on to offer an original contribution to knowledge around potential significant omissions of constraints surrounding the qualitative characteristics, discusses the reinstatement of 'decision-useful' in the chapter title, and the bias over completeness of all comments received by the IASB's project team's technical writers.

This paper is organised into eight sections: Section 2 outlines the literature review; Section 3 discusses methodology; Section 4 reports results; Section 5 discusses the results; Section 6 provides policy implications, recommendations and limitations; and Section 7 provides a summary and conclusion.

2. Literature Review

2.1 Qualitative Characteristics

There are very few pre-eminent papers which investigate more than two QCs. Amongst those are van Beest et al. (2009) who split the main QCs into 21 items, all within fundamental and enhancing classifications under a decision-usefulness approach. These twenty-one items were each operationalised using predictive and confirmatory statements, examining to what extent financial reports met each of the QCs separately and in combination. Van Beest et al. (2009) applied their approach by scoring these items for one hundred and twenty firms. Limitations of van Beest et al. (2009)'s study are that it is based on a relatively small sample, and that the study's validity should be compared by measuring its results to the decision-usefulness of financial reporting as perceived by stakeholders such as equity providers or lenders.

The first empirical study using publicly available data to provide direct evidence about the role of QCs of financial information in accounting decisions, was carried out by Nobes and Stadler (2014). Their hypothesis was that managers more frequently explain an accounting policy change by referring to QCs when the change concerned a measurement choice rather than a presentation choice, as size of accounting numbers is more important than presentation. They investigated whether firm size, leverage, profitability and country factors such as cultural differences were associated with references to QCs. Nobes and Stadler (2014) hand-collected forty thousand, eight hundred and ninety-five IFRS policy choices on sixteen topics as found in the 2005-2011 financial statements of five hundred and fourteen firms from ten countries. These countries had large stock markets and firms using IFRS since 2005 or earlier. Nobes and Stadler (2014) employed content analysis in order to find the reasons given for IFRS policy changes. They found that more than half the reasons for accounting policy changes given referred to 'relevance', 'faithful representation', 'comparability' and 'understandability'. Firms also frequently referred to 'transparency', which is not directly mentioned in the CF. Nobes and Stadler (2014) also found that references to QCs in accounting policy changes were positively associated with a firm's size, and with a measure of transparency. This was also found by Barth and Schipper (2008). Nobes and Stadler (2014) commented that 'prudence' was seldom referred to, given the controversy about its removal from the CF in 2010. Logistic regression models with QCs given as a reason for change, along with topic, country, industry, size, leverage, profitability, and listing denoted as variables, were used to find statistically significant variables associated with references to QCs. Further regression analyses using measurement as a variable were used to test the hypothesis. These regressions showed that references to QCs are positively and robustly associated with 'transparency' at a statistically significant 5% level. Nobes and Stadler (2014)'s scope for their empirical work was wider than in prior literature, because their methodology allowed them to analyse a large set of QCs instead of just one or a limited number, for example, 'relevance' (Koonce et al., 2011), 'understandability' (Jones and Smith, 2014), and 'transparency' (Barth et al., 2013).

Sutton et al. (2015) was making the case that the primary purpose of a CF is to provide the principles for the development of accounting standards that will result in financial reporting which is useful to investors. They proposed a coherent CF to drive the development of financial reporting standards, such that the standards would not require tight codification through extensive lists of rules. Sutton et al., (2015), to support their findings, did not collect data or do any analysis at all outside of providing what is essentially a discussion paper of concepts and thoughts, both from themselves, and from numerous other commentators such as Gebhardt et al. (2014), Cascino et al. (2013), Zeff (2013). Another area of debate by Sutton et al. (2015) was in the dichotomy between stewardship (a company's track record) and decision usefulness (linked to a company's prospects).

Carrying on the debate of Sutton et al. (2015) further, the European Financial Reporting Action Group (EFRAG) and the Institute of Chartered Accountants of Scotland (ICAS) issued a research report (Cascino et al., 2016) that examined the use of financial reporting by professional investors making valuation or stewardship decisions. The empirical investigative evidence was based on both quantitative and qualitative data obtained from a series of eighty-one face-to-face interviews with professional investors based in sixteen countries. Amongst their findings they discovered that the objective of investors (valuation or stewardship) did matter. The IASB has placed through its revised CF more emphasis on providing information for assessing management performance (stewardship) (IASB 2105), which prompted Cascino et al. (2017)'s research looking into the fundamental question in financial accounting: whether a single set of general purpose financial statements can satisfy heterogeneous user needs, a question underlying the import of this paper.

2.2 Foucault, the IASB, and the Conceptual Framework

Foucault can be described as one of the most influential thinkers of our time (Faubion, 2019) through in part his work on power, governmentality and subjectification. Foucault believed we (as professional accountants) live in a Panopticon, because we live our lives as though we are constantly being watched and held to those professional standards (Abraham and Bamber, 2017). Foucault's point about power is that if you can dictate the parameters that people use to understand the most fundamental things about their existence, the vocabulary they use to think about who they are, that is where true power lies, for example, the IASB controlling the dominant narrative within the accounting profession.

When both the boards of FASB and the IASB issued a discussion paper in July 2006 and an exposure draft in May 2008 on the CF, neither board had held a public hearing. Therefore, views of users, professionals and academics had been subjectified, which meant that the IASB/FASB boards could drive their CF projects in the direction they deemed most desirable for themselves and not necessarily having users and preparers of financial reports requirements to heart. Furthermore, the Board has responsibility for approving and issuing International Financial Reporting Interpretations Committee (IFRIC) analyses and exposure drafts, yet there is no oversight that any dissenting opinions are not suppressed (Carter and Warren, 2018). The IASB controls the standard-setting process and even the Conceptual Framework. Post the global financial crisis, ontologically[iv], the IASB is suffering a legitimacy crisis due to accounting regulation being subject to unmatched political scrutiny, whilst its ideological strategy is operating to reinstitute its technocratic power, 'masked' as it is (Carter and Warren, 2018; Pelger and Spiess, 2017; Wingard et al., 2016).

Horngren (1981), a former CF standard setter, argued that each member of a standard-setting board has their own individual CF based on many years of professional experience. Regardless of the Board's agreed-upon framework, the members' individual frameworks may be the ones ultimately that shape standards and interpretations. Individual accountants not only come to occupy spaces in the social hierarchy, but through their continual subjectification positioned as they are professionally, through their professional ethics and code of conduct within accounting's governance structures, come to know and accept their place. According to Foucault (2000), individuals self-govern so that truth is what is accepted in games of truth and what it is that is required of an individual to be valorised within the discourse of accounting.

Foucault's (2002) work is concerned with formulating an understanding of how certain paradigms come to stand for and function as truth. Foucault (2002) posits the possible insurrection of subjectified forms of knowledge, that is, to historical contents that have been buried or masked in functional coherences or formal systematisations. These subjectified forms of knowledge are regarded as non-conceptual ways of knowing that are naïve; inferior and insufficiently elaborated, and below the required level of erudition or scientificity. Subjectified knowledge is a form of knowledge that has been buried under the official or dominant forms of knowledge that emerge within a social order. Subjectification's many forms coalesce on both direct grounds of performance management and accountability systems; and indirectly from leading and controlling or persuasive influential individuals or accounting bodies.

Other Foucauldian concepts, such as problematisation, critique, scepticism and textualism are also relevant here, particularly Foucault's concepts of power, governmentality and subjectification. Foucault had no interest in business, however if he had he might have split companies into two categories: those that understand the power of taxonomies and those that don't, (Schumpeter, 2018). Foucault has his supporters and detractors in equal measure. Nevertheless, his work is valuable to help critique the discourse of the IASB and their Conceptual Framework in particular. Therefore, the apparent incongruity of bringing a Foucauldian lens to bear on the field of accounting can be justified by outlining exactly how Foucault's work can shed new light on this topic. On the one hand is the great challenge it mounts in terms of power, problematisation, critique, scepticism, subjectivity, textualism and governmentality and on the other, the analytical reward that can be reaped by applying his tools and concepts to issues within accounting discourses (Gillies, 2013).

FASB's governmentality and power over the IASB arose out of the privileged 'inner circle' status it had attained through membership of the IASB and the number of support staff the FASB brought with it on merging, as well as the momentum of the FASB's own continuing improvements projects (Whittington, 2016).

With reference to QCs, the last time these were figuratively shown was in FASB's SFAC No.2 in 1980. FASB's influence over the IASB was evidenced in the later creation of a new, joint, CF for both the IASB and FASB, by 2010 where 'reliability' as a fundamental QC was replaced by 'faithful representation', while 'prudence' supporting 'reliability', was eliminated altogether. On these two bodies 'divorce' in 2010, direct comparability diverged, the literature on financial reporting further showing that FASB were geared towards investors with a decision-useful aim, while the IASB required governance or stewardship to be financial reporting's underlying main aim (Cascino et al., 2017, Cascino et al., 2016). The IASB's stewardship stance is supported by Pirveli and Zimmermann (2019), along with Gassen (2008) who 'revealed the controlling-usefulness is becoming more pronounced as the valuation-usefulness of accounting information declines.'

Insert figure 1 about here

On this basis, the present study explored the completeness of these QCs (as shown in figure 1), in response to a literature review (Evans, Lusher, Day, 2021, *in preparation*) that showed no universally agreed and overarching conceptual context of the QCs, using both Foucauldian Critical Discourse Analysis (CDA) and CA paradigms to elucidate the inclusion conundrum (Evans, et al., 2019). Foucauldian analysis allows a focus on power relationships, governmentality and subjectification in accounting society, as expressed through language and practices of the IASB who ultimately decide on the QCs and the IASB's interaction with professional accountants preparing international, domestic UK and local Isle of Man (IoM) banks' annual reports. The primary objective of this study was to explore the completeness of the IASB's QCs in order to improve financial information in annual reports of companies, specifically accounting policies and their changes, all within the overarching requirement of decision-useful financial reporting.

3. Methodology

3.1 Foucauldian Critical Discourse Analysis

Foucault was incorporated as the philosophical weltanschauung, using CDA, focusing on power relationships in accounting society as expressed through language and practices of the IASB who ultimately decide on the QCs and the IASB's interaction with professional accountants preparing international banks annual reports. A post-modern post-structuralist approach was adopted, while retaining awareness of Zeeman et al., (2002). The extent to which the user or preparer of banks annual reports can influence the QCs was explored initially through interviewing both users and preparers, asking questions over both the possible subjugation of other plausible QCs by the IASB and the governmentality of the IASB by restricting the QCs that can be used and their ranking as fundamental or enhancing in the CF. A second step analysed the text from the changes in accounting policy notes of banks prepared both before and after the revision of the CF in late March 2018, to establish further the governmentality and power of the IASB's discourse and the subjectification of users and preparers. The final step collected data from the comment letters sent to the IASB, and amongst other enquiries, analysing the comment questions and answers using intellectual freedom to subjectively interpret the discourse arising from the comment letters from banks and banking associations.

3.2 Method and Procedure

Following approval from the University Research Ethics Committee, the first strand of the study employed in-depth, semi-structured interviews to investigate the magnitude and the nature of disclosures of QCs provided by interviewing preparers of banks annual reports, as well as users of such reports represented by investment/chartered financial analyst societies. A CA of selected banks annual reports changes in accounting policies both before and after the revision date formed the second strand; allowing for identification of the impact, if any, of the revised QCs. The coding procedures followed in part Nobes and Stadler, 2014. The final strand involved content analysing comment letters provided to the IASB before revision for QCs that were proposed, but did not find their way into the revised CF, as they could provide evidence of the governmentality and power of the IASB to subjectify other stakeholders input into the revision process.

The regulated banks population from which samples were selected for the in-depth, semi-structured interviews, and content analysis, below, had a homogeneity of cultural and national statutory reporting requirements, all using IFRS as adopted by their respective countries, which assisted in the elimination of bias.

3.3 In-depth Interviews

The sample for the semi-structured interviews held with preparers reached saturation at the fifth interview. All preparer interviews were with heads of financial reporting of each of their separate banks and there was further homogeneity in the population interviewed, as all preparers were professionally qualified accountants. All preparers and users who participated in the interviews provided their informed consent. Confidentiality was ensured whereby data was unable to identify the participants or their organisations. Participants were reminded of their right to withdraw from the study at any point and participation was entirely voluntary. Debriefing took place with individual users and preparers following each interview. Data were transcribed verbatim and a written summary of the overall findings was provided to participants. To ensure anonymity was preserved, pseudonyms or code numbers were used during the research process. All interviews were manually transcribed.

An initial upfront pilot interview with a local Isle of Man (IoM) bank, a member of the preparer grouping, incorporating the updated QCs in the 2018 revised CF document, helped inform the direction of the semi-structured interviews held with the users and preparers to ensure the participant's voice was heard and that the researcher was not leading the interview. Interviews lasted 30-60 minutes and took place in the second half of 2018. Each repeated question was auto-coded such that all respondents' answers were accessible independently (Krippendorff, 1989). To achieve this, interview text was transcribed, sorted and structured using the manual method following the steps suggested by Ose

(2016). The ten steps used were: 1. Audio files from the interviews; 2. Transcription of the audio files into Microsoft® Word; 3. Transference of the text from Word to Microsoft® Excel, separated into logical chapters and subchapters; 4. Preparation of the Excel workbook for manual coding; 5. Coding of all the content in Excel; 6. Preparation of the coded interviews for sorting; 7. Sorting the coded data in excel; 8. Transference of the interview quotes back from Excel into Word; 9. Sorting the interview text into a logical structure based on the coding; 10. Analysis of the coded interview data.

3.4 Coding Frame

The coding unit used in the current study was the QC or its synonyms and phrases and the number of times it was used. The volume of times the QC was referred to was deemed to signify the relative importance of a particular QC (Bernard et al., 2017; Krippendorff, 1989). Finningham (2010) and Unerman (2000) contended that the most suitable coding unit was the proportion of a page devoted to a particular issue. It was argued that the amount of space given to the topic indicated the relative importance of the topic to those who produced the document. Coder reliability, mitigating researcher bias, was ensured by there being only one researcher as the coder, and having reliable and accurate decision rules for coding. The most important concern was to ensure the consistency and transparency of the analysis processes used to enhance the validity and rigour of the study. Text from the interviews was coded in Word and Excel, then data were analysed manually once sorted into themes that coalesced around the existing QCs.

Data from changes in accounting policy notes from preparers' annual reports were collected to explore the QCs used within the sample banks covering the IoM, United Kingdom (UK), South Africa (SA), and Australia, before and after the CF March 2018 revision. As with Dunne et al. (2008), this analysis focused on the non-financial statement section of the annual report. Specifically, the basis of preparation note and the changes in accounting policy note, or in their absence, the changes brought about by updated IFRS accounting standards. The remainder of the accounting policy notes were not considered as any change in them would have been resultant of a measurement change and not a policy change.

3.5 Content Analysis

Four UK banks, one SA, one Australian, and six IoM banks, equating to 24 annual reports in total, were selected for CA. All interviewed banks were included in the sample, to allow for triangulation between results. Those banks on the IoM reporting under IFRS were chosen, rejecting those that use FRS 102. This allowed the preparer sample to include 100% of the IoM banks that met this criterion of reporting under IFRS. An initial upfront pilot CA of an IoM bank annual report helped inform the direction of the CA of all annual reports selected. The pilot study illustrated the difficulties in judging how to code written texts into mutually exclusive categories. Analysis of changes in accounting policy notes or basis of preparation notes was carried out manually using a set of decision rules with coding procedures in line with Nobes and Stadler (2014). Individual QCs were discussed under this strand of CA of changes in accounting policy notes due to the ability to relate notes found such as that for IFRS 9 to each QC.

The final strand involved an extraction and analysis of all the comment letters written into the IASB at its discussion paper stage, which are all publicly available documents from individual banks and banking associations. It was considered necessary for assessment of the completeness of the QCs to ascertain using CA whether there were any QCs subjugated by the IASB that had been put forward by the banks and banking associations that did not make it to the final CF chapter and were possibly not fully discussed along the way.

4. Results

4.1 Key considerations extracted from Foucauldian Critical Discourse Analysis

An observation that was expected to come out of this research relating to power of the IASB arises directly from the power that the CF provides to the IASB as the CF strengthens the IASB's position for establishing financial standards in the private sector with which the banks would then have to follow. This was not elucidated by the participants, more that power which concerned them came from the national regulator, not the IASB. As pilot preparer illustrates:

> *Always felt that the IASB is more to do with the quality of financial reporting than the regulation/control of accountants as such. They do well in terms of defining and moulding the IFRSs and determining what is required in that sense. Whilst they drive the output of accountants work there is still significant judgement on the part of the accountant in preparing the financial statements.*

Other participants reiterated these thoughts and in summary the IASB has perceived power as indirect not direct, by guiding national accounting standard setters and regulatory bodies.

As the IASB is a private-sector standard-setter with no elected or other governmental authority, transparent standard setting with the participation of constituents is a crucial element of its legitimacy. The IASB does incorporate formal public consultations in its due process and informal methods including meetings within the IASB amongst its staff (Jorissen et al., 2012, and Huian, 2013), as participant 14 confers:

> *We did think about the CF when we were talking about this, whether this asset and liability should be recognised, because it was the only way, there wasn't really a standard that said this is what you should do, and we were pondering whether an asset and liability actually existed, but it depended on the (indistinct) pattern as to whether it existed. We might look at other banks to see what they are doing. Our primary driver is what our group issues as instructions about financial statements, and we are waiting for the IFRS stuff so that we follow, and in part that reduces the work locally because PWC would have already considered those disclosures and agreed them, and therefore we haven't got to go back through the loop…*

This shows that the IoM banks in particular are not aware of the governmentality of the IASB. Another participant mentioned the dilemma over cryptocurrency reporting, whether there is an asset that can be fairly valued, and noted that IFRS has not given any specific guidance, so the external auditors would be consulted. This raised a further difficulty for some participants in that as they are regulated banks, they are not supposed to obtain advice from their external auditors who in turn are responsible for the audit of the repercussions of the financial reporting advice given. Whilst the preparers felt that they were having to just accept the QCs, user participants were more sanguine and felt they did have a say, as participant 22 deliberates:

> *As there is an exposure draft which is publicly available before the standard is adopted, gives anyone the opportunity to interrogate what is coming up or what they are planning to implement.*

Another user verbalised this reflection that:

> *The qualitative characteristics seem to be an adjunct to the CF, ranking secondary to the quantitative requirements.*

Participant 12 summed up the majority of the interview responses by stating that they were inclined not to agree, as they believed the process to be transparent enough. The topic of 'subjectivity and subjugated knowledge' is emphasised again in the comment letters and the QCs that were raised by those comment letters that never made it through to the final revision of the CF.

Overall, the interviewees appeared to portray the opinion that the CF project had had some useful outcomes, with more clarity being given on certain terms and also the reintroduction of some items ('prudence') that were removed from the 2010 framework. However, all participants were actually oblivious as to the compilation of the project team at the IASB for the CF project. They had no idea that a significant share of the members were in fact from the banking industry. Many said it showed a 'lack of interest' on their part. The evident lack of knowledge of the participants around the IASB's project committee meant that most participants could only provide a 'no comment' answer. The lack of widespread participation in the IFRS setting process can be criticised, particularly in the light of the financial crisis of 2008. Comment letters are assigned a pivotal role in the deliberations process and it is just such input as comment letters that affords input legitimacy, where constituents that are affected by the standard, have been seen to have contributed towards the standard-setting process (Dobler and Knospe, 2016).

4.2 Key findings from Content Analysis

Users were found to have different interests in disclosures compared to preparers. Hence it was anticipated that the QCs used in the changes in accounting policies CA, as well as those QCs emphasized by preparers in the interviews, would be different to those preferred by users. One preparer's stance on the QCs was not to regurgitate the CF's QCs, but to state that the UK corporate governance code principles were more important to have in mind when preparing the annual report. There were similarities with the CF's 'relevance' and 'faithful representation' and the enhancing 'understandability'. However, principles of 'fair, balanced' and 'understandable' prioritised characteristics differently to the CF, elevating 'understandable' from an enhancing level characteristic to that of fundamental. Respondents also commented on the fact that key QCs were dependent on who the audience was. As can be seen in Table 1, interviewees were aware of the two fundamental characteristics being 'relevance' and 'faithful representation' and the enhancing characteristics of 'understandability', 'timeliness' and 'comparability' were well recognised. There was an emphasis on 'timeliness' by both the preparers and users as a QC that they each felt needed to be responded about, while it was raised by a preparer that information for the regulator should be accommodated as a QC.

Insert table 1 about here

In terms of suggestions for improving the QCs, participant 12 alluded to the viewpoint that 'relevance' was fundamental to them and 'faithful representation was less so.' This tied in with the expression of the chapter on QCs having been technically well written, rather than being more insightful which would have further supported their 'relevance' priority. Participant 13 had no improvements to suggest for the QCs, however believed that:

> *New standards such as IFRS 9 on financial instruments bring in a whole raft of additional disclosure, and the danger is that you keep adding more and more which then starts to detract from the overall because you just end up with pages and pages of stuff which is very difficult to get to the bottom of.*

'Transparency' was raised obiter dicta, however not as a determining characteristic of decision-useful financial information but as participant 14 positioned it:

'Transparency' is a sum of the other parts.

'Transparency' is a fairly poor stand-alone characteristic, because of how much information is (on applying transparency) needed to be shown'. 'Transparency' was raised as a determinant of decision-useful financial information for users who would be wanting to see conservatism in the disclosures, while 'transparency' was not found in the offshore banks' minimalist disclosures that were designed to meet the accounting standard disclosures and the banks' group accounting policies. Overall, 'transparency' is more than 'neutrality' and a case could be made for 'transparency' to be included as a constraint.

As shown in figure 2, the QCs have increased substantially from pre to post the revised CF, which could be the result of increased awareness of the terms, or it could have resulted from the increased size of the annual reports themselves from one year to the next. The annual reports analyzed for QCs were those of the IoM banks and Nationwide Building Society. Where the IoM bank had a holding bank, the holding bank's group accounts were selected instead. This resulted in a selection of UK, Spanish and SA bank's group accounts. Included in the CA were direct terms not listed in the CF as QCs (such as 'matching', 'regulatory' and 'transparency') in order to ascertain the extent of their and their synonyms' direct usage and possible inclusion in further QCs or constraints.

Insert figure 2 about here

From the interviews, particularly with the IoM banks and comment letters from banks and banking associations such as Deutsche Bank and the European Banking Association, it became apparent that banks may need to recognise their regulator(s) more as further users because banking regulations may indicate reliance on financial information for their prudential assessments inclusive of the bank's annual report. Hence to include 'regulatory/supervisory' as a potential constraint or a practical consideration, a limitation or a restriction, may have credence particularly as the regulations, which could be national accounting standards in addition to the banking regulators requirements, could have a likely direct effect on the QCs of 'comparability' and 'timeliness'. Even if one extrapolates this to IFRS standards, accounting regulations apply, so consideration could be given to including 'regulatory/supervisory' conditions as a new constraint. Our data concede that 'materiality' is entity specific and can remain under 'relevance', however, it may potentially also remain as a constraint. Our data also confirm that further discussion may need to take place over the potential reinstatement of 'decision' into the title of the CF and the three possible further constraints of 'transparency', 'regulatory/supervisory' and 'materiality' which may be added.

4.3 Data synthesis

Therefore, in bringing together the key findings from our data, we propose the addition of the five golden threads, depicted in figure 3 marked in red, namely, decision-useful, transparency, regulatory/supervisory, materiality, and power of selection of the QCs and their constraints.

Insert figure 3 about here

5. Discussion

This study contributes to our understanding of power of and governmentality by the IASB as it extends findings from previous research (Carter and Warren, 2018) with the use of contemporary and novel data obtained from interviews using an alternative angle of inquiry, which suggests that the IASB is suffering a legitimacy crisis. In addition, and unlike Nobes and Stadler, 2014, which used publicly available data to provide direct evidence about the role of QCs of financial information in accounting decisions, this study is the first to identify the role of the QCs to be minimal from a practical point of view; and largely theoretical. Moreover, our findings show that the revised CF has had little effect on the QCs used in financial reporting of banks.

The methodological tactic of using Foucauldian CDA in this research has included the analysis of texts such as the IASB's own pronouncements on the QCs. This aspect of the research was less oriented towards lexicosyntactic features of the texts and more focused on cultural and social resources and constructs affecting the IASB and its interactions with the accountancy profession. The methodological tactic deployed here has been to move back and forth from an analysis of the participants' interviews to the theorised power, political relations, and historical change of the IASB under scrutiny as evidenced by other researchers own normative reading of the texts emanating from and about the IASB. This Foucauldian technique is an interactional and almost ethnomethodological analysis that grafts Foucauldian concepts of power into analyses made, remaining post-structuralist and post-Marxist. The role of this analysis using a Foucauldian lens is to possibly aid in a transformation of the IASB by unveiling and mobilising opinion about their actions. Regardless of which philosophic linguistic and political analysis is made, there is a need to return to the issue of power when intellectually studying the IASB.

Moreover, we found that the power of the IASB was felt to be more indirect than direct, with the regulator having a more direct prominent role than that of the IASB. Likewise, the governmentality of the IASB was not felt as strongly by the banking participants as anticipated, seeing instead their external auditors as more directly influential, particularly when accounting policies wording needed to be decided upon. Indeed, the IoM bank participants relied more heavily on their group determining the accounting policy wording and disclosure and doubt was cast over whether the IASB's QCs were referred to at all by this grouping. The acceptance of the IASB's CF by the preparers and users showed not their subjectification, but their apparent almost indifference. Indeed, participants thought the IASB's processes transparent enough, yet incongruously could not offer any thoughts about the members comprising the IASB's CF project committee probably because they did not know who the members were, even though there was a significant proportion of banking industry representation. The low interaction with the IASB by the banks from the IoM, UK, SA and Australia, along with users interviewed from all the geographical areas except for Australia, is because there is a reliance by such professional accountants on both their professional accounting bodies, and the applicable regulators. Foucault's 'Panopticon of Power' depicts these relationships. This lack of direct knowledge and involvement is surprising given the recent financial crisis, and the need to have a level playing field for all banks disclosures that fairly represent and is relevant.

Unlike Nobes and Stadler (2014), who only looked at accounting policy changes, the present study included initial accounting policy choices as well as any possible accounting policy changes of going concern banks. Nobes and Stadler (2014) looked at 434 policy changes, finding 147 explained using one or more qualitative characteristics, in particular, 'relevance', 'faithful representation', 'comparability', 'understandability' and transparency or clarity which had also been found earlier by Dichev et al. (2013). Using the same criteria for scoring as Nobes and Stadler (2014), this study did not find any further QCs to that offered by the Board's CF.

None of the five questions asked by the IASB, at the time of the issuance of the 2015 exposure draft, of its stakeholders, mentioned 'decision-useful' or even useful financial information. The interviewees', when asked specifically about whether the concept of 'decision-useful' should be reinstated or not, overwhelmingly suggested that it need not. Indeed, the comment letters supported this viewpoint all be it from a more 'loaded' question as framed and put to users of the Conceptual Framework for the 2015 exposure draft. The German Savings Banks Association letter by Goebel and Rutenberg (2015) most eloquently stated its outlier view, that decision-usefulness and stewardship are intertwined and not easily separable. FASB sees 'stewardship' as a sub-set of 'decision-usefulness', while incongruously, and with its power and governmentality, the IASB has foisted the term 'stewardship' to locate a more prominent position in its CF, subordinating the term 'decision' instead to each and nearly every paragraph describing the individual QCs and constraints therein. It is therefore proposed that 'decision-useful' be reinstated in the title. Curiously, as it is known that banks have a majority participation on the board of the IASB, ignoring some banks' comment letters suggests that the inner circle of the IASB excludes bank representatives, thereby enabling their own opinions to be foisted as conclusive, a reflection of the Foucauldian power and governmentality argued here.

'Transparency' may be an additional criteria of decision-useful financial reporting, not as some authors have proposed, a QC in its own right (Cascino et al., 2016; 2017; Nobes and Stadler, 2014); and that if the chairperson of major UK banks and professors of accounting were to be shown the recommended QCs outlined here (see Figure 3), incorporating 'transparency', that it may be accepted. 'Transparency' appears more in the nature of a practical consideration or 'criterion', rather than an enhancing QC; and as one of the criteria, may be more readily accepted by stakeholders.

It is conceded here that materiality is entity specific and can remain under 'relevance', however, it may potentially also remain as a constraint, a practical consideration where FASB showed materiality as a constraint from 1980 onwards. An entity can choose to report immaterial information, and in so doing has considered what information is disclosed amount-wise. FASB Concept Statement 8, paragraph BC 3.18, reports that *"a standard setter does not consider materiality when it is developing standards because it is an entity-specific consideration*". Standard-setters are not the only users of the CF, preparers may have a practical consideration to make as to materiality of the transaction or event when choosing between accounting policies; and hence why 'materiality' should be seriously reconsidered as being reinstated as a constraint, while also being defined under 'relevance' as it is at present.

One of the reasons that further discussion may need to take place over the above potential reinstatement of 'decision' into the title of the CF and the three possible further constraints of 'transparency', 'regulatory/supervisory' and 'materiality' which may be added is that from studying what Foucault (2002) can teach us about power, governmentality and possibly subjectification, is the fault in the CF acceptance procedure. Comment letters from the exposure draft stage for example are published, however the IASB working group is determined by the IASB itself, and the working group's technical writers can 'cherry pick' what goes through to the final condition of the CF and what does not. Minority discourses could have been written out and over by the dominant IASB.

6. Policy implications, recommendations and limitations

6.1 Policy implications and recommendations

It is feasible that a high-speed outcome may have been considered more important by the IASB than a high-quality outcome when publishing the revised CF. From the combined findings of this study, changes in accounting policies and analysis of the comment letters through a Foucauldian lens, a number of policy implications are recommended as follows:

a. Number of choices provided in the IFRSs be limited (Kvaal and Nobes, 2010) for global comparability;
b. Users to engage more with financial reporting process in order to enhance the usability of financial reports and to ensure that published reports are useful for decision-making purposes;
c. The adjective 'decision-useful' be reintroduced back into the title of the second chapter of the revised CF, replacing 'useful' financial information. This is because financial information is nearly always likely to be used for decision-making, more so than for stewardship or financial governance calls about the running of the entity;
d. Linking 'standard' accounting policies to online annual report web pages would reduce and make more user-friendly information provided to users;
e. In corroboration with the New Zealand Accounting Standards Board (IFRS, 2019), accounting policy options offered to preparers of banks financial statements in the IFRS standards could be less prescriptive (less rule-based) and more principles-based;
f. Further dissemination of educational materials, webinars and other non-mandatory guidance.

6.2 Limitations

This contextually relevant and timely analysis matters, as it both informs and inflects accounting society debate. Nevertheless, should be considered in light of improbable shortfalls of the present study. The decision to analyse accounting policy choices of banks' annual reports published in the year prior to and following the publication of the revised CF may be recognised as a limitation of the present study because findings may not be upheld in future annual reports or results that may have been anticipated by the early-adopters. Although the completeness of the IASB's QCs has endeavoured to be pronounced upon from the periods chosen in this study, an examination of annual reports accounting policy changes for the same banks over a longer time period. It is also acknowledged that the present study could be limited in scope in that the revised CF applies to all listed companies that have adopted IFRS, whilst this exploration of the impact of this requirement on a sample of banks' annual reports only, and this sample, although saturating the IoM banks' that met the applicability conditions for analysis, used very few UK banks and singular banks in SA and Australia. This sample could therefore be extended to obtain further confirmation of findings. Nonetheless, this study benefits from including an island economy's banks for the first time. Moreover, this research was intentionally limited to focus on the completeness of the QCs for both preparers and users. User groupings were limited to Investment Analyst Society members and did not include other user groups such as employees, lenders, suppliers, trade creditors, customers, government, or the general public. Although beyond the scope of the current study, a survey of the completeness of the QCs using other groups may yield further relevant data on revision of the CF. Focussing on the main user grouping has provided in-depth findings to emerge from the grouping which may not have been found if a smorgasbord of user groupings had been included within the study. Other limitations relate to the research methods employed, as it is acknowledged that the use of content analysis techniques and Foucauldian CDA involve a substantial element of subjectivity, with researcher bias having a significant impact on the decisions taken when collecting, analysing and interpreting data.

7. Summary and conclusion

In conclusion, this study aimed to explore the completeness of the QCs described in the revised CF, using CA and Foucauldian CDA. These findings provide a comprehensive understanding of the completeness of the IASB's CF QCs, positioning the Foucauldian lens analysis of the power and governmentality of the IASB such that improvements can be made from the suggestions given and further valid constraints of 'transparency', 'regulatory / supervisory', and 'materiality' incorporated into the QCs chapter on post-implementation revision. It is also proposed from this research that the adjective 'decision' could be reinstated into the title of the CF describing the usefulness of the financial information. It is also proposed that the IASB has a more representative working group that considers the comment letters at exposure draft stage, and that the feedback statement may be more comprehensively written to accommodate all the suggestions, whether considered further or not, unlike as at present where the IASB Project group has the last say and may not be accounting for all comments received from its members in practice or in academia.

Submitting these findings to the IASB shall assist in the development and improvement of international accounting standards that use valid QCs, set within complete practical considerations or constraints; in order that preparers may develop consistent accounting policies when no standard applies to a transaction or event.

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Notes

[i] Content analysis is a widely used qualitative research technique designed to interpret meaning from the content of data in the form of text, using various coding schemes. Krippendorff (1989) described content analysis as, '... a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use.'

[ii] Foucault (1926-1984) was a prominent French philosopher in the structuralist and post-structuralist waves of French thought. Foucault's philosophical work oriented historical ideas that worked to our present understanding, to improve how we do things now. He looked back in the past to try sort out issues of his time, a philosophical historian, or archaeological genealogist, influenced in his approach by Friedrich Nietzsche (1874), and followed recently by Flyvbjerg (1998).

[iii] The CDA approach to text analysis draws on the post-Marxist, post-structuralist, Frankfurt School of critical theory, more fully generated by the French philosophers' Foucault and Derrida, who looked at the nature of language and its meaning.

[iv] Philosophy of reality

Figure 1. IASB's qualitative characteristics, 2015 (Adapted from IASB (2015), Exposure Draft ED/2015/3, Conceptual Framework for Financial Reporting)

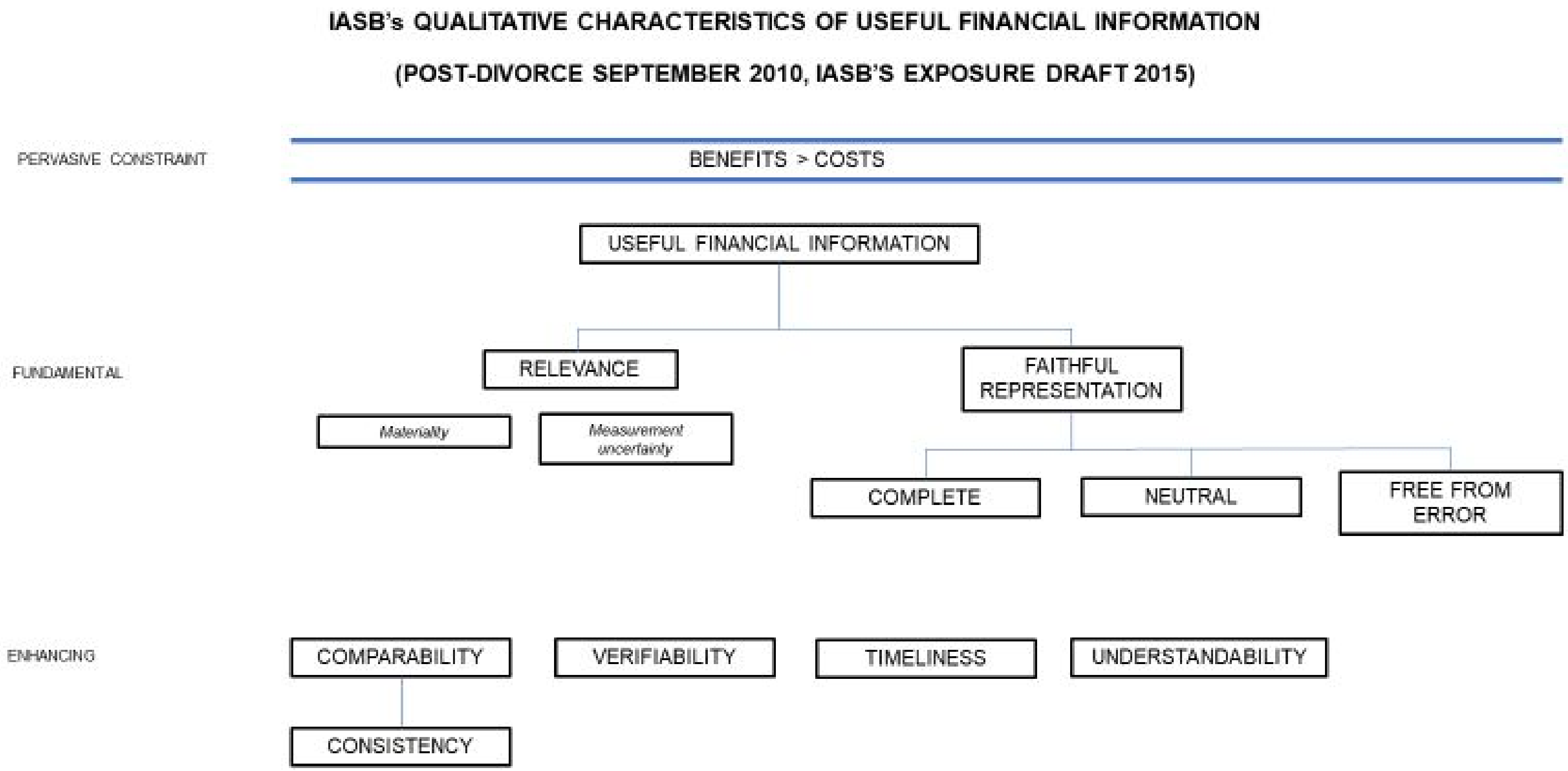

Figure 2. Qualitative Characteristics disclosure by the Conceptual Framework before and after revision

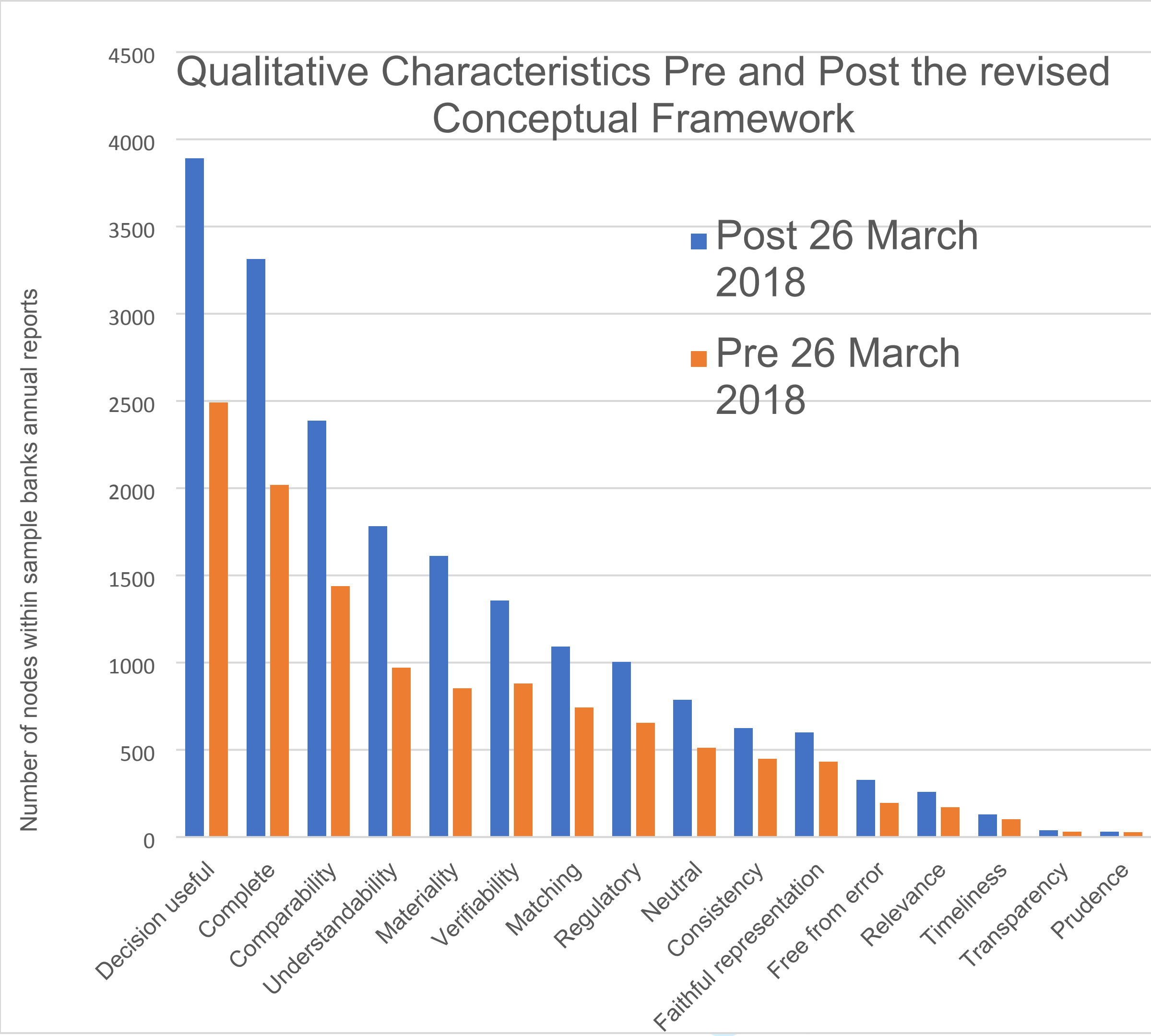

Figure 3. Suggested Qualitative Characteristics (Adapted from original FASB hierarchy of accounting qualities 1980, to this 2019 study)

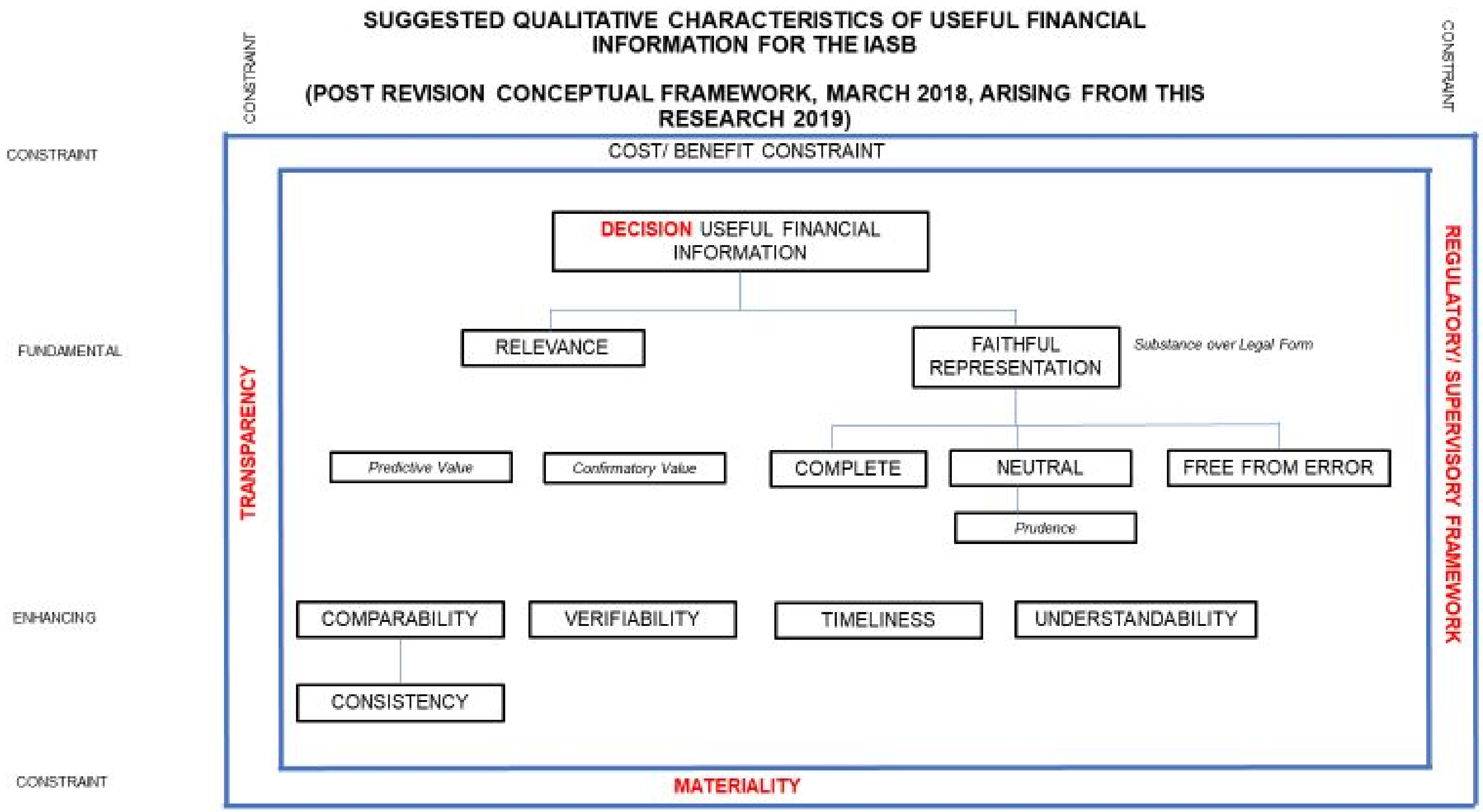

Table 1. Summary of key QC responses from interviewees, preparers and users.

Key Qualitative Characteristic (preparers and users)	12	13	14	15	21	22
Relevance (Fundamental QC)			✓	✓		✓
Faithful Representation (Fundamental QC)	✓				✓	✓
Understandability (Enhancing QC)	✓	✓			✓	
Accessibility (not a QC at present)		✓				
Comparability (Enhancing QC)		✓		✓		✓
Usefulness (Constraint)		✓				
Presentability (not a QC at present)		✓				
Timeliness (as in Current-ness)			✓	✓		✓
Non-overdisclosure (not a QC at present)			✓			
Consistency (Enhancing QC, part of comparability)				✓		
Verifiability (Enhancing QC)					✓	
Fair and Balanced	✓					
Information for the Regulator (constraint)		✓				