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**Private intervention in actual and
new forms of regulation:**

From the International Accounting Standards Board Framework
towards new regulatory contexts.

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*A mio padre, l'uomo che vorrei essere
A mia madre, per avermi mostrato la via,
ad Aurora, per essere stata il mio sorriso
nel momento più duro del percorso.*

*Alla famiglia che ho conosciuto
in questa magnifica città,
per le memorie che mi avete regalato.*

*Infine,
a Venezia.
Avrei voluto fermare il tempo,
ma ora so che è fermo solo per te.
È difficile accettare di essere solo un passeggero
fra i tuoi vicoli eterni,
ma tu non sarai mai di passaggio nel mio cuore.*

Abstract

Private intervention in regulation is nowadays one of the most debated themes that concern international governance dynamics, and the International Accounting Standards Board is an eminent example of how a private entity could be tasked with the power to intervene in regulation. The aim of this work is to understand and define the framework on which IASB is based, to acknowledge the functioning of private intervention in regulation on the one hand, and to analyze the possible application of such framework in new regulatory contexts on the other. The analysis carried out in this work has been conducted through the interpretation of literary contributions that refer to different areas of academic thinking, to reflect the multidisciplinary nature of the theme chosen. The method used has been the critical review of an extensive literary corpus of heterogeneous nature, in order to define the characteristics of the accounting regulatory framework in which IASB moves, to identify which are the elements that have constituted the success of a private entity in intervening in regulation, and to use these elements to explore expertise-based self-regulation. The application of the defined expertise-based self-regulatory framework to new regulatory contexts is discussed in a dissertation which identifies the Big Data sector as a suitable ground for this integration.

It emerged that the elements that constituted the success of IASB as an expertise based private regulator fall outside the quality of the standards and the economic and financial effects of their application. The idea behind this work is that a multidisciplinary analysis of the implications of this regulatory framework, its integration with international governance dynamics and its possible application to new regulatory contexts could give a contribution in the identification of the funding elements of this success.

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Introduction

In the collective imagination accounting as a subject and the figure of accountant are still connected to the classical activities of bookkeeping, a profession and a practice which are characterized by technical neutrality, abstraction and accuracy.

According to Michael Power (2011), even the claim to be an academic field has always been problematic for accounting, to the extent that the University of Cambridge did not consider it as a “proper university subject” in the 60s. It is interesting that the author collocates the subject in what Goldstein identify as an “epistemological twilight” (1984).

What I personally think is that an approach of this nature does not delegate the subject to a marginal role in academic debate. Conversely, it absolutely contributes to overcome an idea of accounting which deprives it from its deep speculative nature and which has contributed in creating the imagine of the subject as a mere bookkeeping practice, connected more to know-how than to knowledge. Accounting is a tool to communicate and understand reality, thus has political, sociological and philosophical implications.

My idea is that a multidisciplinary approach could overcome the common misconception of the dichotomic incommunicability between different ways of thinking: Humanistic thinking and scientific thinking, speculative thinking and neutral thinking, knowledge and know-how.

What this course of study has taught me is that there is no know-how without knowledge support, and that knowledge without know-how loses its impact in the professional world. With this vision in mind, I wanted to refuse the stereotyped idea of accountant and accounting as a mere bookkeeping practice and use an epistemological approach to shed a light on the phenomenon of private actors’ intervention in regulation, and to use the example of the accounting regulatory sector to investigate the political and social impact of expertise-based self-regulation, through the analysis of the IASB regulatory framework.

IASB is one of the most eminent examples of how a private entity could be tasked with the power to intervene in regulation. The aim of this work is to understand and define the framework on which IASB is based, to acknowledge the functioning of private intervention on regulation on the one hand, and to analyze the possible application of such framework in new regulatory contexts on the other. Its structure is composed of three main chapters and a conclusive one.

The first opens with an historical analysis that underlines how accounting is a subject that has always been carved and influenced by private entities and how its practices were born to serve private needs. It also shows that all the forms of public intervention in the regulation of accounting were inspired by practices introduced by private actors. The historical analysis carried out is aimed both to understand the private influences that historically defined accounting and its regulation and to define the regulatory framework in which IASB moves; in addition to that IASB is defined as the first private actor which managed to successfully, and in a legitimate way, regulate a certain sector of human activity.

The second part of the first chapter is an overview on the contemporary role of the no-profit, that exposes the borders of its adoption at a global level and its governance structure. The analysis of the governance is aimed to understand how the non-for-profit organization manage to be perceived as a reliable private global standard setter. Moreover, the chapter continues with an overview on some evidences, in literature, of the effect of the adoption of the standards in different facets of economy. This overview is aimed to show how, despite the literary results being ambiguous, the no profit has been successful in its affirmation for reasons that fall outside the economical, financial or accounting spheres, and which are relative to the social and political implications of the framework in which it moves. Thus, the attention moves towards a clear definition of this framework and on the procedures used by IASB to serve the needs of the actors of the network in which it moves and exploit and traduce their expertise into standards, managing to be perceived as legitimate at the same time. The second chapter defines the concept of legitimacy and constellation network, together with the concepts of throughput legitimacy and due process. In particular this process is identified as fundamental in the regulatory

framework on which IASB moves. The attention is also moved towards the concepts of lobbying and agencification, and in this sense the framework is furtherly defined and presented as a possible alternative, at the international level, to the traditional regulatory systems based on national or public authority, which fails in regulating fields of human activity that are characterized by the necessity to align the interests of different nations and by a strong relevance of means and competencies which are proper of entities that move beyond the borders of national intervention. This is useful to define and identify new contexts in which it could be possible to apply the regulatory framework defined through the example of IASB.

In the third chapter the context identified, with the example of the Big Data sector, is treated. This analysis is carried out starting from the examination of the subject in general, with the characteristics that make it a good candidate for the possible application of the defined framework. Subsequently the focus is moved towards the actual regulatory situation of the sector. Finally, it is treated the application of the framework itself in the new regulatory context chosen.

The ending chapter includes the conclusion, both with respect to the application of the defined framework in Big Data regulation, and in new regulatory contexts.

The conclusions on this application have their most important impact in the overall comprehension of the defined framework and in the definition of its funding pillars.

I. Private intervention in accounting regulation.

I.1. Accounting and regulation history: a story of private intervention.

This historical overview starts from the ancient origins of accounting and faces its most important events up to the current forms of regulation on the matter.

Its aim is to depict a framework which makes the reader able to understand why accounting regulation has been chosen, in the broader context of this work, as the most successful example of private intervention on regulation. Accounting itself, in fact, can be defined, especially in the light of this first historical analysis, as an instrument used by private actors to understand and communicate economical and financial reality, which evolved according to the increasing complexity of this reality to match the needs of private actors themselves. This summary, which starts from the birth of accounting and is concluded introducing the role in the international context of IFRS foundation and IASB, does not include all the events connected to the matter in the long period under consideration, but makes use of the right relevant historical highlights to underline how accounting and its regulation has always been bonded with private interests, needs, expertise and, as a consequence, influences.

Furthermore, this analysis opens the field for the successive dissertations on the elements that characterize, and, in this chapter, historically determined, the no-profit success in intervening in international and local regulation.

I.1.1. The invention of writing and the first forms of Accounting.

The history of accounting is a long process, which could be conveniently traced back to different periods according to the final aim that the

bookkeeping practice had with respect to the time of reference; standardization is the last step of this process.

The practice has an ancient origin and establishing a precise moment in human history in which bookkeeping has become a practice bounded to defined rules and based on a shared language is not a simple task. In “Origini e Scopi del Bilancio” (1961), A. Bruni, states that it is almost impossible to attribute a date or an origin to the practice, due to a lack of material to study and proper sources. The invention of writing itself is tied to bookkeeping.

According to Denise Schmandt-Besserat researches, among the three forms of writing which independently rose in different parts of the world and different periods, the most ancient *<<traces its beginnings back to an ancient system of accounting>>* used in Mesopotamia since 7500 BC (D.Schmandt-Besserat, 1996, p.1). The populations of that area kept track and accounted for the goods produced through a system based on small tokens. When, between 3350 and 3100 BC, Near East’s functionaries started to transform the tokens into two-dimensions hand-written signs, this signed the birth of writing. The author underlines how the development of writing goes along with the increasing complexity and dimension of information to be processed and it follows the greater level of abstraction required to describe the reality through an accountancy method.

The history of humankind has seen three independent inventions of writing, and the other two, which occurred in China and Mesoamerica centuries later, are based on different conditions and premises. What is for sure is that the Mesopotamic cuneiform writing, invented by Sumer in the region which is nowadays known as Iraq, follows the steady progression of the needs of that population for an instrument to bookkeep and account. Schmandt-Besserat defines writing as *<<humankind’s principal technology for collecting, manipulating, storing, retrieving, communicating and disseminating information>>* (Schmandt-Besserat, 2014, p.1). Defining writing as a technology to communicate and collect information is interesting in order to understand the principles on which accounting is

based. Firstly, this definition can lead the reader to reconsider the accounting systems as a language, whose simplest form was writing. Secondly, writing and its use as an instrument to bookkeep, can be seen as the first attempt of humankind to formalize accounting, something which will be subjected to fundamental changes over the years, until the most recent changes to the practice.

Before addressing this evolution, in order to understand the importance of this chapter in the broader context of this work, it is vital to shed a light into an aspect of the birth of writing which is not sufficiently underlined by the actual literature. As already mentioned, the birth of writing is rooted to accounting and bookkeeping.

However, the practice of taking note of counts has been based for four millenniums on a token system. In this sense it is possible, according to Schmandt-Besserat, to identify a precise moment from which Sumer functionaries became scribes translating the token system into writing, and a reason for this change. The token system was in fact, among the different applications, used to taxation aims and credit issues by the city states. When a citizen matured a certain debt towards the tax authorities of the city, tokens representing the amount of their debt were put into a clay box and the coins were impressed on the surface of this envelope in order to verify the content in an easier way. This was the first rudimental example of writing in history. Given that understanding accounting is not the final aim of the archeologist, she does not focus on something which could be crucial in this analysis.

The token system has been used for centuries as a rudimental form of bookkeeping in the city state, that in this context can be seen as the first “ancestral” form of enterprise or organization. The system had to be improved together with the rising complexity of this organization.

It is possible to assert, thus, given the origin of writing, that the token system was sufficient until those population started feeling the need to keep a clear count of the debts of their citizen with the city-state organization. It was the first time in which the organization had to

bookkeep the result of the relation with a wide and complex group of actors, the citizens, and they needed a sophisticated system. Before this need the token system and generally speaking their rudimental bookkeeping's forms were more similar to actual inventories than to what is nowadays considered accounting, and, as already pointed out, writing was at the beginning a language for accounting.

In this sense the birth of writing can be considered as the moment in which bookkeeping became an archetype of what accounting would have been in the next centuries, and this coincides with the new aim of the practice: from keeping count of inventories to note and communicate the relationship between the city state and a multitude of actors. This could be pointed out as the first example of disclosure.

Thus, it is possible to reject the idea of Professor Bruni (1961) of the impossibility of dating the birth of accounting, by aligning it to the emergence of writing.

The increasing complexity in human organization activities in the following centuries led to a growth in the sophistication of accounting and in its capacity to describe and keep count of these activities. In this context the invention of currencies which substituted the barter in trades, and the introduction in western world of Hindu-Arabic numeral system by Leonardo Fibonacci "Pisano", played a significant role, but it is with the invention of Double-entry bookkeeping by Venice merchants that it is possible to talk about modern accounting.

1.1.2. The birth of double entry bookkeeping: how Venetian Merchants invented modern accounting

Double-entry bookkeeping spread through Europe starting from 15th century, due also to the adoption in Venice of the print technology of Gutenberg, which made Venice a printing center in Europe. This technology

helped Venice accounting literature and the subsequent culture to spread all around the world, something which will be boosted by the foundation in 19th century of “Superior School of Accounting”.

Despite Luca Pacioli’s contribution of 1494 being considered the first example of relevant accounting literature by several researchers like Melis (1950); S. Coronello and L. Santaniello (2018) underline how double-entry bookkeeping was already practiced since centuries in Italy, and attributed to Benedetto Cotrugli the role of first known and published illustrator of the Venetian method, leaving to the first one the role of first divulger.

It is interesting to notice how the diffusion of such method is due to Gutemberg print technology. Thus, despite the dating of the method being 15th century, double entry bookkeeping has been used for centuries previously. The authors underline how there were several masters who taught bookkeeping in the previous years and that the Venetian method was probably handed down by the owner of this expertise through hand written books, which were unique and really expensive. In the 14th century double entry bookkeeping was perfected with the invention of journal and general ledger. This is crucial to define modern accounting and a key to understand the analysis carried out in the following chapters for different reasons.

Firstly, the structure itself of those document in the functioning of double entry is to connect the accounting records relevant to each entity to the other entities. In this sense double entry constitutes another evolution of bookkeeping which is relevant not only because it constitutes a fundamental change and a turning point in the presentation of records, but because it added an aim to accounting which is nowadays central in financial statement and which constitutes a founding pillar for the success of standardization. This document added the aim of comparability and put in relation the accounting record of each enterprise to the environment in which it moves. And comparability is the foundation of information, thus the core of disclosure.

In “Accounting and the Venetian Merchants”, published in “The origins of accounting culture: The Venetian Connection”, C. Saccon and D.Alexander (2018) showed, addressing the early adoption in the 13th century of double entry bookkeeping by textile merchants, how a more sophisticated accounting procedure served specific purposes in terms of governance and a rudimental form of management control expressed through monitoring. The authors define reporting as a “social construct”, which is “pragmatic” and “context related”. Consequently, it is possible to conveniently assert that accounting is susceptible to variations depending on the changing needs of societies, and its complexity goes along with that of societies. The fundamental changes of reporting happened in the centuries of middle age, which have their maximum in double entry introduction. This invention served an additional need of merchant and enterprises which rose in that period: the need of report the external relation of an entity. It is not a case that the journal was initially used as a recorded proof in court cases. Before this innovation reporting had been used to monitor and take count of internal happenings within an entity, but then the need arises for disclosing information to the environment.

However, this is still far from the contemporary concept of disclosure. Nevertheless, Sombart (1902) identified double entry bookkeeping and its diffusion as a solid base to the successive develop of the capitalistic socio-economic fabric and the modern concept of company in this context, given the high level of formalization which enhanced enterprises internal control and external organization.

A significant contribute to the accounting literature, which could also contribute in sustaining what asserted above, has been given by Francesco Marchi (1867), who moved a strong critic to the contemporary theories on double entry, underlining that, given that the account of receivables and payables, and more in general credits and debts, refer to real persons, the accounting records have to show clearly the rights and obligations the company has with respect to the “real” people the enterprise interface to, and not only the variations in terms of assets and liabilities. This gives birth

to the so called “accounts personification theory”, which will be furtherly divulged and deepened by different authors of the time.

However, the most explanatory definition, in order to collocate the importance of this theory in the broader context of the evolution of accounting practice as a whole, is the one given by Siboni (2006).

He asserted that *<<the right of the owner matches the obligation of third parties and the obligation of the owner corresponds to third parties’ right>>* (B. Siboni, 2006, p.62).

This supports the idea behind this historical introduction, that accounting is a tool used to describe an economic reality which adapt to its complexity, and, despite having its foundation on the aim of keeping count of internal happenings of entities, continues moving towards an integrated description of the system as a whole.

Furthermore, the ancient accounting Italian literature comprises other two opposites interpretations of accounting which came out in two successive periods and are based respectively on the study of two different authors, Besta (1922) and, years later, Zappa(1937).

The first is the father of “patrimonial” approach. The author overcame the “personification” theory advancing a more “materialistic” approach, in which he remarked that the final aim of financial statement should be to communicate the financial position of a company, as accounted in the balance sheet of the company.

The information which are nowadays expressed through the income statement were expressed as changes in assets and liabilities. This position will be contested by Zappa (1937), who sustains that income variations should be the real focus of accounting and it is strongly relevant because it partially and in a simpler way anticipate the approach of the standard body which is at the center of the analysis of this work considering that the relevance given to income statement by IFRS is also the foundation of Fair Value Accounting. It is thus possible to draw a line in which to an enhancement of reality’s complexity corresponds an increase in the need for information provided by accounting.

The history of modern accounting is full of theories and approaches to the practice that responds to these needs. However, the historical introduction above is aimed to underline how these needs tend to favor the interaction of different actors of the economic system who ask for better disclosure. Historically, these actors are private and the public authority in its different forms, despite a long history of bookkeeping practice, has never regulated the matter, at least before attempts started in the 19th century. Starting from 19th century, in Italy but also in other parts of Europe and in the US, this increasing needs for disclosure resulted in various form of accounting regulation, which, responding to the birth and successive evolution of financial market and globalization, will result in the contemporary international regulation, which has its core in the standardization process. Despite different attempt of the public authority to regulate the matter, accounting was born as a private practice, made by private for private actors. And that, as shown in the next chapters, is one of the reasons why private influence is central in accounting regulation.

1.1.3. From the first forms of regulation to harmonization

Despite being administered and influenced for almost all its history by private actors, accounting started to be a subject of financial regulation in the 19th century, based on different previous forms of Trade Laws whose first example is the French Ordonnance de commerce of 1673.

As underlined by D.Gulin, S.Ferdo et al. (2002), the origin of accounting regulation in European countries is based their trade laws. Their research shows how Jacques Savary's Trade law of 1673, served as a model for other countries, and how this trade law is based on the interpretation Italian practice and the analysis of French trade. An interesting conclusion that could be made in the light of their work, is how, despite starting to be regulated by national rules, usefulness, and in particular the actual application of accounting, has a much bigger impact on it than the intention of public authorities towards it. This is confirmed by the fact that the first

form of regulation of the practice were inspired by French trade law, which in turn was based on Italian expertise in the matter.

Indeed, national regulation on accounting already tended to converge one with each other without any influence by a transnational regulator, long before the start of harmonization process. The term harmonization is similar to standardization, but in this context is used because at the time it was not possible to talk about standards. While standardization will be used to indicate the adoption of regulatory standard, the term harmonization will refer to the process of convergence of local regulation to international regulation in 20th century through the adoption of standards. Before the standards started to affirm and be broadly adopted, the term convergence will be more suitable. Before the establishment of IASB on the ashes of IASC in 2001, talking about standardization is still premature, given that the state tended to make their regulation converge with IASC standards instead of adopting them, at least for non-listed company. The term convergence will better describe the process that took place from 1973, year of the foundation of IASC, until 2001. Before 1973 it is still correct to use the term harmonization. Coming back to the harmonization phenomenon itself, the origins of it are relevant in the optic of the final aim of this work.

It has been said, in fact, that French trade law was inspired by Italian expertise and practice. This practice, with its rules and technicalities, was invented by private actors, the merchants of Venice, and formalized through the actual application of it on the interest of private actors itself. Thus, accounting regulation was directly and indirectly affected by private intervention since its birth. The Table 1 shows compare the birth of Trade law and the establishment of the respective accounting regulation for different European Country, and is particularly relevant in this work because it gives a visual summary of the different periods in which harmonization started in each country. Furthermore, it underlines the consequentiality between Trade Law adoption and Accounting Regulation establishment not only within the borders of each single country, but also

how harmonization followed a self-reinforcing pattern at the international level, in particular after the establishment of the French Trade Law, which accelerated the process throughout Europe.

Table 1. The evolution of national accounting regulation in different countries,

| COUNTRY | TRADE LAW companies law | START OF ACCOUNTING REGULATIONS | START OF AUDIT REGULATIONS |
|--------------------|--|--|---|
| AUSTRIA | 1717 <i>Allgemeines Handelgesetzbuch</i> | 1768 <i>Hofdekret</i> | 1899 <i>amendments to Allgem. Handelgesetzbuch</i> |
| BELGIUM | 1807 <i>Code de Commerce</i> | 1807 <i>Code de Commerce</i> | 1873 <i>Document parlementaires de Belgique</i> |
| DENMARK | 1788 <i>Noeringsloven</i> | 1912 <i>Bogforingsloven</i> | 1909 <i>lov om statsautoriserede revisorloven</i> |
| FINLAND | 1895 <i>Laki Osakeyhtiöistä</i> | 1895 <i>Laki Osakeyhtiöistä</i> | 1914 <i>Laivalmistelukunnan edhatus ostukseki Osakeyhtiöistä</i> |
| FRANCE | 1673 <i>Ordonnance de Commerce</i> | 1807 <i>Code de Commerce</i> | 1867 <i>Code de Commerce</i> |
| GREECE | 1920 <i>Company Law</i> | 1952 <i>Code of books and records</i> | 1955 <i>Istitute of Sworn-in-Accountants</i> |
| IRELAND | 1921 <i>Companies Act</i> | 1921 <i>Companies Act</i> | 1963 <i>Companies Act</i> |
| ITALY | 1882 <i>Commercial Code (Civil Code)</i> | 1882 <i>Commercial Code (Civil Code)</i> | 1865 <i>Rivista di Amministrazione e Contabilità</i> |
| LUXEMBURG | 1807 <i>Code de Commerce</i> | 1807 <i>Code de Commerce</i> | 1915 <i>Code de Commerce</i> |
| GERMANY | 1794 <i>Preussisches Allgemeines Rech</i> | 1794 <i>Preussisches Allgemeines Rech</i> | 1887 <i>Beeidete Buchrevisoren (Lubeck, Hamburg, Bremen)</i> |
| NETHERLANDS | 1811 <i>Code de Commerce</i> | 1838 <i>Code de Commerce</i> | 1910 <i>Code de Commerce (Chambers of Commerce)</i> |
| PORTUGAL | 1755 <i>Junta de Comercio</i> | 1756 <i>Junta de Comercio</i> | 1930 <i>Comora dos Revisores Oficiais de Contas</i> |
| SPAIN | 1829 <i>Codigo de Comercio</i> | 1829 <i>Codigo de Comercio</i> | 1943 <i>Instituto de Censores Jurados de Cuentos</i> |
| SWEDEN | 1848 <i>Companies Act</i> | 1855 <i>Companies Act</i> | 1912 <i>Stockholm Chamber of Commerce</i> |
| G. BRITAIN | 1844 <i>Joint Stock Companies Act</i> | 1844 <i>Joint Stock Companies Act</i> | 1844 <i>Joint Stock Companies Act</i> |

Source: "Research forum (Austria, Belgium, Denmark, Finland, France, Germany, Netherlands, Spain, Sweden, Great Britain) European Accounting Review 1993. European Accounting Guide (Greece, Italy, Ireland, Luxembourg, Portugal), Harcourt Brace&Company, New York, 1995." In D.Gulin, S.Ferdo et al., 2002, "History Of Accounting Regulation In The Europe And Its Effects On The Accounting Regulation", working paper, faculty of economic, Zagreb.

In addition, the actual inspiration of French national regulation to Italian practice could constitute a first example of a concept that will be central furtherly in this work: the concept of output legitimacy, defined in the literature of Tamm Hallstrom and Bostrom (2010), and Botzem and Dobusch (2012). In their research contribution the authors define the concept of output legitimacy with respect to the IFRS/IAS standards, considering the actual adoption by national regulatory bodies, of the standards, as the strongest form of Output legitimacy.

However, the inspiration of French national regulation of 1807, to Italian practice, can substantially constitute an ante litteram example of the output legitimacy defined by the authors. This concept, together with that of throughput legitimacy, will be central in this work and will be furtherly deepened with respect to private and self-regulation. The second part of this historical overview on accounting and regulation will highlight how this tendency will be only confirmed in the subsequent centuries and how private influences carved the matter until nowadays.

I.1.4. International regulation and the beginning of harmonization

The harmonization phenomenon started in Europe with the adoption by several countries of Napoleon's trade law of 1807, which required the draft of balance sheet and income statement. In the second half of the 20th century the European Economic Community, which will later result in European Community and, after Maastricht Treat, European Union, established the common market and starting from 1978 the European Community Directive gave birth to the true harmonization period, while in 1973 the International Accounting Standard Committee (IASB) was established.

European context in this period started to be more complex: while the EC directives initially referred only to the companies operating at the international level, successively the harmonization process started including national laws.

With respect to the harmonization, Fox, Hanna, Helliard and Veneziani (2013) show how in Italy, being a Civil Law country, accounting is mostly regulated by this last, so by national rules. Thus, Italy was the last in EC to implement the directives into its national regulation.

In this context, all the companies listed in the NYSE had to disclose their financial performance according to US GAAP. At the same time, IASB, which was a non-profit private organization, started to spread its accounting standards and in 1995 it signed an agreement with IOSCO (International Organization of Securities Commission), to recommend the standards. According to European Accountant Federation (EAF) the difference between International Accounting Standards of IASB and the directives were not so strong, an idea that was afterwards consistent with EU Commission analysis in 1997.

With respect to consolidation, which was the only area of exception in the consistency of IAS with the Directives, there was an attempt of the EU Commission to have an influence on the IASB.

The problem which rose in this sense is interesting for further analyses; the EU Commission has not, in fact, cohesive ideas on the matter, especially considered the deep difference existing among the EU members. As said, above the difference on accounting regulation which could occur between two European countries are substantial. Italy and United Kingdom constitute a relevant example, with the first relying much more on the dependence of accounting rules from national regulation and the second being more open to adopt international directives on the matter. These differences are not based on government's arbitrary choices. Instead, these are the product of cultural, political and jurisprudential traditions. In this sense the two countries represent two opposites, with Italy having a legal system based on civil law and UK collocating itself in common law countries. This aspect has a substantial impact on accounting regulation, which in Italy is more stringent and tend to be incorporated into its national regulation, which derives from the civil code, and in UK leaves more spaces to the interpretation of customs and regulatory choices which

could be useful, allowing an easier adoption of international directives. Despite with respect to this last consideration, the reader has no choice but to observe these differences, which are deeply rooted to the judicial tradition of the countries themselves, as regards to institutional elements like corporate ownerships the implications of these differences leave space for debate.

As pointed out by Fox, Hannah, Helliard, and Veneziani (2013), in fact, UK firms rely on capital markets to raise money, and so financial reporting is needed to ensure transparency and market efficiency while companies in Italy are often family owned and financed through banks, making creditors' needs more dominant in financial statements. Finally, in terms of culture, the UK has traditionally relied on accrual accounting as a key concept, while prudence has traditionally dominated in Italy.

On the basis of the history of accounting, and now with the support of what happened with accounting regulation and harmonization, this last consideration perfectly introduces one of the concepts which constitutes the groundwork for this research.

In particular, being a really technical matter, accounting is more effectively regulated by private entities influences. Double entry bookkeeping was an invention which has been formalized after centuries of use by merchants and other private actors. Modern accounting matter is actually the product of the application of the bookkeeping practices which better responded to the need of society, and in particular the private actors. The formalization of the bookkeeping practice during the years is based on what practices served better these private actors, so on which practices were the most useful, and this usefulness is not ex-ante. In contrast, it is based on the application itself of them. This is the reason why certain public entities fail in regulating the accounting framework, and why at the time EU failed in influencing the IASB.

In addition, it is possible to notice, under the light of the considerations which have been done about the differences of institutional elements between UK and Italy, how national regulation itself has been carved by the

characteristics of corporate ownership in a certain country. These unique characteristics played their role, together with jurisdictional tradition, ideological factors and political tendencies which are country specific, in shaping the national regulatory context of UK and Italy.

Coming back to the harmonization process, in the subsequent years EU Commission, with document²², prescribed the companies operating within the European framework to disclose two documents, one in accordance with the Directives, and the other with the international financial market requirements, thus creating an incongruence between the two reports.

In this context IASC, which, as already mentioned, was a non-for-profit-private organization, started to affirm itself as a standard setter, responding the needs of the system for a private intervention to harvest and summarize the expertise of all the actors involved in and by accounting regulation, to produce standards which could be useful.

The term “Useful” is here used in the sense that P. Andon, J. Baxter et al, in “Accounting For Stakeholders And Making Accounting Useful” (2015), defined: a standard is useful when it is actually applied and used and “made useful” in practice by the actors of the network. This last concept is of fundamental importance in the context of this work and will be subject of a further analysis in the next chapter.

Before moving on with the process which brought IASC to affirm itself as a standard setter, it could be interesting to assess why the concept of disclosure has been stressed at various level in this historical analysis. Using the definition given by Nölke and Perry, <<*Accounting is a system for measuring economic activity and therefore, in an economic world characterized by division and specialisation of labour, it is an important and necessary social practice*>> (James Perry & Andreas Nölke, 2006, p. 560). This is particularly true with respect to disclosure, which is the main tool through which it is possible to measure economic activities within all the kinds of organizations, thus it constitutes the core of the modern concept of accounting.

I.1.5. The foundation of IASC and the rise of the convergence

The role of International Accounting Standards Board as a transnational standards setter has been in the eye of different studies and analysis in the last decades. According to Stephen A. Zeff (2012) the map of companies' financial reporting has been reshaped by the production of the International Financial Reporting Standards by IASB.

However, the affirmation of IASB has been previously set by the birth and the activity of the International Accounting Standard Committee, the first private entity tasked with the aim of regulating accounting. The emergence of the IASC answered the growing demand for a transnational standardized accounting language which could describe a globalized and complex reality of multinational actors.

In the second after war each country had its unique accounting practice.

Despite the harmonization process was already born, the difference on these practices made international dialogue and comparability difficult, particularly for those matters which concerned the accountability of taxation, which is inherently different among different countries, balance sheet, and income statement elements which are based to an evaluation which could be arbitrary if not sufficiently regulated. Different Anglo-American countries had issued their Global Accepted Accounting Principle, following the US example, and even among these countries the difference in accounting practice was significant. Zeff underlined how Australia, New Zealand and the UK let companies value property, plant and equipment, while Canada and the US were bonded to historical cost (2012).

Among the differences pointed out by Zeff this is the most interesting, following this introductory historical analysis, because it confirms the assumptions on which it is based. The practice of evaluating PPE (Property, Plant and Equipment) at the historical cost was in fact connected, according to the author, to the conservative influence of the SEC. This shows again how public entities have an influence on accounting regulation which is often not in line with the needs of the international players and tend to

defend principles which do not support privates' necessities. The countries which adopted GAAP had already developed capital markets and were sufficiently financialized.

In the context of financialization the historical value of items does not respond to the needs of stakeholders who ask for a measure which is the nearest to the market value, in order to reduce asymmetry of information and errors in the valuation of companies. Furthermore, the decision of the SEC at the time, in the sense of not complying with similar countries practices, creates discrepancies in reporting which do not favor comparability of international and national companies.

The adoption of Fair Value Accounting will favor and be favored by financialization and will answer the needs of private actors. It is not a case that the adoption of FVA will be promoted by IASB in the decades that followed. Moving to a broader context, the differences with countries with less developed capital markets like European countries and Japan, or developing countries, in which financial disclosure was "minimal" (Zeff, 2012), were even stronger and more critical. In particular, national regulation on accounting in Europe, which was more based on civil codes, tended to be driven by income taxation (Germany) and prudence principles, in particular in Italy. In 1960s the series of acquisition made by American companies over European ones gave another incentive to the market need for a shared language for accounting. In these years it is relevant the first example of a totally private intervention on national regulation based on expertise and need for usefulness of accounting practice.

Lord Benson, president of the Institute of Chartered Accountants in England and Wales (ICAEW) and partner at Cooper Brothers and Co., which is now part of PricewaterhouseCoopers., an auditing and consultancy firm which, nowadays, has a deep influence on setting accounting standards and holds a big portion of the global expertise on accounting matter, founded the Accountant International Study Group (AISG) to face the issue of different practices in accounting in the international context. Many institutions, like the American Institute of Certified Public Accountant

(AICPA), the Canadian Institute of Chartered Accountants (CICA), the Institute of Chartered Accountants of Scotland, and the Institute of Chartered Accountants in Ireland (Zeff, 2012, p. 809). This led to an official comparison of accounting practices in UK, US and Canada and will lead to the foundation, incentivized by Benson, of International Accounting Standards Committee in 1973. This fact is important because shows effectively two concepts that are central in understanding private influence on accounting regulation, whose one will be a key in introducing the application of private intervention on other forms of regulation.

Firstly, this event showed how private intervention could have an impact at the international level in the most significant manner possible, so when driven by a single human being, whose expertise could be useful for regulation and whose interest are aligned with those of the network not because they represent the needs of a particular social group, but because this interest is totally driven by considerations which are logically derived by the expertise on the matter itself.

To summarize what said above, an expert knows exactly what is useful to regulate the matter that he masters and the opinion of experts tend often to converge because these are driven by utility and not by political ideologies; this, admitted that private influences do not carry with themselves personal or group interests, something which often happens.

This is confirmed by the fact that, according to Zeff (2012), Benson decided to set the IASC with the aim of promoting a change in accounting regulation in UK and to oppose to the Germany's tax oriented accounting practice which was being adopted in the European Economic Community.

In second place it is shown how a single entity can rely on a such deep and broad expertise and can leverage means that are so strong to have an actual political impact in the regulatory context. This second concept will be furtherly investigated both in relation to IASB and with respect to the new regulatory context which are subject of this analysis.

IASC was joined by representant from nine countries, among which there were United States, United Kingdom, Germany and, which agreed on

promoting the use of IASC standards in their countries, despite most of them still defending the sovereignty on accounting practice of their countries' government. This happened because these countries considered, at least at the time and with respect to Anglo-American countries, their national regulation as superior to IASC standards; however, the committee received in the first years of its activity the support of SEC and different multinationals companies.

It is particularly relevant the example of Exxon, General Electric and FMC Corporation, who drafted their financial report consistently with IAS in the 80s. This support has been fundamental for the private entity success and affirmation as the <<*the one private actor tasked with the right to set international standards for financial reporting and accounting in general*>> (Botzem, 2014, p. 934).

On the one hand, in fact, the support of a public entity has a strong legitimating power in the international context, because it anticipates IASC recognition as a private regulatory authority by the international network. On the other hand, the compliance of three relevant and influent private actors constitutes a strong confirmation of the usefulness of the standards and on their actual capability of responding users' needs. These two elements are the main pillar to recognize the legitimacy of a private actor intervention on regulation.

1.1.6. From IASC to IASB: the contemporary context

To understand the reasons behind the success of IASC in affirming itself as the global standard setter for accounting it is necessary to shed a light on the one hand on the transformation that the non-for-profit organization underwent in order to respond the changes which were happening internationally in accounting, financial and economic matter, and on the other hand on the support and recognition that IASC received by different actors.

Firstly IASC, as already asserted, was not the first standard setter when it was founded and in the successive years, neither the only attempt to create an international regulator for accounting. Several national regulators were already born when IASC was established and FASB was already trying to affirm itself as a transnational regulator through the issuance of US GAAP at the international level. IASC was the only actor to succeed in gaining and maintaining the legitimacy to create standard which could be drafted internationally. IASC was almost identical to different transnational regulator, with the only difference that it was the only completely private player.

This element is thought to have favored the transformation of the organization in order to better responds the changes in needs of the network which it aimed to regulate. The no-profit was in fact able not only to anticipate the needs of the network, but also to satisfy several clear and formal requests by influent actors, which in exchange for the promise of satisfy their needs in terms of regulation promised to draft IASC standards. The first truly relevant influence in this sense was the promise by International Organization of Securities Commissions (IOSCO) to endorse the standards if IASC would have been able to review their standards and make some changes in order to improve comparability eliminating accounting alternatives, to be adequately strict in terms of disclosure requirements, and to be detailed and complete. IOSCO was almost unknown until 1987, when both the SEC became member of the body. This support was followed by different multinational corporation starting to draft financial statements according or converging to the standards in the period from 1987 to 2000. Among these companies were listed Nestlè, Roche, UBS, Bayer, Deutsche Bank, and Microsoft. In addition to these the audit firm Deloitte & Touche drafted its reports according to IAS (Zeff, Stephen., 2011). These two elements represent the support both of public entities (national regulators), and private entities which had an interest in the possible beneficial influence on financial markets caused by the standardization purposed by IASC. In the successive decade IASC received

another promise of endorsement by the SEC, which was already a member of IASCO and asked in exchange the standards to include a comprehensive, generally accepted basis of accounting; a high quality in terms of comparability and transparency, to provide for full disclosure; and the rigorous application and interpretation of the standards.

The final element that contributed to the success of IASC was its ability to respond to the increasing relevance of capital markets at the international level. This phenomenon, which was already started in the rest of the world, began to spread around Europe in the second half of the nineties. Before this change European countries, in particular Germany and France, *<<were still wrapped in the tradition of an accounting model shaped largely by the legal constraints of taxation and the determination of the dividend to be paid to shareholders. The pervasive principle of prudence, or conservatism, was an unquestioned tenet>>* (Zeff, 2012). In 1993 Daimler-Benz, Europe's largest company, announced its listing on the New York Stock Exchange, tilting Germany, and successively Europe toward the need for accounting standards which could better describe the actual economic reality, favor the investments, and so the needs of capital market investors, and improve comparability and information, in opposition with the past. As said the increase importance of capital markets in Europe was part of a global phenomenon which started years before 1993 and that would have been called "financialization of global economy".

The term financialization, in the existing literature has an history of negative exception. For some authors it refers to *<<the ascendancy of 'shareholder value' as a mode of corporate governance>>* (Krippner, 2005, p.181); other authors underline the inversion of tendency from a bank based financial system, to a capital market based one; Hilferding (1910) used the term 'financialization' to point out the increase in political and economic power of the rentier class. Again, Krippner gave us a definition of the term as a *<<pattern of accumulation in which profit making occurs increasingly through financial channels rather than through trade and commodity production>>* (Krippner, 2004, p.14). The term could also define

the increase in the number of new financial instruments and the explosion of financial trading. Finally, Epstein tried to synthesize all the aspects captured by these definitions describing the phenomenon as <<*the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies*>> (Baker D., Epstein G. and Pollin R., 1998, p.3).

In the context of this work, it is exceptionally relevant how financialization increased the need for an accounting language which could not only increase information and favor different stakeholder interests, in particular investors' ones, but also shared by as many countries as possible, and boost comparability. To this end, an important role has been played by the Fair Value Accounting, which will be the central pillar of IAS/IFRS, and that is defined as an accounting practice to calculate and disclose the value of a company's assets and liabilities based on their current market evaluation. Due to its independence from national and political limitations, but also its ability to respond and satisfy the needs of both European and Anglo-American countries, whose accounting tradition was, as seen, substantially different, IASC benefitted of the financialization of the world economy. It is possible to conclude the one of the main reasons why IASC gathered more support and approvals than other similar organization is its approach towards financialization

In 2001 the organization restructured itself and was renamed International Accounting Standards Board. From that year it finally, and without any competitor, affirmed itself as the first global standard setter for accounting, being able to better serve financial markets to the point to be identified as the driver of this financialization by different authors like Botzem (2014). To this vision, in the light of this historical analysis, it is possible to argue that the relationship between IASC and financialization is the exact opposite: financialization has been one of the main drivers of IAS adoption internationally.

I.2. The contemporary context

As already mentioned in the historical overview carried out in the previous chapter, IASC transformed into International Accounting Standard Board in 2001. The accounting standard issued before that moment by the IASC were called IAS. These standards were adopted by IASB in 2001, and the new non-for-profit organization started to issue its new accounting standards under the name of International Financial Reporting Standards (IFRS). At the time of this restructuring 275 listed companies already claimed to use IAS in drafting their financial report and one year before it, in 2000, European Commission had announced its draft to make the standards mandatory for EU listed company by 2005.

The decision of European Union was driven by two reasons: the first was serving the investor and capital markets oriented financial reality which had rose, and the second was that the main alternative to the IAS, which were the U.S. GAAP, which were thought being not suited to preserve European interests. Conversely, despite the fact that IASB was a private actor and the lack of precedent of a private body setting EU rules, the non-for-profit organization was thought to be the best alternative to serve financial markets on the one hand while preserving EU interests on the other, particularly considering the fact that it would have included different European members.

This is interesting and in some ways it goes against the final aim of this research. It is in fact true that one of the of IASB success was its ability to comply with the financialization of global economy, but in the end what tip the balance of EU favor towards the non for profit organizations was the idea the Commission members that it would have better served European interest. Thus, in the end, it was a political factor that made the true difference. On the other hand, however, IASB gained the support of SEC mostly because of its unique characteristics. In addition, the next chapters will show how this ability of the no profit organization to constitute a good

compromise in the dialogue between private actors and national regulators is one of the things that constitute its successfulness.

In accordance with these aims, one of the IASB's priorities after its restructuring in 2001 was to begin a process of mutual convergence with the FASB. In broad terms, in fact, the most of national GAAP have been based either on IAS or US GAAP. Therefore, according to Practer (2005) IASB representants had understood that the easiest road to a global convergence was to start from aligning IFRS and US GAAP. SEC had already encouraged this convergence and this process was favored by the Robert H. Herz, an ex-partner of Cooper and Lybrands and of the merged PricewaterhouseCoopers and ex member of the IASB, was appointed chairman of FASB in July 2002. He gave his contribute driving the issuance of a Memorandum of Understanding (MoU) known as "The Norwalk Agreement," to make the standards of the two authorities converge.

This constitutes an ulterior example of how regulation was highly influenced by single individuals and their expertise, given that in this case the convergence was driven, at least during its final accomplishment, by Robert Herz.

The turning point in the global adoption of IFRS happened in the years between 2005 and 2008. In 2005, in fact, almost all Eu listed companies started to draft their financial reports in accordance with IFRS, while in 2008 the SEC started considering a proposal to adopt the IFRS in the U.S. Despite these decisions of SEC, after the crisis of 2007, the adoption of IFRS was no more introduced in the US, and was substitute with a project of convergence to IFRS framework which was called "condorsement".

1.2.1. IASB today

As of today, IASB, with its IFRS and IAS, is the most accredited international accounting regulator.

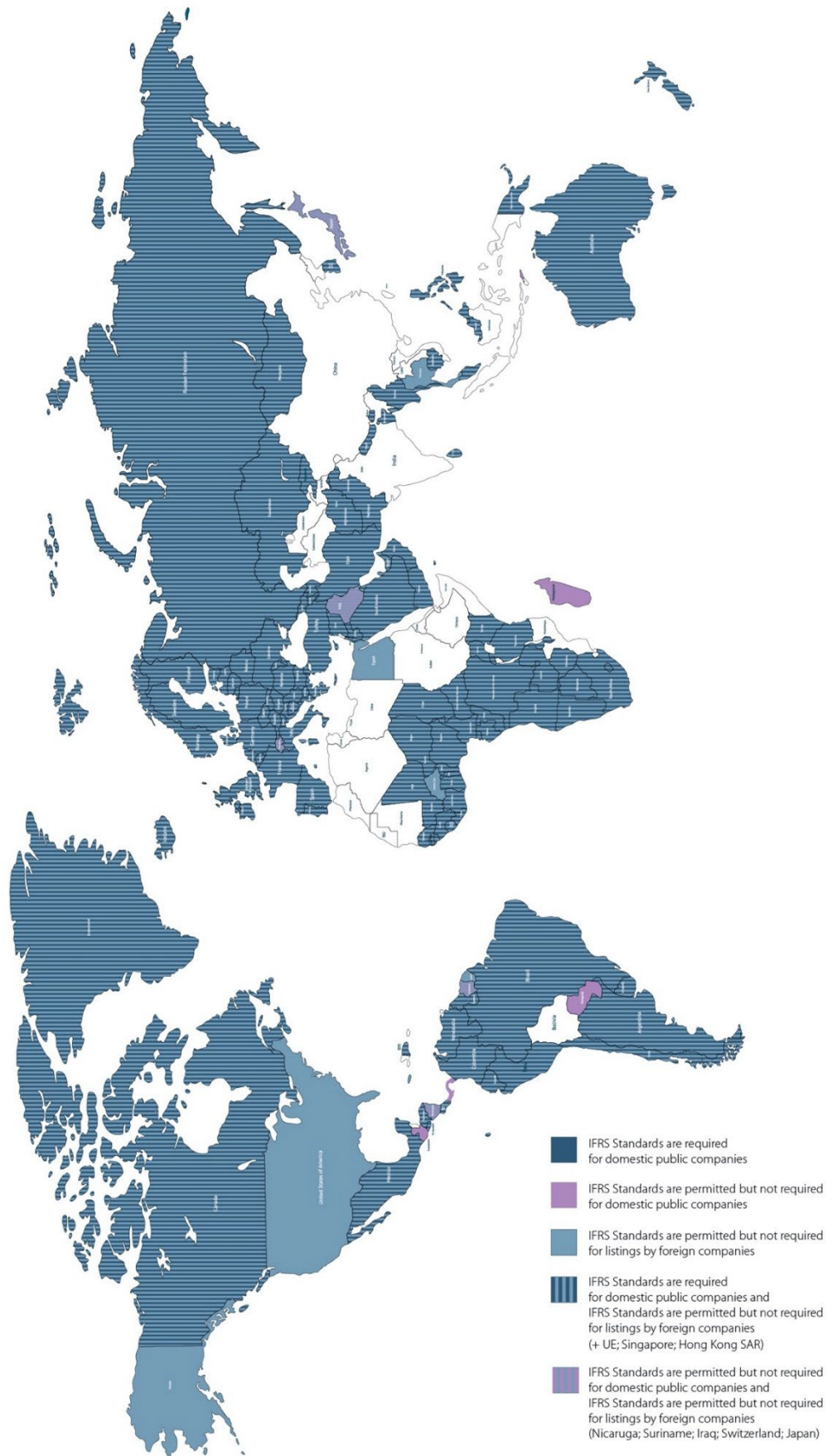
The number of countries which have adopted at different level its standards is more than one hundred and local authorities leave the ground to the no-profit organization to regulate accounting at least for listed companies in most of the cases. In addition to that, the list of local GAAP which converge

to IFRS is even larger. It is possible to divide the different level of integration of the standards into national regulation in two main groups, which are the countries which have adopted the standards for certain groups of companies, and the ones which limited the implementation of the standards to the convergence. It is possible to identify (given the information disclosed on IFRS website), considering all the possible level of adoption of the IFRS for listed companies, three main groups which covers almost all the countries. The first is the group of countries which requires its domestic public companies to draft their financial statements in accordance with the standard, then there is a second group of countries in which the standards are permitted but not required, and a third which require the use of the standards for listing by foreign companies. These three groups can overlap. Figure 1. is a map that shows the distribution of these countries and makes evident that the number of countries which did not experience any influence from the private authority intervention on regulation is limited. In the same way, Figure 2. shows the actual adoption of the standards for SME globally.

These maps have been designed through an extensive analysis of IFRS foundation website, which provide the reader with a list of the countries which adopt IFRS at different levels. On the basis of the list of the website (“Who uses IFRS accounting standards?”, IFRS website <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/>)

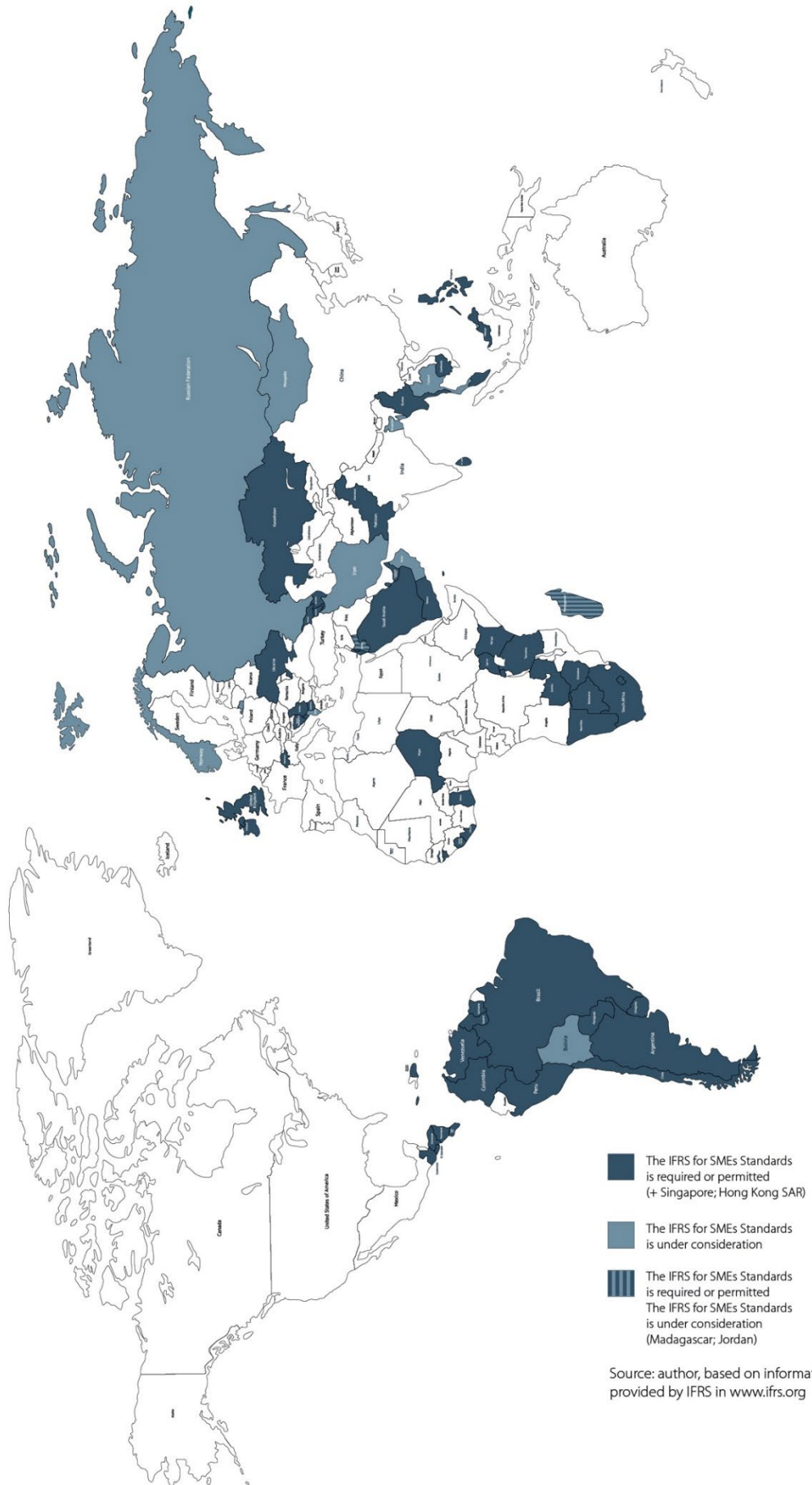
it has been designed a map to facilitate the comprehension of the extension of IFRS adoption. The list from which the data to design the map have been taken is updated to 2023.

Figure 1. Map of the actual adoption of IFRS for public companies



Source: author, based on information provided by IFRS in www.ifrs.org

Figure 2. Map of the actual adoption of IFRS for SME



The way in which the organization was able to obtain such results is interesting and will be addressed in the next chapters, but before doing so it is important to understand its organization and governance. The analysis of its organization is not made on its sake, but essential to understand how the non-profit organization is able to being considered legitimate and reliable in the international context.

Its governance structure is nowadays more complex than in the past. Recently, its three-tier structure based on an independent standard setting board (IASB), a group of 14 trustees from all around the world, and a monitoring body (IFRS foundation monitoring board), evolved. In particular, on 3 november 2021 the trustees of the IFRS foundation announced the creation of International Sustainability Standards Board and its attention and contribute towards integrated reporting is increasing.

Despite being accredited mostly for globally accepted standards for accounting, in fact, in the last decade it has gained reliability as the site of expertise regarding reporting in all its forms. The IFRS foundation website declares that this new board was founded with the aim of satisfy the increasing demand for environmental, sustainability and governance factors that stakeholders, in particular global investors are requiring. It is clear that serving financial markets and support financialization is the element which characterize the foundation, however the last changes in its structure and the increasing relevance of other and new forms of reporting in the activities and interest of the no profit organization can constitute an important sign of an upheaval of the core competence and areas of intervention of the no-profit. This evolution went along with the increasing complexity of the reality to account and followed the transformation of the private organization into a foundation with a complex governance which could guarantee a reliable system of check and balances of its activities. While, before these transformations the IASB's main aim was to provide high quality standards for accounting to improve comparability and favor capital markets, the actual role that the foundation challenges itself with, is to create a complete framework for all the forms of reporting, and in this way providing all the stakeholders with a complete language for disclosure.

This is confirmed by the fact that IFRS foundation increased its attention towards integrated reporting. However, this does not constitute a change of direction in the foundation effort to provide a single language for accounting, favoring investors interest, but, conversely, it represents a further confirmation of how this private organization is able to serve capital markets and adapt to the complexity of the reality.

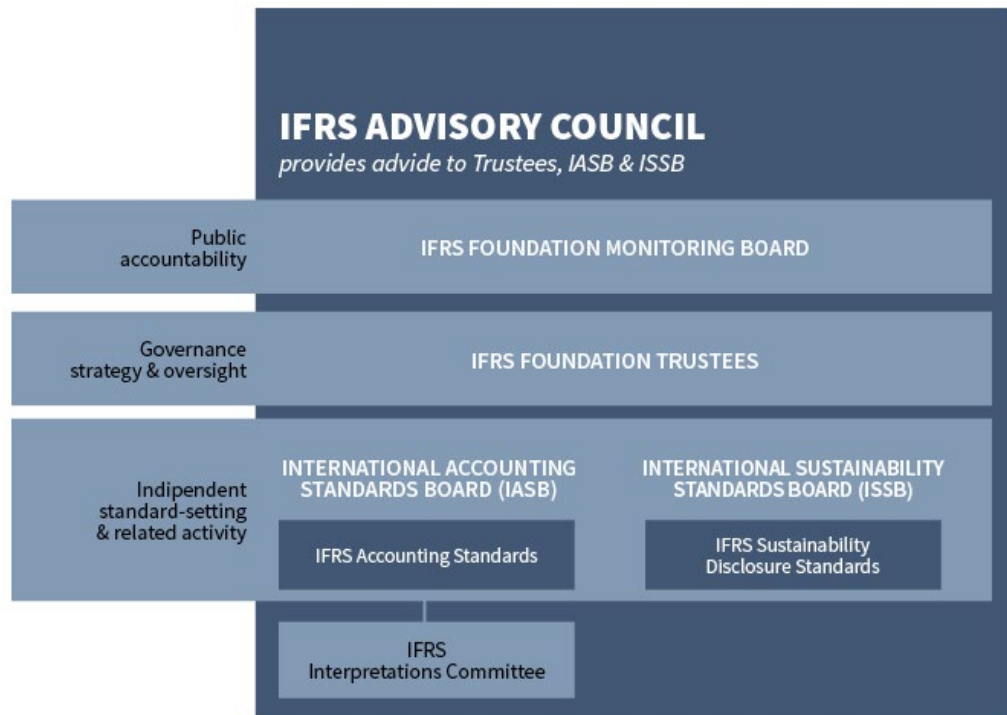
It is possible to assert, given the direction that the foundation has taken in the last years, that it is assuming a complete new role in the global context. The governance structure that the no-profit has assumed perfectly reflects this role. The IFRS foundation is in fact accountable as a public body at a transnational level and it features all the aspects and the governance element which are needed to be considered accountable by the other actors of the transnational network. The central body of the foundation is the IASB, which is tasked with the duty of providing the standards, in addition it is responsible of the amendments to the existing standards. The IASB is sided by an interpretative body which is called IFRS Interpretations Committee and helps the board in supporting the application with consistency of the IAS. This committee is composed by 14 members which are indicated by the Trustees of the Foundation and it is thought to include the best candidates to provide the best technical expertise which could be useful to actually apply the standards. The members of the committee are chosen also with the idea of assuring an high degree of diversity in terms of market experience and international business. Moving to the other bodies of the foundation, The Trustees, which are appointed every three years, are responsible to check the governance and oversight of IFRS foundation, in addition to the activity through which they appoint the monitoring board. Furthermore, they have a broad comprehension of the dynamics of regulation at the international level. This is the most political position an expert can play within the organization, and it is based on a nomination. The composition of the Trustees shall reflect world's capital markets, thus Trustees are selected in a determined proportion from each continent: six are selected from the Asia/Oceania region, six from Europe, six from the Americas, one from Africa and three can be from any area. This should also

ensure a good variety of professional backgrounds. The Trustees of the IFRS Foundation have a committee which is responsible for overseeing the due process and the standard setting procedures.

Finally, the Monitoring Board ensures the Trustees to be perceived as reliable and accountable by national public authorities and is actually in charge of maintaining the public accountability of the organization. It consists of capital markets authorities in charge of setting rules and forms for financial reporting and enables securities regulator to better protect investors and capital markets. It was founded in 2009, and few years later it reviewed its own governance framework, including a broader number of national authorities from emerging markets. In addition, there is a strategic advisor called Advisory Council which has an external influence and internal involvement in the governance of the organization.

Table 2 summarizes and gives a visual impression of the governance structure of the International Accounting Standards Board.

Table 2. IASB governance structure



Source: Author, based on information provided in the IFRS foundation website.

What is mostly interesting with respect to the governance structure is how it increased in complexity together with the relevance and success of the organization in regulating accounting and providing the standards at the international level, and in particular its capacity of self-regulating and providing itself with instruments to gain accountability and transparency in the eye of the international players.

These players consider the organization transparent and reliable also because their expertise, positions, and interest, are represented and, as a consequence, protected by their representant in the organization.

An interesting point in this sense is the fact that, despite being a private organization, the IFRS foundation has provided itself with the governance structure which is typical of international public bodies. Despite the fact

that in the end the organization act at the international level in a similar way to these public bodies, there are two main differences.

The first is that while public bodies are felt legitimate just existing because they are either the product of democratic consensus, or their legitimacy is based, directly or indirectly, to democratic systems, the IFRS foundation has to prove its accountability and maintain its transparency and reliability through clear and measurable procedures.

The first is providing itself with a various and effective governance that could guarantee a system of internal check and balances for its activity, and the other is a transparent and formalized procedure to legitimize its role with all the stakeholders, in particular the external ones. This procedure consists of the so called due process, and is used by the organization to gain reliability on the one hand and to gain an insight into stakeholders needs while having access and exploiting their competencies and expertise.

1.2.2. Brief literature review and the true success of IASB

An analysis of the existing literature about IFRS adoption in the last 20 years, and in particular from the 2005 mandatory adoption of the standards in EU, is relevant, in the context of this work for different reasons. The first is that the international adoption of IFRS standards increased consistently after 2005 all around the globe despite the literature on the benefits of the adoption of the standards is unclear and has given, through the years, different results. In particular, despite being considered effective in terms of reducing asymmetry information, enhancing the comparability of financial reports, improving transparency, lowering costs of capital, improving cross-country investments, it is not clear, in particular in the first years from 2005, at what level these good results can be impute to the IFRS adoption. Furthermore, if the literature regarding the valuation roles of accounting numbers seems going in a positive direction through the adoption of the standards, with respect to the use of accounting numbers for formal contracts (for example covenants) and, in particular, with respect to the actual quality of the standards based accounting in

describing the economic reality has not a clear direction and the opinion of the researchers are controversial, in particular contractability seems to have been reduced after the adoption of the standards.

Ramanna and Sletten (2014) focused their research contribution researching the reasons why despite strong institutional differences across countries and a lack of literature regarding clear and measurable results of a beneficial influence of IFRS adoption, these countries adopted the standards rapidly in the years 2003-2008.

The answer they provide is that the perceived network benefits determined by the worldwide adoption of the standards can explain this phenomenon. The two most important network benefits that influenced countries decisions are the transaction costs reduction and, in particular the economic ties with other countries determined by the adoption of IFRS, considering that the ties with European Union are a strong source of network effect for small countries. The hypothesis of the two authors, thus, is that the adoption of the IFRS standards was self-reinforcing in the period under analysis. Despite this answer could be considered relatable, the question it aims to answer is of key importance in the context of this dissertation. Understanding why IASB has been the first private authority which succeeded in legitimately regulating a sector of human activity despite the lack of evidence of real beneficial effects in all the aspects of the same sector will show which is the element that determined this success.

The final aim of this literature review is in fact showing how, despite different quantitative result with respect to IFRS implementation effects, IASB is still successful because the framework on which is based is successful and considered reliable. Going ahead with this literature overview will point out how the faith of international private and public actors on IASB framework is based on something which precedes standardization and that concerns, instead, the ex-ante definition of a framework in which a private entity is being successful in regulating the dialogue between private and public actor, to the level that different

countries are giving to a single private actor the right to influence their sovereignty.

Before addressing this question it is vital to proceed to an extensive but short overview on the main evidence in literature about the positive or negative effects of IFRS adoption on the various facets of economic reality. The literature regarding the IASB is broad a relevant section of it regards the adoption of IFRS and the most measurable and pragmatic effect of this adoption. For the aim of depicting a summary of this literature it could be useful to divide it into the different economic dimensions that can be influenced by the adoption of the standards and in this sense the first and most relevant is without a doubt that on capital markets. Before addressing this dimension it is interesting to notice the relevance it has in the debate despite the fact that the final aim of the foundation should be creating a common language for accounting that could improve the quality of financial reporting. The truth in this sense is that one of the main drivers for IASB affirmation as the only legitimate transnational and private standard setter was, as already said, its ability to serve financialization and favor capital markets. The evidence in this sense goes in the same direction with most if not all the authors affirming that the adoption of IFRS enhances comparability and transparency, favoring investment at the international level and reducing the cost of equity with consequent impact on cost of debt. This demonstrated effect on capital market is what the European Community cited to justify the switch that gave the regulation mandate to IASB (EC1606/2002).

The effect on capital markets are consistent at different levels, even if not in the same way for each country. The actual literature has studied the effect of the adoption of IFRS on different levels on stock markets, defining the implementation of the standards beneficial at different levels.

A first stream of literature has pointed out the positive stock market reaction to the adoption of the standards both in different periods and for different countries.

Armstrong, Barth, Jagolinzer, and Riedl (2010) examined a strongly positive market reaction which followed the decision to adopt IFRS made by

EU in the early years from the foundation of IASB (2002-2005), the authors underlined how the positive effect on stock prices is larger for firms which are thought to benefit more from the adoption because of a previous lower quality of reporting and higher information asymmetry, while still being high for firms with an already high quality of information. This is an important proof in the direction of the aim of this work, in fact this suggest that the answer of financial markets to the adoption is not determined only by the quantitative effect of it but also on the perceived benefit of the implementation of a single language for accounting, and so a positive answer to harmonization itself and towards the framework that surround the private actor as a whole. Similar results have been found by other studies made in other countries and successive periods, in particular Joos and Leung (2013) investigated the positive reaction of investors towards new which increased the likelihood of a possible IFRS adoption in the US between 2007 and 2012, while Prather-Kinsey and Tanyi (2014) reported a positive price reaction for US firms with American Depositary Receipts which responded to IFRS standards. A similar study, not in the instrument but for investigating the reaction of stock market on a certain country and a determined period, which in this case could be interesting, because a result which goes in the same direction was obtained by different authors in a different time and space. In fact Ben Cheik and Rejeb (2020) reported an improving performance of emerging markets after the implementation of IFRS. With respect to other aspects of the impact of the standards adoption on capital markets, different studies focus on the positive effect of such adoption at different level.

Firstly, a big portion of this literature focuses on the effect on stock liquidity and in the reduction of the cost of capital deriving from the adoption of IFRS. Also regarding this aspect there are different research contribution which could be used as an example to show how similar studies resulted coherent outcomes in different periods and in different geographical areas: cost of capital has been reduced, whit substantial effects on cost of debt, in Germany for a sample of firms which voluntarily adopted IAS (Leuz and Verracchia, 2000), in EU, for a sample of 1084 firms which mandatory adopted IFRS and experienced a reduction of 47 basis point

in their cost of equity, South America, for a sample of firms which mandatory adopted the standards in Argentina, Brazil, Chile, Mexico, and Peru (Freitas de Moura, 2020), and South Korea, where Wook Bin and Hoon Yuk (2018) reported a positive effect on WACC for listed firms after five years from the adoption of IFRS.. With a respect to a second stream regarding cross-countries capital flows, the literature focuses on the reduction of the cost for foreign in understanding local accounting practices (Yu and Wahid, 2014) or for investors promoting standards which are perceived as better because they are used to them, and not for an intrinsic quality of the same (Amiram, 2012). This last fact not only confirms the fact that IASB has not been successful for improving the quality of accounting itself, but for the framework it has created, and also supports the answer provided by Ramanna and Sletten (2014), of a reinforcing power behind the adoption of IFRS. Furthermore, it connects to another stream of literature which is much more various and controversial in terms of results and opinions of the researchers. The results of the research contribution cited about the impact of the adoption related to capital markets and investments could give the impression that the success of the no-profit organization lies on something which is measurable from a financial or accountable point of view, given the positive result harvested.

However, the truth is totally different. The impact of IFRS adoption on aspects of accounting that fall outside the mere capital markets related sphere is in fact far from clear and unequivocal in terms of scientific results. The literature about the impact on the quality of financial statements is in fact ambiguous and the multitude of research contributions that defend the quality of the IFRS accounting framework are put into question and challenged by a long list of experts and researchers that pointed out the dark sides of IFRS.

Despite the effect of the voluntary adoption of IFRS being positive for the most of the cases taken into analysis in literature, of which a good sample can be provided by De George, Emmanuel T., Li, Xi and Shivakumar, Lakshmanan (2016) , who summarized the results of studies published between 1999 and 2015 in accounting journals like Contemporary Accounting Research, Journal of Accounting and Economics, Journal of Accounting Research, Review of Accounting Studies, and The Accounting Review, the results of the effect of the mandatory adoption are ambiguous and go in different directions. A first, explanatory, and relatively recent

contribution that points out how two countries could experience different outcomes from the mandatory adoption of IFRS has been done by Perafán e B.Franco (2017), who used a panel regression to study this adoption on the opacity of financial reports in France and UK. The quality of financial information seems to have improved for larger firm in UK, with France not experiencing the same result, nor any kind of improvement in the quality of accounting. A previous study which has already been cited in this work and which analyzes the costs and benefits of IFRS implementation in Italy and, again in UK, could be equally explanatory. In this study Fox, Hanna, Helliari and Veneziani (2013) show differences among the two regulatory context at different level and expose the higher impact of the cost of implementing IFRS over local accounting principles. Always in UK, Horton and Serafeim (2010) showed how IFRS increase the quality of accounting with respect to UK GAAP, in particular with respect to disclosing bad news relatively to negative reconciliations, while in Germany Lin, Riccardi, and Wang (2012) analyzed a sample of 150 high tech firms and showed how accounting quality worsened after the adoption of IFRS over local GAAP. Finally Landsman, Maydew and Thornock (2012) showed how investors see IFRS related earning as more accountable higher in terms of quality than local GAAP.

The aspects of reporting and connected to it on which the adoption of IFRS has an impact are various and defining a complete summary of all the positions and visions present in literature about the adoption is impossible in this work. This short summary had the aim of show how the evidence of this impact is various in terms of result and so too ambiguous to justify the success all around the world of the standards or the wave of adoption, which came after 2005, that Ramanna and Slatten (2014) tried to explain adducing the hypothesis of a reinforcing effect of the adoption caused by the intention of the countries of fasten ties with the others.

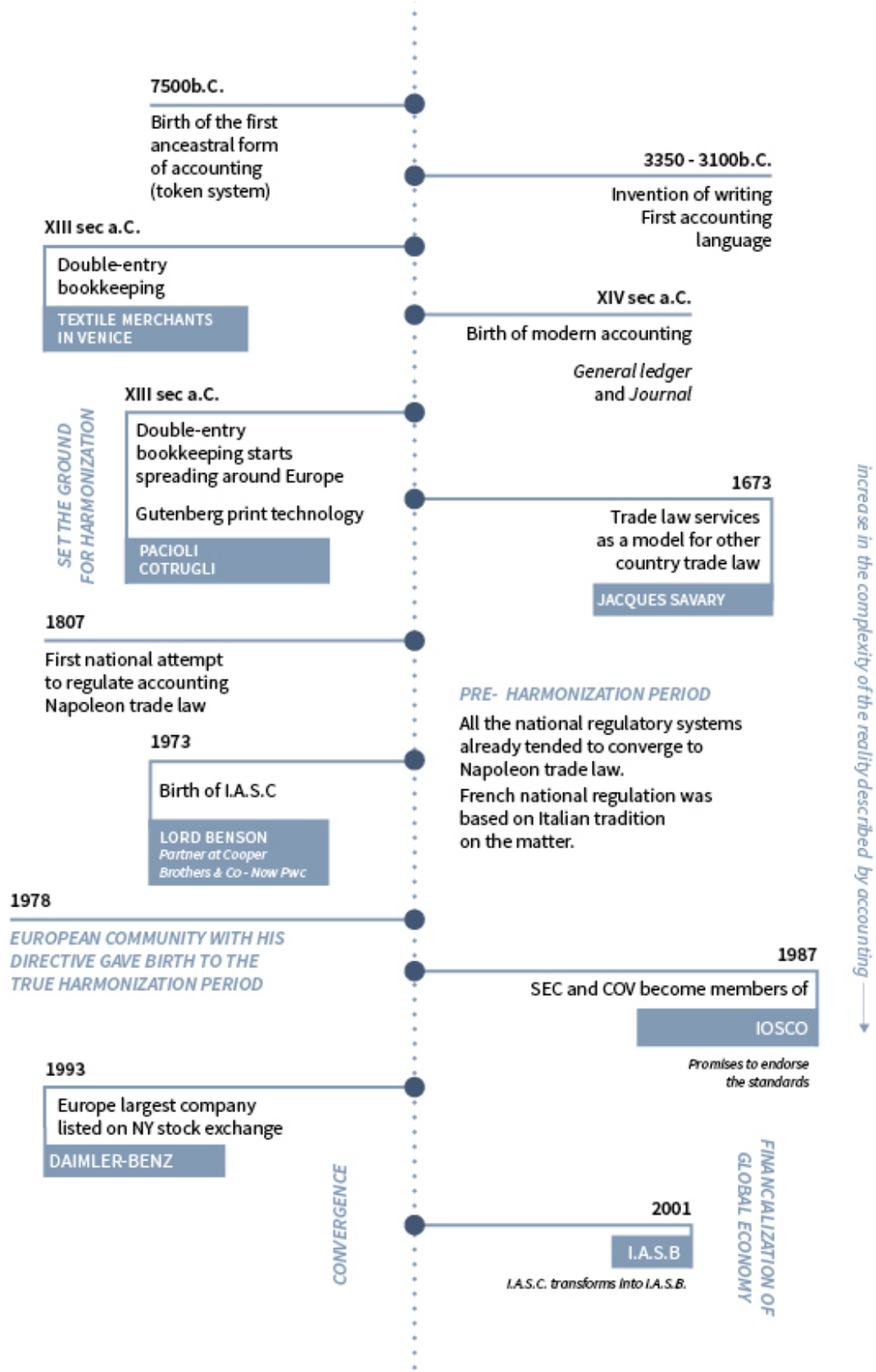
The answer this work will try to give is based on aspects that fall outside the quantitative sphere and the impact on disclosure and accounting itself and that has nothing to do with the standards themselves. However, the success of IASB in regulating is identified in its regulatory framework, which can be defined in the way the actor takes its place in the international context and manage to gain the legitimacy to regulate it, exploiting its characteristics and following the right trends that the international network needs to be regulated. IASB framework is probably

one of the most relevant and effective examples of self-regulation of an entire sector of human activity in the history. IASB has in fact the most eminent private authority which managed to intervene into national regulation, influencing and, in some cases, bypassing the local sovereignty in a legitimate and consistent way.

The Ramanna and Slatten's hypothesis (2014) of self-reinforcing is based on the idea the public actors have, in certain way, a degree of consciousness of the reason why they are adopting the standards and permitting a private authority to regulate this sector. The idea behind this analysis is that the reasons why IASB succeeded in regulating accounting is intrinsic in the characteristics of the network, the peculiarities of the matter to be regulated and in the organization of the framework. Firstly, as showed in the historical overview at the beginning of this chapter, accounting is a sector of human activities which has always had its rules which served the usefulness of private actors and which go beyond the borders of national authorities intervention. With respect to the historical analysis carried out, it is possible to outline a "map" of private intervention on the matter.

The map below shows how historically not only accounting has always been a sector in which private influences are more relevant than public ones, but also how all the event that constituted the affirmation or diffusion of a practice on the matter come from private intervention or even by the intervention of individuals who are accounted as being representant of the expertise needed to put in place these changes. The private actors or the individuals that have influenced accounting are underlined in blue.

Figure 3. Time-line which shows the most important event connected to private intervention in regulation



Source: Author, based on the literature of reference in the historical analysis

Nowadays the main need of private actors is reducing the asymmetry of information given the high degree of financialization of the market, thus IASB, which focuses on Fair Value Accounting, an approach which favors the quality of company evaluations, was actor which better served this need, as already pointed out. Secondly, and this is connected to characteristics of the sector which go beyond determined historical trend, IASB has a system of governance which make it able not only to gain the legitimacy to be reliable in the eye of the actors of the network it regulates, but which give it access to all the expertise that is needed to regulate it and to identify the real needs of all the actor, and this is connected, as pointed out by Botzem (2014), to the system it uses to understand these needs and harvest the expertise needed to satisfy them in a formalized way, which is the consultation process.

The consultation, which will be subject of further analyses in the next chapter, is probably one of the main reasons why the private actor was able to affirm itself in the international context as the main authority with the power of converting all the influences of the private entities which on the one hand detain the expertise to understand what is needed and useful to regulate accounting, and on the other have an influence on its regulation which needed to find a formalized channel to become legitimate and accepted into national regulatory contexts.

Thus, the key of the success of IASB is its framework as a whole, which nowadays has assumed political connotations with respect to the dialogue between public and private actors, in particular for what concerns the legitimacy of privates to intervene in context which are commonly restricted to national sovereignty. This framework collocates itself in a context characterized by complex international governance dynamics which will be further analyzed, together with the concept of legitimacy.

The next chapters will not only clarify the concept of legitimacy and these governance patterns but will show how IASB is able to exploit formalized procedures to being legitimate as an expertise-based private regulator, and will investigate what is the relation between this framework and the actual international context as a whole, something which has political, social and economical shades.

In addition, the next chapters will be useful to shed a light on the actual funding pillars of IASB framework regulatory success.

In this sense, the historical analysis carried out has prepared the ground this investigation. IASB obtained in fact its first success, as already pointed out, for its ability to meet the needs of the different European stakeholder which initially adopted the standards, but also for its capacity to comply with international governance dynamics and their changes through the decades in Europe, thus affirming itself as the best standard setter for accounting.

After this, the analysis will focus on the possibility to apply such framework to new regulatory contexts and the possible implications of this application.

II. The actual framework: from accounting to new spaces for private intervention

II.1. The Concept of Legitimacy

In social sciences, legitimacy is defined as the acceptance of an authority: if an institution is legitimated, then it has the right to rule over the ones who defer to its decisions, recognizing its authority. Therefore, the political and social concept of legitimacy goes along with that of authority.

The problem of the legitimacy of an authority in exercising its power has always been surrounded by political implications and has been subjects of dissertations of sociologists, anthropologists, jurists, philosophers and scholars in different ages.

During the Enlightenment Rousseau defined a legitimate authority as a power graced with the quality of right” which “evokes man’s responsive sense of duty”. Despite the definition the philosopher gave could sound poetic and out of context herein, given that the language employed is far from the one adopted for this analysis, there are some aspects of the thought of Rousseau about legitimacy which are incredibly actual with respect to the subject of this work and suitable to introduce important points in the contemporary context.

The interpretation that R.W. Smith (1970) gave of the Enlightener’s definition of legitimacy, indeed, is very actual and interesting. Smith underlines how, according to Rousseau, <<*in a legitimate political system, the decisions of the governors are accepted and obeyed because they are felt to be justified by standards common to both those who command and those who obey*>> (Smith R.W., 1970, p.17). With respect to the analysis carried out this definition is highly significant.

In order to understand why this particular definition of legitimacy is still relevant nowadays and within the border of this work, it is necessary to establish a clear distinction: the one that exists between democratic legitimacy, which is typical of the governments, and technocratic

legitimacy, which is the distinctive trait of the private actors whose IASB is one of the main examples.

While the authority of the first ones is based on democratic consensus, technocratic authority is based on the expertise and knowledge of the experts who works in these private entities, a concept which is stressed by Botzem (2014) and Dorn (2014) in their respective research contributions. IASB was, in fact, the only private actor which was able to gain legitimacy in the international context, by responding the needs of the different actors which had an interest on accountability regulation. This means that the legitimacy of IASB in regulations is based on an alignment of interest and expertise between the regulator and the subjects of regulation, so its authority is *<<justified by standards common to both those who command and those who obey>>*(Smith R.W., 1970, p.17) .

The modern political thought, indeed, is based on the concept that Rousseau pointed out, but what it is actually interesting with respect to this analysis is understanding what these “common standards” are. When talking about democratic legitimacy these common standards acquire both a political and an ideological exception.

Ideological because of the representative system which is typical of democratic contexts, in which the government, which exercise authority, is legitimated by the subjects through democratic consensus and reflect the ideologies of its social basis, the citizens.

Political because, either if individually a subject does not feel ideologically represented by the government in charge of exercising authority, he still perceives the authority as legitimate because it is based on vote. On the other hand, these common standards gain a social exception with respect to technocratic authority, representing a recognition of expertise.

With respect to technocracy, an actor is legitimized to exercise an authority if its expertise is recognized by the actors which are subjected to its authority. In this sense a key role is assumed by the legitimation process, which is described by Ian Hurd (Encyclopedia Princetoniensis, Princeton University, 2022;

<https://pesd.princeton.edu/node/516>), as a procedure aimed to create legitimacy either for a rule or a regulator. According to Hurd legitimacy is fundamentally a subjective belief or an individualistic concept or quality, while legitimation is an objective socio-political process. Democratic legitimacy and technocratic legitimacy are different also and mainly with respect to this legitimation process.

Democratic legitimation is a process which is for its nature both ideological and political, but also highly formalized and bureaucratic. It is based on democratic consensus, which is put in practice and manifested through vote. It is bureaucratic and political because it is a transparent and clear moment in which the preferences and intentions of the social basis of reference is expressed, and happens periodically. However, what is really important is to draw a line and make a distinction which gives the reader the instruments to understand that the true differences with technocratic authority is that democratic consensus is an ideological process. According to Yuval Noah Harari (2019), democratic consensus is in fact based on ideological pillars and it is actually the expression of a feeling or an intention rather than a thought. Harari underlines how democratic consensus is not based on the recognition of an expertise, but on the fellowship of a common ideal or feeling between the subject and the ruler that has been legitimated through vote. This element of feeling is completely absent in technocratic legitimation processes, which are completely based on thinking and recognizing expertise. Democratic legitimacy is, for its nature, proper of government and public entities which represent the government. If in the national context democratic authority is the most important, in the international one the concept of public sector loses the meaning that it has at the local level. Indeed, being an extension of state itself, the public sector benefits of the democratic legitimacy at the national level, something that is completely different out of the borders of the single countries.

Conversely, at the international level the existence itself of a public sector is questioned and democratic legitimacy is not so relevant with respect to transnational influence. In the international context what becomes really

effective is an expertise-based authority built on a common knowledge shared by different actors. These actors are part of a transnational network in which each entity influences and is influenced by the others. Botzem (2014) defines this network as a “Constellation” and identifies IASB as the entity with the power to traduce the desires and knowledge of such actors into standards, and the consultation procedure as the core of this process. The technocratic legitimation process plays a key role in this sense.

Firstly, if the democratic one is an ideological and political process, technocratic legitimation is social and pragmatic. It is based on the recognition of the expertise of a certain entity by the actors of the network. The analysis carried out in the previous chapters on the success of IASC over the national regulators is a perfect example of the technocratic legitimation process.

The debate towards technocratic tendencies is nowadays more actual than ever (Bertsou, E., & D. Caramani, 2020), due to two main causes: the increasing complexity of governance at the international level and the recent pandemic crisis, which is unprecedented in terms of experts assuming a role of political decision making.

This second fact is confirmed by the research of D. Alexiaidou (2020) which underlined how the technocrats are appointed to power positions, in particular financial ones, primarily during major economic and financial crises. The recent pandemic has confirmed this scenario. During pandemic the suggestions of who owned the expertise to face the crisis (Doctors, scientists and researchers in the medical and sanitary sector) became binding as laws, creating also a debate about the legitimacy of such temporary exercise of authority.

Although the pandemic has brought technocratic authority at the center of the debate, there has been a frequent presence of technocrats in cabinets since years before the crisis, (Alexiadou, D., & Gunaydin H., 2019; Mcdonnell, D., & Valbruzzi M., 2014) and this tendency is destined to increase.

Again, according to Bertsou and Caramani (2020), citizens are developing a mistrust towards politicians, party government and their capacities to

face contemporary crisis, favoring positive attitudes towards expertise-based decision making. After the pandemic, it is clear that this idea is partially incorrect, at least at the national level. If in the international context the attitude towards technocratic authority is positive and the legitimacy of intervention on governance at different level is increasingly incentivized, at the national level the mistrust towards the technocrats has increased after covid pandemic (Cole, 2022). The cause could be identified in a misconception which has been firstly pointed out by G.N Barbi (2022), who criticized the actual incomplete conception of technocracy.

He asserted that the actual literature *<<fails to capture the 'public' dimension of technocracy, reducing it to the 'mere' overstepping of boundaries by administrative bodies>>* and that *<<technocracy is always incompletely understood, if it is understood only in terms of administrative vs. Political sphere. Rather, it represents a vicious circle prompted when the public sphere approaches the political 'from the standpoint of truth', reducing the political to expert problems with right and wrong answers. Due to this, fully appreciating technocratic tendencies and their coming about is only possible if they are understood as a phenomenon encompassing not only administration and government, but also the public sphere>>*(Barbi, 2022, p. 392).

Thus, the author sustains that it is actually impossible to truly understand technocracy without considering its impact and implications in public sector and ignoring its political sphere. The idea of the author about this misconception could be supported by an analysis of Max Weber thought on authority and legitimacy. Furthermore, this digression could explain the second reason why technocracy fails in being accepted at the national level, in particular with respect to some matters and after Covid-19 pandemic. Weber used to classify the kind of authority according to the legitimation criteria it used.

In relation to this analysis, it is truly interesting the case of the first pure type of authority, the rational-legal authority, whose legitimacy is based on the national ground and which Weber describe as the modern western form of authority.

This form of authority is based on the difference between public and private sector and it is defined as highly bureaucratic. The key concept in this sense is the state. The access to bureaucratic and public sector functionary positions is based on expertise. The public sector authority is legitimated by democratic consensus as an extension of the state itself, but it exercises its power through the experts who work as functionaries. Thus, technocratic legitimacy's claims cannot be based only on a recognition of expertise, in the same way the distinction between democratic and technocratic authority as one proper of the public sector and the other as typical of private actors must be reviewed.

However, it is clear that the private intervention on regulation is based on technocratic authority, in the same way it cannot prescind from a legitimation process, which is not merely based on a recognition of expertise or intentions, but is also highly formalized.

In order to understand the legitimation process that R.W. Smith has identified as a central concept related to legitimacy, it is necessary to take a step back and draw a line in order to make a distinction among what has been defined in literature as sources of legitimacy (Tamm Hallström, K. and Boström, M., 2010; Botzem, S. and Dobusch, L., 2012). The sources of legitimacy identified by the authors are input, output and throughput legitimacy.

As the object of this work is private intervention on actual and new forms of regulation, and given that IASB success has been chosen as a best practice of this phenomenon whose functioning can be applied to different regulatory contexts, output and, above all, throughput legitimacy are particularly relevant. Throughput legitimacy has different definitions in literature, and most of the authors refer to the concept as a supranational level procedural aspect of legitimacy, or as a process to legitimize governance at local or international level, but in particular this second. Schmidt has given an interesting definition of throughput legitimacy, albeit limited in the context of this work. According to the author it *<<consists of the myriad ways in which the policy-making processes work both institutionally and constructively to ensure the efficacy of [multi-level]*

governance, the accountability of those engaged in making the decisions, the transparency of the information and the inclusiveness and openness to “civil society”>> (Schmidt, 2013, p.7).

The author connects the concept to the transparency and inclusiveness of governance processes and to the accountability of policy-makers. In further research contributions, he draws a clear distinction with the other sources of legitimacy, collocating them in the international context and citing existing definition. In Schmidt, Vivien and Wood research contributions (2019) input legitimacy is defined as a “*political participation and governments’ responsiveness*” while output legitimacy is defined as “*performance criterion encompassing policy effectiveness and outcomes*”. In the broader context of this work, it is possible to consider, on the basis of the analysis taken into account previously, that output legitimacy is the political acceptance and the actual application by governments of a certain rule, while throughput legitimacy is the process to get this legitimization.

The first according to Scharpf (1999) allows trade off, in the sense that good policies can offset a lack in citizen participation on legitimacy, or bad performances can be legitimated by citizen’s approval, while the second is free from these mechanism (Schmidt, Vivien & Wood, Matt., 2019), The author does not purpose throughput legitimacy as an alternative to output or input legitimacy, but, in a certain sense, it is possible to attribute the different sources of legitimacy to different phenomena. It is true that according to Schmidt “throughput is considered no substitute for input or output”, but in his scientific contribute this quote has a different meaning. The author intends that throughput legitimacy is a source which is an alternative to the others in the sense that is proper of different kinds of authority and which still needs the other forms of legitimacy. In addition, the author gives a meaning to throughput legitimacy which has sense only in relation to the international context, implying that different dynamics play a role at the local level.

However, throughput legitimacy is the process which seeks acceptance, for an organization's activities, through transparent and reliable procedures. With respect to IASB the throughput legitimacy is the process through which the private organization transform the network's common knowledge on accountability matters into standards which will create a common language for accounting.

This process is called consultation, and it is based on the so called "due process".

Conversely, in the case of IASB, Output legitimacy is manifested through the effects of the adoption of its standards by third parties, in particular recognition by countries' legal systems is the strongest form of it. In terms of legitimacy the consultation process constitutes the realization of throughput legitimacy, considered that IASB represents both private and public actors of this network and favors the dialogue between them.

However, as it has already been said, the concept of public actor gains a new meaning in the international context. In the "constellation network" described by Botzem (2014), indeed, typical public entities like governments and International regulatory bodies like EU ones, interact with private actors and have to act like them in certain cases, engaging a dialogue in order to face up a complex and integrated reality. In this sense the recognition of IAS by these governments and the adoption by their legal system can be compared to the democratic consensus of which these public entities benefit in their countries. From this point of view, not only IASB can mediate between who rely on technocratic legitimacy (private actors of the "constellation"), and governments who are democratically legitimated by citizens' consensus, but also standardization can turn technocratic legitimacy into democratic legitimacy if the standards are adopted by governments.

This could constitute a good example of Output legitimacy and show how the key to gain it is to focus on the consultation process, and so on Throughput legitimacy.

Furthermore, this is the realization of the private intervention on regulation which has been at the center of the historical analysis that introduced this work.

Finally, this is the final answer to face the problem of legitimacy of technocratic authority. In fact, working on throughput legitimacy is the key to gain output legitimacy, and, as pointed out, this is perfectly realized with the adoption by governments of private entities intervention of regulation, which gives these actors the legitimacy they seek.

Previously it has been said that technocratic authority is characterized by a lack of the ideological and political legitimation which is typical of government and other public entities; in this sense it has been brought the example of the lack of trust towards technocratic interventions during COVID pandemic. The reason for this lack of trust is that these interventions were lacking a formalized legitimation process which gave them output legitimacy. And the reason for this lack was that those actors never seek throughput legitimacy.

The work on throughput legitimacy of IASB led to identify the non-for-profit organization as an actor which need and tries to gain and maintain legitimacy but at the same time has a legitimizing role for private actors in the dialogue with public ones. And this is the reason why most of the different actors of the constellation network agree in recognizing IASB as the one private actor tasked with the mission of providing a common language to regulate accounting (Botzem, 2014).

II.1.1. Throughput legitimacy: the consultation process.

The consultation process is the main tool used by IFRS to focus on throughput legitimacy, gaining transparency and including the different actors of the “constellation network” in the standardization process. The inclusion of such actors in the standard setting process is the key to translate the perspective of those who are affected by IFRS standards. The consultation process gives the board the possibility both to gain reliability and to draw knowledge from various entities. Consultation process makes

IASB able to take into account both the expertise and the need of the actors that will be subjected to the standards to create a common language which could be “useful” for them.

The concept of usefulness is stressed and investigated by Paul Andon, Jane Baxter and Wai Fong Chua (2015), who underline that accounting is useful when it is actually used by stakeholders, and this is connected to the idea of output legitimacy.

This can be applied also to IAS: these standards are useful when the stakeholders, in this case the actors of the “constellation”, adopt them and use them.

But if the use of such standards has to do with output legitimacy, the way in which IASB makes it possible is gaining information about the needs and knowledge of stakeholders through consultation, which has to do with throughput legitimacy.

This is another evidence of the fact that focusing on throughput legitimacy is the key to gain output legitimacy, which is complex to achieve directly.

The consultation is described by the Trustees of IFRS foundation as a *“collaborative exercise founded on transparency, full and fair consultation, and accountability”*.

The consultation is based, as seen, on a “due process” and the guidelines are set in the “due process handbook”. This could be described as manual of procedure that ensures that the perspective of the stakeholders are taken into account while avoiding undue or unilateral influences. Following this handbook should ensure that the Board could exercise its independent decision making in a transparent manner, considering the whole range of views for interested parties. The handbook identifies different ways to follow the principles on which the due process is based: these are transparency, full and fair consultation, and accountability.

Transparency is showed through public meetings and total disclosure of the entire process through different channels, like IFRS website. Full and fair consultation is obtained through the analysis of the comment letters of the stakeholders in the website consultation portal, but also through fieldworks, public hearings or consultative groups.

These stakeholders could be governments, firms, universities, institutions, professors, protectionists, but also students or everyone who has the interest and the competences to provide a feedback. The analysis of these feedbacks is based on a “comply or explain principle”, which is crucial to guarantee that the stakeholders provide comments and suggestions which are based on their needs and desires, but also on verified expertise.

This idea of involvement is based on the fact that the consultation process helps in taking into account the voices of the entities who are going to use the IFRS standards (throughput legitimacy), and has its realization on the actual use (adoption) of the standards by these actors, which makes such standards “useful” (output legitimacy). Again, the concept of “usefulness” is stressed by Paul Andon, Jane Baxter and Wai Fong Chua (2015) referring to accounting for stakeholders but is perfectly explanatory in the case of the adoption of IAS by the stakeholders of the network.

The concept that a standard is useful when it is actually adopted and used by the network could be perceived as simple and obvious, but in the context of this work is of key importance. Andon et al. research contribute underlines the difference between two different exceptions of accounting: accounting to stakeholder and accounting for stakeholders. The first is the idea of accounting as an instrument that should be improved and perfected to embrace all the different facets of the economic reality to be disclosed, the second view is based on the concept of usefulness: the system of accounting does not become more useful to stakeholders if it is improved and perfected to satisfy every actor, conversely it becomes useful when it is actually adopted by the same actors.

In relation to the first chapter, in particular to the contemporary literary review, this assumes a deeper and more important meaning. The chapter has pointed out how the actual literature debate has not come to a conclusion on benefits, deriving from the standards adoption, on facets of economy which fall outside the capital markets sphere, and has underlined how the true success of IASB was based on its regulatory framework.

With respect to these assumptions, it is easy to understand how the idea of an accounting FOR stakeholders, has a much more relevant impact than that

of an accounting TO stakeholders. The standards have been adopted and are being successful in fact, not for their quality or direct impact on reality, but for the reliability of the framework, which is characterized by an outstanding self-reinforcing and legitimating capacity and is perceived as accountable and capable of representing stakeholders needs. Accounting TO stakeholders is connected to the idea of a regulation which comes from above, is aimed to perfection the information quality, and which, in a certain sense, tips the scales towards a more rule-based exception of accountability regulation. In contrast, accounting FOR stakeholders is aimed to become useful and “perfect” because recognized as it through the actual adoption of it, it comes from the bottom it is the logical consequence of a standard based and adaptable approach to accounting regulation. But for a standard to be adopted it has to be perceived as legitimate, and legitimacy, as underlined previously, does not come from the quality of the standards themselves, and it cannot be imposed from above. Legitimacy comes from a bottom-up approach which is based on the recognition, by the actors of the network, of the capacity of the standard setter to represent their expertise, make their interest and satisfy their needs. In the case of IASB, the consultation process constitutes a perfect example of an highly formalized bottom up legitimation process and, under the light of the research contributions on which this work is based, it could be identified as one of the main reasons of its success.

In this sense it is important to understand how the due process collocates itself in the legitimation of both the standards and the no-profit organization, and in a broader context, what is the difference between legitimizing a rule and a regulator.

II.1.2. *Regulator and rule legitimacy.*

The problem of formalizing legitimacy, thus the legitimation process, carries with itself the importance of understanding the differences between legitimizing a rule and the legitimation of the regulator.

The previous chapter has shown the role of the due process in the standard setting procedure carried out by IFRS foundation. The due process is defined by the foundation as “the inclusive and transparent procedure, which enables all the stakeholders to contribute to the standard setting” (IFRS Trustees on IFRS foundation website) and in particular it is pointed out as the process to develop IFRS standards. These definitions and the structure itself of the due process may suggest that it is aimed to legitimize the standards and thus to be related to rule legitimacy.

However, this chapter will provide the reader with different proofs not only that the due process is built for the foundation itself to gain legitimacy, but also that every formalized legitimation process falls within the competence of regulator legitimacy, thus it is finally aimed to legitimate the authority of a regulator and not a rule or a set of rules, at least at the international level. This does not mean that there are no legitimation process relating to rules, but that while rules can be adopted and felt legitimate without necessarily be legitimated through a formalized process, for example with respect to rules which derive from uses, traditions or precedents, like war or sea rules, conversely a regulator needs a formalized and accepted legitimation process for its authority to be perceived as legitimate, at least with respect to the contemporary organization of power which is based on consensus.

Firstly, it is interesting to shed a light on the differences between rule legitimacy and regulator legitimacy in the contemporary context, and, a step ahead, defining what is the “contemporary context”. The organization of power in the contemporary context is based on the concept of “social contract”, which has been stressed by thinkers like Hobbes, who identify in it the origin of authority and, in particular the “political authority” (Hobbes, 1668), and Locke (1690), who put forward the idea that political authority

already existed before this social contract, in the so called “state of nature”, and that the “social contract” constituted the birth of the concept of legitimacy and civil state.

The social contract is based on individual consent and enables the exercise of the legitimate political authority. The history of humankind since the birth of the civil state has seen different forms of social contract, based, as pointed out by Locke, on express or tacit consensus, or, as underlined by Weber (1918, 1964), on different forms of legitimacy, based on tradition, charisma or rationality. The contemporary context is characterized by democracy and democratic consensus has the characteristics of being based on a formalized process of expression of such consensus, which is exercised regularly by each individual of a country, and renowned repeatedly during time to continue to be perceived as right. Democratic consensus is aimed to legitimize an authority, and in particular actors, specifically individuals, which represent the interests of the social basis, and, in this respect, play the role of regulator. While a regulator needs individuals consent to exercise an authority and be perceived as legitimate, this is not the same for a rule. According to Raz (1986) a legitimate authority creates political obligations because is based on something more than the “de facto” authority, which is consent. Conversely, a rule can be effective despite lacking of a clear legitimation process, and be perceived as legitimate “de facto”. The reason is that while a regulator, which is tasked with the duty and legitimate right of issuing the rules, needs a social contract to be legitimate, a rule does not and often constitutes the social contract itself.

The history of humankind is full of examples of rules that go beyond the national borders, like *lex mercatoria*, or rules that precede the national order, which are considered legitimate as ancestral, and sometimes enter in conflict with it. In the Greek tragedy “Antigone”, by the dramatist Sofocle, the main character, Antigone, chose to bury the dead body of her brother, Polinice, despite this went against the laws of the city of Tebe, whose Polinice was an enemy. The tragedy opened different debates with respect to the theme of legitimacy and the opposition between the legitimacy of ancestral rules like the right to be buried after death and rules which are

legitimate as appointed by a legitimate ruler, in this case Creonte, in a certain time and space. The author of the tragedy himself wanted to underline the differences between the ancestral rules and the laws of the *poleis*. Despite, again, this example could seem far from the themes treated in this work, it is perfect explanatory in this regard and perfectly points out the differences between regulator and rule legitimacy. While, as already said, a rule can be legitimate because adopted by everyone or for a long time, or based on values which are ancestral or shared by every actor, and so considered as legitimate *de facto*, a regulator needs a formal legitimation process through which the actor give their consent in recognizing its authority. This process could assume different shapes but should have different characteristics to be considered reliable, for example being repeated in time or being transparent. Despite it could seem possible to argue that this is valid solely with respect to the most recent forms of power organization, this was completely applicable also to former organization of power, in which, however, this legitimation process assumed forms which were far from the actual formal processes of power recognition. To make an example, before the diffusion of democracies, it was common to recognize the authority of an individual, which often was the personification of the state itself, purely on an hereditary basis. In those cases the mere inheritance of a title constituted the legitimation process.

In the contemporary context, at the national level the most diffused example of this legitimation process is the democratic consensus, expressed commonly through vote but assuming different shapes on the basis of the government form to be represented and formed through the process. Coming back to the case of the due process of the IASB the analysis become more complex and needs some assumptions. Firstly, at the international level there is no national authority which is above the others from a hierarchic point of view, and as a consequence, despite being legitimate, an authority which exercise its power at the international level instead of imposing its regulatory activity has to establish a sort of regulatory dialogue with the actors of the network. Moreover, the exception of authority itself, as already pointed out, changes, and so the process of

gaining legitimacy is completely different. This difference starts from the opposition between rule legitimacy and regulator legitimacy, because at the national level a law is legitimate as imposed by a legitimate authority, so rule legitimacy can derive from the legitimacy of a regulator, IASB legitimation process is the exact opposite. The legitimacy of the foundation, in fact, comes from rule legitimacy. The due process is in fact a procedure through which the foundation set the standards, so the rules, carrying out a double activity, on the one hand it harvests the expertise and investigate the needs of the actors to be regulated, and on the other gain legitimacy showing its reliability and enabling every actor to participate to the process. Through this process IASB assumes more the role of a translator than that of the regulator, and its authority is recognized as legitimate because of the due process, which, despite could seem relative to legitimizing rules, it is aimed to establish the foundation as a legitimate and accepted standard setter, thus it is relative to regulator legitimacy. As previously mentioned the concept of legitimacy constitutes one of the core element of IASB regulatory framework, not only because the legitimating role of the due process, which is a vital element of the regulatory activity carried out by the no-profit, but also because it constitute a central theme in all the facets of contemporary international regulatory governance. The way in which IASB moves in this regulatory context, characterized by a complex interaction of public and private actors, will be subject of an extensive analysis in the next chapter.

II.2. Accounting regulation and international governance dynamics: between lobbying and agencification.

II.2.1. Common and new exceptions of lobbying

Under the light of the framework that has been depicted in the previous chapter, it is fundamental to shed a light on the phenomena of lobbying and agencification, the classical and modern exception of the two terms, both at national and international level, and, above all, in the way in which the IASB moves in this context.

Before defining the agencification phenomenon, it is of key importance to understand lobbying and its impact on international governance.

In the “Interinstitutional agreement between the European Parliament and the European Commission on the transparency register for organizations and self-employed individuals engaged in EU policy-making and policy implementation”, published in the Official Journal of European Union and commonly referred to as the European regulatory framework, the lobbying phenomenon is defined as *<<all activities (...) carried out with the objective of directly or indirectly influencing the formulation or implementation of policy and the decision-making processes of the EU institutions, irrespective of where they are undertaken and of the channel or medium of communication used, for example via outsourcing, media, contracts with professional intermediaries, think tanks, platforms, forums, campaigns and grassroots initiatives>>*. Thus lobbying is essentially a series of activities aimed to influence governance at different level, carried out by group of actors of various natures who act in order to make or protect certain common interests. A group of actors who share the same interest is commonly referred to as “lobby” or “interest group”. The term interest group commonly refers to any association of actors or organization, which could be formalized and officially represented or not, which is able or attempts to direct, influence or move public policies towards certain direction which could go in its favor or favor a certain concern. These

organization are commonly defined also as advocacy groups or pressure groups, for their common way of action, which is based on bringing pressure and influence public policies.

The term “interest” is on its part used to define interest group which cannot easily be defined and whose organization is not formalized, or clusters of actors which are part of different organization or segments of society which may be transversal to different interest groups. The activity and existence of interest groups and lobbies goes along with the development of structured systems of powers and is present both in authoritarian regimes and democratic ones, but their influence and complexity has strongly increased after World War II, following the development of globalization and the raise of importance of international organization, whose EU and United Nations are the major examples. This gives importance to the distinction between lobbying at the national level and the same phenomenon on transnational context. Commonly, with the term lobbying, public opinion refers to national phenomena which are aimed to exercise pressure on the institutional areas which represent the three powers of the state. In this respect the US is considered the country which have formalized lobbying, creating a system in which lobbyist’s activity is regulated, transparent and formalized. Often lobbying regulation is attempted through public disclosure by requiring lobbies to declare their objects of lobbying. However, the extent of regulation is different in other countries and, while in the US the phenomenon is considered as an healthy part of the democratic process, this is not perceived in the same way in Europe, where still public opinion connects it to corruption phenomena. All these exceptions of lobbying commonly refer to the phenomenon at the national level, whose main characteristic is to be still tied to hierarchical mechanics and subjected to the national authority of the state. The lobbyists, in this case, try to influence the system of decision making which is legitimate and has the power to put in practice certain policies through the national bureaucratic apparatus. This influence can be transparent, highly formalized and made by official representant like in the US, in which the procedures of influence range from financing election campaigns to the

actions of trade unions, or more “de facto” and less easy to be identified clearly, or even consists in corruption phenomena. What is certain is that this influence has always had to deal with a superior authority, which is legitimated within national borders, to have an impact on national regulatory intervention. This is not necessarily true and international level, in particular in the last decades, for two main reasons. The first is that, as already mentioned, at the international level there are no “super-partes”. public authorities which are higher, in hierarchical terms, to all the actors and which have the legitimacy to regulate all the aspects of the economic, social and political reality in a way that could be similar to national governments. The second is that at the international level there are interest groups and lobbies which operate beyond the national borders and which are constituted by entities whose intervention scope is transnational, whose nature is commonly private but which establish with public actors relations of dialogue and influence each-other almost on an equitable level. In this context the role of states or national government is completely different because there is a deep gap in the borders of competence of their legitimate authority. When moving to international regulation, the national authority has the power to decide whether adopting or not a certain rule, directive, standard, agreement or use, but is not in charge of regulating the network itself. In easier terms while lobbying can be made legitimate by the state at the national level, single nation do not own the power to do the same at the international level. Furthermore, national governments often act as private actor in the already mentioned constellation network, and are commonly part of certain lobbies.

This is the reason why international governance is commonly referred to as “network governance” or decentralized governance. This recent derive of power organization has seen the rise of importance of actors like organization and agencies, which have started the so called agencification process, that will be defined and analyzed later in this work. The international lobbies are thousands, but according to Thomas (2022), they can be divided in four main categories, which include the most of them: Government and organization, multinational organization and business

trade associations, special interest and cause groups and non-governmental organizations. The first category is composed by national governments, which through a network of diplomacy centers in foreign countries use embassies, consulates and hired private lobbyist to carry out their international activity and International Organization (UNESCO, the Arab League, and the Organization of American State ecc) which act similarly to governments.

The second refers to multinational companies and business trade associations like the European Association Of Manufacturers of Business Machines and Information Technology, which have both an extensive and global reach and a pillar regional influence. The interest they preserve through lobbying is the same both internationally, and at national level, and their influence and span of action is transnational. Their objectives are ensuring favorable labor codes and tax structures, making trade free and profitable, obtaining laws regarding government regulation aligned with their interests, and trying to minimize costs connected to regulations. Because of their extensive resources and span of action, together with the fact that the border of their competency, in particular for multinational companies, make easier for them to avoid government detrimental influences, they are often very influent in lobbying. This category is considered by public opinion the less legitimate and prone to illicit interferences in regulation. The third, which are social interest and cause group, include actors like the World Council of Churches or international networks of LGBTQ-rights groups. Others, such as minorities groups, lobby for the rights of the people they preserve in terms customs, language and rights. The fourth and last group is composed by NGOs (nongovernmental organization), which embody and preserve a vast variety of groups or are involved on issues of public interest as human rights, welfare state promotion, minorities rights, immigration. Despite enumerating all of them is almost impossible, some of the most important are the Oxfam International, the World Wide Fund for Nature, Human Right Watch, CARE, the Women's International League for Peace and Freedom or EMERGENCY.

They do not operate in public view for the most and governments do not rely on these groups for the most.

The variety of actors which play a role in the international context, checking and balancing each other despite their differences in nature and goal has given birth to new systems of power that have an impact also at the national level. The next chapter will shed a light in these forms of organization of power.

The activity of IASB in this framework follows the common thread which bind its role to the concept of legitimacy and, in particular, its main legitimation process: the due process. To understand it, it is necessary to take a step back and understanding why the activity of the foundation could have a legitimizing role for lobbying. While, as already mentioned, the US has a long tradition of legitimate lobbying activities, through different procedures that make the phenomenon transparent and active part of the political system of the country, European country has not the same tradition at national level, where the phenomenon creates different accountability problems, neither there are sufficient instruments to guarantee this legitimacy at EU level. In addition to that, the legitimacy procedures which have an impact nationally in the US, have no implications internationally. In this sense, in the case of IASB, the characteristics of the due process assume a vital role in legitimizing lobbying with respect to accountability regulation.

The due process has in fact two roles, on the one hand its exploit the expertise of the private entities which participate to the consultation, on the other it makes their intentions and needs transparent and create a dialogue with public entities like governments and public organizations on two levels. The first when these public actors, through agencies under their indirect influence, or through direct canals, participate to the consultation collocating themselves on the same level of the other actors, the second level at the moment of the national adoption of the standards.

This constitutes a perfect example of the formalization of the lobbying phenomenon.

Despite the interest groups which exercise pressure and their influence on accounting regulation have a formal channel to disclose their interest and needs, there is still an accountability issue connected to lobbying in accounting.

This issue is connected to the different weight of the influence of the actor in the consultation procedures which constitute the due process. The due process is in fact strongly influenced by the expertise of the actors which participate the process, and in financial and accounting sector there are few players which detain a substantial share of the expertise on the matter, because they are the only actors which have the instruments to handle the different facets of the matter in an integrated way and at the international level. These actors are investment banks, hedge funds and, above all, the big auditing firms, whose the “Big Four”(Pwc, Kpmg, Deloitte and EY) are the most eminent example. Another critical point is that the professionals and executives of the IFRS foundation are often chosen among the most renowned experts in the field, which for the most come from these realities. Despite these critics these influences are strongly counterbalanced by the trustees of the foundation, which for the most are chosen among the professionals of the agencies which are under the indirect influence of their reference governments, the fact that the academic world has been increasingly included in the standardization process, and by the fact that the, in terms of output legitimacy, and so when the standards have to be adopted by the single countries, the choice on the level of adoption or of harmonization of national GAAP to IFRS standards is still in the hands of governments.

11.2.2. Decentralization in regulation: From the new governance to agencification and the birth of new actors in the constellation.

Regulatory decentralization is a phenomenon which has its foundation on globalization and on the need of aligning different countries interests and need for regulation at the international level, however the movement of different centers of power from the hierarchic bureaucracy of the modern state towards a greater intervention of different actors is something which has been observed at the national level subsequently to the public sector reforms of the 1980-1990.

The general exception of the term governance commonly refers to kinds of power and regulation that fall outside the central authority of governments. However, the term can be used to define all the kind act and processes put in place in order to regulate or govern certain aspects of economic, social or political reality, including the patterns which commonly refer to hierarchic state. In particular, before the public sector reforms started in 1980 the term was used with the same meaning of government and reflected the exercise of power of the state. However, the term is nowadays used by scholars to refer to power patterns in which the state plays a role of second order. Most specifically the term international governance refers to the regulation at the global level when no central authority or group of states which represent an authority can univocally impose its or their own will on its territory. Finally, it can be asserted with a certain confidence, that the most significant actual definition of governance is the one given by Bevir (2021), who describe the concept as the procedures through which decentralized power can assume the role of order guarantee in the absence of the state. In this sense it is important to clarify that, despite the possible intentions that the author could have when using this definition, the reasons why it has been chosen as the most explanatory in the context of this work is that it could be the most interesting if the reference to this “absence of the state” is interpreted in the right way. Here it does not mean that governance acts were state is not present or that it refers to forms of power and authority which are a substitute to state authority, but that the

term governance refer to all the systems of power and authority that are put in place when and at the level in which the state cannot be the most eminent, legitimate or effective authority, and, most importantly, that the state could be included in these systems of power, but that within these context it is not the main source of regulatory power. Taking into account all the possible implications and exceptions of the term, from the new governance, which will be furtherly analyzed, to other sophisticated pattern of rules like network governance, this concept put in place issues about public policy and democracy. At the national level it has been recorder an increase in private entities carrying out public services and in the state playing a role of creating networks and partnerships with these private entities, together with a control activity. This is commonly connected with the increase in the need for regulating organizations, which will be central in the next chapter, and auditing. Michael Power defined this increase in the relevance of audit for governance as an “audit explosion”(1999), a phenomenon that holds its foundation on the changes in the common influence spheres of public and private sector, and in the governance dynamics that, after the New-Public Management, moved towards quality management and the consequent need for monitoring systems. This need for control has created a space for internal and external auditing to align public interests and actors directions. These auditing processes are always connected with the idea of making organizations accountable and constitute, according to Rose and Miller, a “new rationality of governance” (1992). This new rationality of governance is particularly relevant in the context of this work. In this sense, Power asserts that:

<<Audit has become a benchmark for securing the legitimacy of organizational action in which auditable standards of performance have been created not merely to provide for substantive internal improvements to the quality of service but to make these improvements externally verifiable via acts of certification. As the state has become increasingly and explicitly committed to an indirect supervisory role, audit and accounting practices have assumed a decisive function. The state cannot play this indirect role without assuming the efficacy of these practices at the foot of a regulatory

hierarchy. Audit is not simply a solution to a technical problem; it also makes possible ways of redesigning the practice of government.>> (Power, 1999, pp. 1-14).

This concept is highly relevant and fundamentally interesting in the context of this work, because auditing, making organization process “certified and externally verifiable”, have a strong legitimizing power in the actual international regulatory framework. With respect to IASB this is interesting for three reasons. Firstly, the due process is partially made to disclose the organization activity, to make the standard setting transparent and easy to verify, thus the consultation constitutes a valid alternative to auditing in serving the verification and control needs of the new governance. Secondly, the Big Four, which are the four biggest auditing firms (PwC, Deloitte, EY and KPMG), have an incredibly relevant impact in driving the due process towards certain directions, and this is determined by the fact that they own a big portion of the expertise needed to regulate accounting sector on the one hand, and that, under the light of new role assumed by auditing in the contemporary context, they know what is needed to better regulate the sector on the other. Finally, standardization is a perfect way of serving the needs of this “audit society”, given that creating a common language for accounting make financial disclosure fully comparable and verifiable.

An important step in the direction of the actual national and international governance has been moved in the 80s, firstly by Anglo-Saxon countries, with New Public Management, which is often connected to the name of Margaret Thatcher. The New Public Management is strongly connected to marketization, whose privatization is the most extreme and common form, and corporate management. Privatization is the transformation of state-owned assets to private-owned ones. This can happen through IPO of national companies, management buyouts of state-owned companies, or the direct sale to private companies. The sectors which have been affected the most by this wave of privatization are: telecommunication, railways, electricity or water. Marketization is also put in place through procedures aimed to make public services more efficient and accountable to stakeholders, which consists in outsourcing to private organization certain public services on a contractual basis. Commonly the core of marketization is transferring the role of carrying out public services to autonomous agencies, which are better, according to

different scholars, in efficiently delivering quality services, in particular for the higher possibility of introducing performance incentives. These performance incentive on their own constitute corporate management., which consists for the major part in introducing private sector management instrument and practices like management by results, performance measures, value for money ecc., in the Public Sector. Corporate management is thus put in place through different private management practices like management by objectives (MBO), management by results (MBR), and total quality management (TQM), which are aimed to assure the effectiveness of management by auditing inputs and outputs and putting them in relation to financial measures and quantitative benchmarks.

Leaving aside all the possible interpretations on the hypothetical beneficial impact that has derived from the application of New Public Management, it is interesting that it opened the door to the new governance and constituted, at the national level, one of the first examples of public authority recognizing the private sector a better ability to serve certain needs, and certainly constitute an important step towards the actual forms of decentralized national regulation. Other important issues connected to NPM detected by scholars which rose at the national level, but which have strong implications in the international context are the fragmentation led by this system to the public sector, which carries with itself the need of managing the network composed by different private organization which deliver public services, and the accountability problems connected to the activity of these organization which, despite having better performance, could be less transparent and more exposed to corruption or to unlawful interferences to national authority.

It is clear that the issues rose nationally with NPM, in the international context are exacerbated on the one hand and constitute a solution in regulatory terms on the other. This does not mean that new public management is adopted as a regulatory practice for the international context, but that it represent, nationally, a trend that, unavoidably, is spreading with respect to international regulation.

If, as already mentioned different times, at the national level, despite a privatization of different public services, there is still the presence of a central authority, this is not valid at the international level, where there is no central government or public authority.

The contemporary regulatory phenomena at the international level are really interesting in this sense if analyzed under the light of the actual trends in national governance, and this parallelism reveal that, despite these phenomena are the expected consequence of national trends, they are still based on different foundations.

While, starting from 1980, different public services and activities are being privatized on a large scale, in the international context, starting from decades before 1980, different international private entities, agencies and organization have started covering regulatory roles, creating the so called agencification phenomenon and giving birth to a regulatory decentralization. The differences with what happened nationally are different. Firstly it is interesting to notice that decentralization is a broader term than privatization. Privatization in fact, is often described and considered by scholars as one aspect of decentralization that affects economic aspects of reality and market. In second place, while the legitimacy of the private actors which start providing public services is guaranteed by a central legitimate authority, which is the state, in the international context the legitimacy of the private actors which cover a regulatory role is guaranteed only by the implementation of the regulatory intervention of such private actors, in national regulation, which, in the very end, is what has been previously defined “output legitimacy”. The role of the state and national governments in this sense change from that of policy maker, to policy adopter, and this is something that has been seen in literature as a change that national government suffer or undergone and which could be harmful and a possible lose in terms of sovereignty, or something from which the same governments could benefit, in particular when talking about the alignment of international regulation over certain practices and common standards, which is particularly beneficial for particular sectors. Furthermore, if on the national level the authority of private intervention is recognized on the basis of private ability to intervene in certain sector, at the international level the expertise-based authority of certain private actors, in particular agencies and organization, should be legitimated by formalized processes. IASB is suitable example of a best practice in this sense, and so the due process.

Regulatory decentralization, and agencification, is also particularly interesting because of the different way in which the private actors tasked with the role of

intervening in international policy making, which are for the most agencies and organization, do not set as authorities in a hierarchical way or vertical way, but are mostly recognized by the different actors of the network, which could be private and public, as a point of reference for regulation, in an horizontal system of regulatory dialogue and check and balances. Thus, it is easier to understand this change from a national regulatory context characterized by a central regulator, and an international, decentralized, regulatory network, in which different actors of various nature contribute to the regulation.

This cession of sovereignty by central governments in favor of different actors, both at national and international level, and the increase in the importance of promoting performance aspects of economy on the one hand and regulation on the other, has given rise to the term regulatory state. The concept is stressed by different authors, and according to Christensen and Laegreid (2005), it is strongly connected with the new assumptions that the term regulation can assume and with the recently emerged concept of agencification, which is founded on regulatory state and regulation. In opposition with the traditional exception of state, which is based, as said, on a hierarchical command-and-control policy intervention and public ownership, and whose role is positive and interventionist, Majone (1997) underlines how, starting from 1970, European states were, in a certain sense forced to adopt a role of *<<internal regulation of a decentralized administration>>* and of market regulator, giving birth to regulatory state. This change under pressure was driven by a sort of regulatory competition over institutional innovation.

The author, in a different study, underlines how in a similar context political accountability became particularly relevant and, as a consequence, pointed out the increased relevance of procedural control (Majone, 1994).

This brought the state to delegate some of its policy-making powers, to independent technocratic entities, particularly for what concern international issues. Most of these entities are agencies, and this can be considered the founding pillar of agencification.

The concept of agencification is based on an interpretation of regulation which Christensen and Laegreid (2005) define narrower than the traditional one based on state intervention on all the different facets of economy, which is conversely based on setting up autonomous organizations and agencies, and monitoring these

organization through rules or through the authority of a <<*single agency that seeks to shape the behaviors of other organization*>>, something which is actually perfectly represented by IASB for accounting regulation.

This private entity was not setup by governments, but succeeded thanks to both private authority promotion and the adoption by governments of its standards.

This kind of organization, which is completely private and own-created, is different from the entities whose Christensen and Laegreid (2005) refer in their research, for different reason. Firstly, the authors refer for the most to agencies which remain public and which are tasked, above all, with a monitoring role, in particular in the US. A perfect example could be represented, in this sense, by SEC. In second place, despite their focus on the international context, they refer to agencies which have borders of competencies that are nationals, or multinationals, because they are, actually, set up by a government (US), or by a group of governments (EU). However, the focus of this work is private intervention on regulation, thus the most interesting part in this sense is the relationship between agencification and this private intervention. This relationship has different aspects to take into account.

The first is that despite being set up by the public authority, the agencies the authors refer to are quasi-autonomous and their legitimacy is based on state delegation on the one hand, and on monitoring by other agencies or by state's directives on the other. Secondly agencies are meant to be independent, thus their functionaries are often chosen or hired for their expertise and are not politically chosen. The situation becomes particularly interesting in the context of this analysis when investigating the relationship between agencification and the constellation network defined by Botzem (2014). To understand this point is important to previously point out the issue of agencies accountability, which has been underlined both by Christensen and Laegreid (2005) and by other authors, which emerge with the opposition between the independence of the agencies and the obligation to guarantee democratic accountability within national borders. An interesting point in this sense is made by Scott (2000), who underlines how the problem of

accountability has increased with New Public Management and the widespread of authority delegation, and purpose extended accountability solutions. In particular the most interesting for the purpose of this work are the implications for accountability of interdependence, which derive by the dispersion of authority, information and expertise.

In the context identified by the author, which is commonly the national one, it is generally accepted that national authority gives its guidance, commonly in an informal way, to autonomous regulators. It is interesting with respect to this work that the problem of accountability has things in common with the issues pointed out by the author and some differences. As already said the constellation network is characterized by different private actors which influence and check each other dealing with private organization and public actors. In this context the theme of accountability is very sensible and relevant. While in the context identified by the author, the accountability of the autonomous agencies has to be guaranteed on two levels, a vertical one in the power relationship with the central authority of the state or the public authorities which represent a group of state (EU), and an horizontal one with respect to other agencies and private actors which range from citizens to other private actors like companies, in the constellation network at the center of the analysis of this work the relationships are all horizontal, including the ones with government and other public entities. This is the key for understanding regulatory decentralization and private intervention in regulation. In particular the interdependence of accountability identified by Scott plays a fundamental role. In this sense it is interesting to advance the example of the IASB and how it collocates within this context and with the analysis carried out in the previous chapters.

II.3. IFRS role in this context: how the IASB created a formal framework for accounting self-regulation.

The previous analyses carried out in this work have been useful to shed a light on the influence of private actors in the history of accounting, understanding the actual functioning of the non-for-profit organization, defining its regulatory framework and how it manages legitimacy, both in term of gaining such legitimacy, and in maintaining it. The last chapters, on the other hand, have been useful to define the context in which it moves, both at a national and international level. This chapter is intended to introduce and understand the role that the foundation has in this context and its regulatory framework, understanding why it is possible to apply it in new regulatory contexts.

The international regulatory context in which IASB moves is characterized, as highlighted by the previous analyses, by a multitude of actors which influence each other creating an intricate and decentralized system of governance. These actors are different in nature and consists in private entities, like multinational companies, banks, hedge funds, private equities, NGOs and, to some extent and in particular with respect to IASB case, individual stakeholders, and public entities like governments, agencies, which could be also of private nature, and international public organizations. The dissertation of the previous chapters had shed a light on the steady and increasing surrender of sovereignty to private actors, both at national and international level. Furthermore, the governance changes started in the 80s, whose main example is New Public Management, have provided a proof that the private sector is more effective in intervening on different subject than the public one, also with respect with spheres that are commonly public. Accounting is a matter that has always been successfully regulated and influenced by private authority and IASB, which is the main source of regulation for the sector in the international context according to many academics and, under the comparative geographical analysis carried out in this work, also in objective terms, successfully managed to balance the need in the sector of a private intervention on the matter and those of public sector of maintaining a control over the level of adoption or convergence to the regulatory body that IASB provide.

It is interesting to notice how the private regulatory body collocates in the border of competency between the influence of national public authorities and transnational regulation.

Traditionally, national governments fail in aligning their interests, in particular with respect to fields of human activity which are characterized by a strong influence of means and expertise which are commonly proper of entities that move beyond national borders and in many cases are private actors, like banks or companies. In the case of accounting not only this expertise is in the hands of private actors, but the need for regulation itself had an origin from these private actors. In this sense all the stakeholders included in the sector have an interest either towards the creation of a common language for accounting, or for a more stringent regulation on accounting requisites, or for better disclosure, both from the point of view of the companies which have to show reliability and transparency to the market, and from the point of view of the stakeholders which need to have access to accountable information. Giving the possibility to all of these actors to participate to the standards setting, the non-for-profit private organization created a formalized framework for accounting self-regulation.

It is to be noted that accounting matter already tended to self-regulate. As pointed out by the historical analysis in the previous chapter, long before the foundation of IASC, the convergence and even any form of public interest towards accounting, the ancestral stakeholders of the sector, whose main examples are merchants, already tended to provide themselves with a sort of regulatory framework. One of the most notable examples of this phenomenon is *Lex Mercatoria*.

The IASB provided the network with a formalized legitimation process which permitted the actors to traduce both their expertise and needs into standards which could be adopted by national governments, thus creating a system of legitimate expertise-based self-regulation.

The successive analyses conducted in the first and second chapter of this work have shed a light on the importance of the role that IASB plays in the international governance system.

The relevance and successfulness of IASB regulatory framework is not determined only by the standardization, the consultation process, or generally in the system through which the private actor contribute to this expertise-based self-regulation.

A key element which determined the IASB success is the way in which it collocates itself with respect to different aspects and systems of international governance which have been enumerated in the previous analysis, providing the network with tools to contribute to the regulation of accounting sector in a consistent, reliable, effective and legitimate manner and promoting the convergence of accounting regulation at the international level.

It is important also to understand and furtherly stress the importance of this last concept, and so in the ways in which the non-for-profit organization collocates itself in governance term and with respect to contemporary international governance patterns. With this respect, the idea behind this work is that the regulatory framework defined could be applied in new regulatory context, giving birth to new forms of regulation based on private intervention.

To understand the reasons why the application of IASB regulatory framework could be suitable to other areas of intervention it is necessary to go through the previous chapters, starting from a research contribution which is interesting in these terms. With respect to the theme of the implications of IASB regulation which fall outside the substance of accounting standards and the financial implications of their adoption, Nölke and Perry (2006) proposed an analysis of IASB activity which is not limited to themes connected to the efficiency of the standards, or the consequences in terms of principal-agents determined by fair value accounting, instead they analyze the impact on different area of accounting of IFRS to investigate the consequences in terms of political economy.

In this work the activity is based on a similar logic but the premises are different. Nölke and Perry, for example focus on the one hand on the effect of FVA on three areas of political economy, and on the other the effect on the same aspects of political economy of the role of transnational private authority. The work of the authors, however, focus mostly on FVA, and the role of transnational private authority constituted by IASB is underlined in particular with respect and attention to its reinforcing role towards FVA and how this both reflects and reinforces changed relations of production, characterized by financial sector prevalence and new form of economic appropriation. Thus, the work of the authors focus on a concept that in 2006 was relatively innovative, but that nowadays is considered a classic of accounting and financial academic literature, which is financialization.

This work, as said, starts from similar premises, in particular the desire of treating the IASB focusing on aspects that fall outside question of efficiency. However, this work is based on the idea of shedding a light on aspects of IASB regulatory framework which lie outside the mere financial sphere, while the authors investigate the effect on political economy and governance of a financial phenomenon which on the one hand is favored by IASB and FVA, and on the other has determined its success, which is financialization in a broader exception. Conversely, this work treats financialization as one of the drivers which pushed the success of IASC and then of IASB, favoring its adoption but not constituting neither the reason of its success, nor the center of the analysis or the core of IASB regulatory framework. Oppositely, this work focuses on the characteristics of the framework without giving such an high relevance to the financial sphere and without investigating primarily the content of IASB regulatory contribution, but the patterns through which it gives this contribution to the network, and the reasons, which again do not relate to the standards' content, why these contribution is accepted and adopted by the network. After the dissertation of the previous chapters, it is now possible to define and summarize the patterns of IASB regulatory framework in a schematic manner, listing three fundamental pillars not only for contemporary accounting regulation, but for the functioning of expertise-based self-regulation:

- ***The use of legitimization strategies and the focus on throughput legitimacy:***
This element is partially underlined by Botzem (2014), who highlights the importance of the Due Process of the IASB, and cite the importance the characteristics of input, throughput and output. However, the author focuses on the Due Process solely as a rhetoric tool for stakeholder engagement and communication of transparency to the stakeholder, put in place with the aim of defending expertise base self-regulation and used to understand the needs of the participants to the consultation. However, he identifies the core of the apolitical professionalism of IASB in the expertise of its staff and assert that <<IASB has become a central entity – arena and actor – defining the body of knowledge in cross-border accounting. Its influence is not matched by any other public or regulatory body including national professional associations>> and that <<the IASB has become a central node in transnational accounting regulation. Thanks to

its internal resources, in particular its staff, and to the organization's ability to adapt its structures to changing circumstances, the IASB is well positioned to set global standards>> (Botzem, 2014, p.949, p.950).

In the view expressed through this work, the due process is instead the absolute core of the expertise based self-regulation framework of IASB, an in particular a tool through which the no-profit have access both to the needs and the expertise of the actors of the constellation network. The Due process is an effective legitimation strategy not only because its shows transparency, but because is IASB proof of expertise, knowledge and competencies, precisely because this expertise come from the actors oh the network.

- ***Perfect integration with contemporary international governance patterns:*** An element of success, which is central in IASB regulatory framework, and which has been deeply investigated in the previous chapters is its correlation with other patterns of the new national and international governance. In particular the organization of its regulatory framework and its focus on throughput legitimacy is integrated and has a reinforcing role for international governance dynamics like private intervention on public policies or lobbying.
- ***Respect of public actors sovereignty because of the different degree of adoption of the accounting standards by governments:*** One of the key of the organization success has to be identified in the absolute freedom of the in the decision of the degree of the standards adoption by governments, something that leaves these lasts the possibility to make their national regulation converge to the standards respecting their national culture or policy tendencies. This is counterbalanced by the network effect and self-reinforcing characteristics of the standards adoption. National governments have in fact to deal with the trade-off between maintaining their sovereignty and the possibility to be excluded, on the base of their degree of adoption of the standards, by the network.

The analysis of these elements brings to the light a space for the possible application of this regulatory framework to new regulatory contexts, in particular considering

the possibility of the emergence of one or more actors which could organize expertise based self-regulation and legitimize private intervention on new regulatory context, giving birth to new forms of regulation.

III. New forms of regulation.

III.1. The sector of Big Data.

Before addressing the application of the regulatory framework identified through the example of the activity carried out by the IFRS foundation, it is of fundamental relevance to identify the borders of the sector to be regulated. Being a relatively new topic, yet broadly treated both by scientific and academic research and by public opinion, Big Data sector is often difficult to identify formally. A big share of actual literature is still aimed to identify univocally a definition of Big Data. It is interesting to notice that, despite being omnipresent both in academic research and in public opinion debate, this discipline has not developed a clear and formal vocabulary. Moreover, this subject is not only broad, but also multidisciplinary, due to the pervasive nature of information technology in all the aspects of human activities. Different scholars have tried to give their definition of Big Data, one of the most cited and “classical” definition has been made in a Gartner report in 2001 by D.Laney, who despite not mentioning specifically the word “Big Data”, it addresses the current issues of the sector purposing a three fold definition, centered in the dimension of the information which constitute the Big Data, based on the three Vs: Volume, Velocity, Variety (2001).

The report focuses on the increase in Data size, in the rate at which Data are produced, and in the variety of formats in which they are produced. Despite this attention towards quantitative aspects, there is no evidence of a quantification of this Volume, Variety and Velocity. The fourth V veracity, has been introduced by an IBM report (IBM What is big data? - Bringing big data to the enterprise. <http://www-01.ibm.com/software/data/bigdata/>, July 2013.), which included the question of trust and uncertainty with respect to the analysis of that data.

Starting from this definition, A. De Mauro, M. Greco, and M. Grimaldi (2016), analyzed a consistent amount of research contributions and attempt to define “Big Data”, in order to advance a complete definition of the term, which could involve all the areas of research on the topic addressed by scholars. Despite this could look as

a nearly impossible task, due to the extensive size of the academic debate on the matter, the definition they purpose is complete enough and could be useful as a base to introduce a further key concept.

The authors define Big Data as <<*the Information asset characterized by such a High Volume, Velocity and Variety to require specific Technology and Analytical Methods for its transformation into Value*>>(De Mauro A., Greco M. , and Grimaldi M., 2016, p.130). To provide this definition the authors took into analysis a consistent sample of research paper about the topic and divide them on the basis of the themes that they treat in order to understand Big Data, identifying four themes that characterize the discipline. In the end they contribute to the academic debate with a definition which is narrower to these four themes.

These fundamental concepts, which represent the pillar on which the subject is based, are *Information, Impact, Technology and Method*. The reasons why this research is relevant in the context of this work is not limited to the enforceability of the definition provided by the authors, but is also based on the four themes identified. The sector chosen in this work as a possible ground of application of the regulatory framework described on the previous chapter will be depicted starting from these main themes. The identification of the borders of the sector to be regulated could, in fact, start from these four themes. To understand the necessity of defining these borders it is important to refer to the fact that Big Data is a relatively new sector, and if the presence of a commonly shared definition of a subject could be considered ass a proxy of the level of comprehension that society has with respect to that subject, the absence of a consensual definition of Big Data, which is often substituted by the adoption of implicit definitions based on anecdotes, stories, trends, firms technological features and processes, could give an idea of the level of complexity of the matter and the lack of knowledge towards it, at least with respect to a common theoretical interpretation of the phenomenon. However, the first historical traces of Big Amount of data to be processes dates back to the 17th century. In fact, in 1663, John Graunt already faced the problem of analyzing and interpreting a consistent amount of information while he was studying the bubonic plague. Graunt is considered the first person to use statistical tools for data analysis. So how is it possible that Big Data sector is considered relatively new, to the extent that scholars have not reached yet a consensual

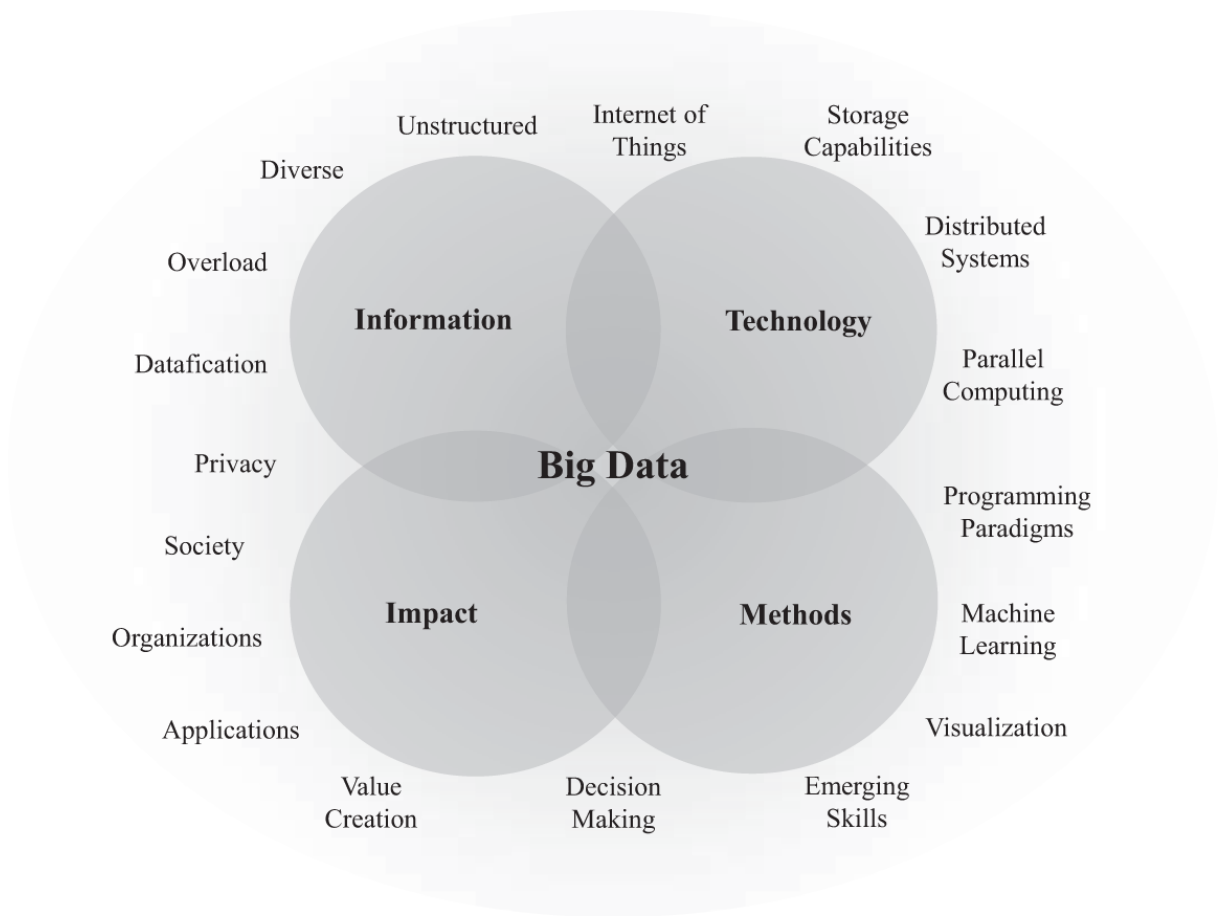
definition of the sector, focusing in different aspects of it which change from a research contribution to another? Under the light of the most cited definition of Big Data, purposed in the Gartner report of 2001 and focusing on the amount of Data to be processed, a responsive reader could argue that the quantity of data that Graunt had to deal with in 17th century is not comparable to the actual information available worldwide, coming to the conclusion that the actual meaning of Big Data refer to this huge amount of information, and that it is possible to identify the birth of Big Data sector with the increase of information available.

However, this could not be used as a distinction, because it represents only an aspect of what scholars have identified as Big Data sector, in addition, still nowadays, the term Big does not refer to a particular amount of Data needed to talk about Big Data, but is relative to who is discussing it. Big Data for Meta will be different than Big Data to a small law firm, but no less “Big” with respect of the means of who is contending with it.

The definition provided by the authors has been chosen because in the context of this work it could be considered complete and narrower to all the aspects which define the border of the sector to which the regulatory framework defined with the example of IASB has to be applied.

The image below, summarizes these four aspects. While the authors make use of these aspects to provide the reader with a definition of Big Data, in this work they will be used to understand the borders of the sector to be regulated and the reasons why it is possible to identify it as a sector, identifying at the same time what is the fracture point from which it is possible to talk about data sector.

Figure 4. Main Big Data aspects



Source: De Mauro, A., Greco, M. and Grimaldi, M. (2016), "A formal definition of Big Data based on its essential features", *Library Review*, Vol. 65 No. 3, pp. 122-135

To do so it is necessary to make a step backward. It has already been cited the case of Graunt studies on plague, which is considered the first example of statistical analysis in human history. Again in the 19th century the problem of analyzing big amount of information, thus the Big Data issue, rose again. To provide an example, in 1880 the US Census Bureau estimated eight years to process the data collected during the census program that year (Adilin B., 2021, All About the Basics of Big Data: History, Types and Applications, Analytics Insight, <https://www.analyticsinsight.net/all-about-the-basics-of-big-data-history-types->

and-

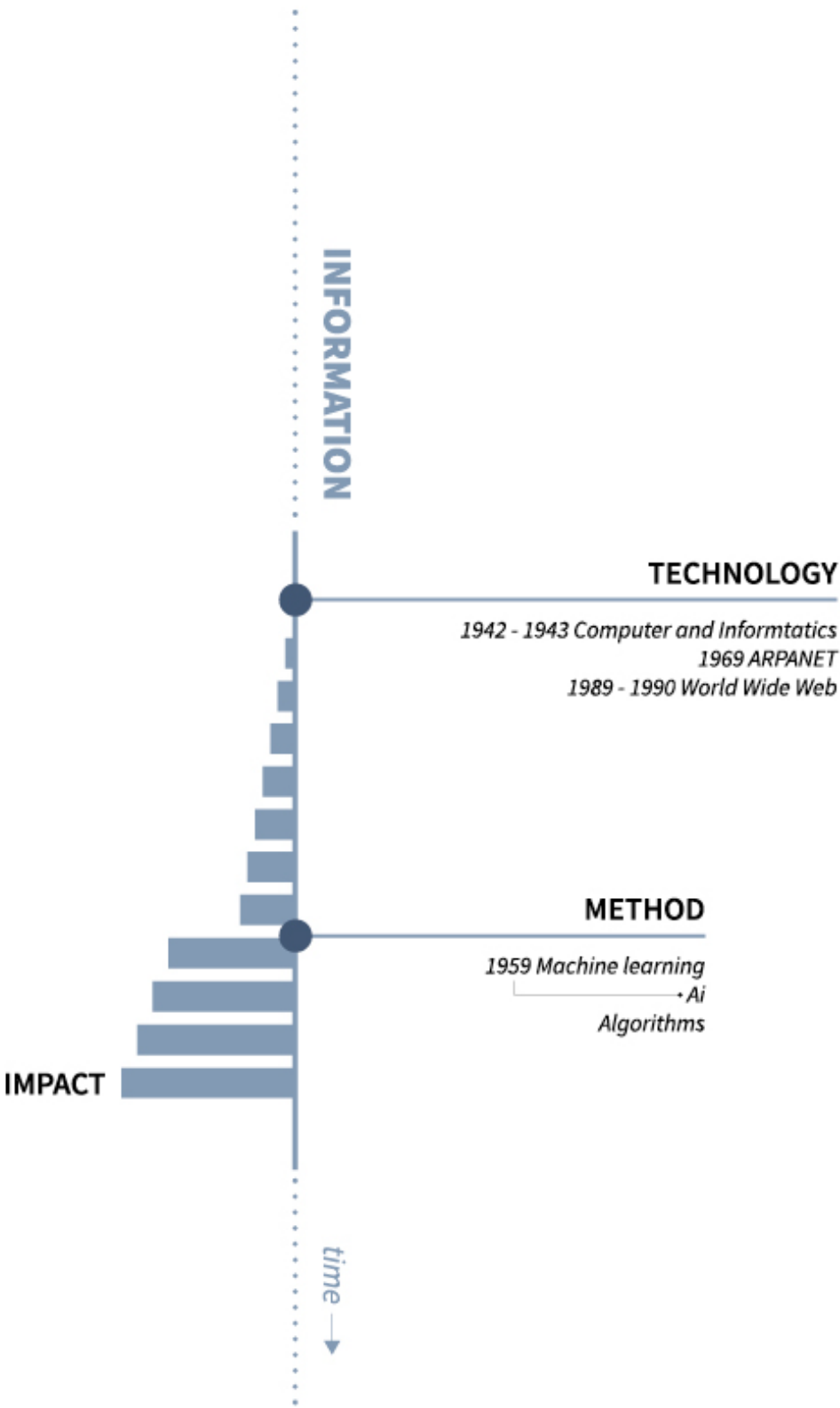
applications/#:~:text=Big%20data%20became%20the%20core,fingerprint%20sets%20and%20tax%20returns).

To be perfectly frank, even a monk cataloguing books in an ancient library is doing a data classification work, and has to deal with an amount of information which is consistent with respect to the tool and means which are at his disposal. Although this is a provocation more than a real example, it deals with a key factor in defining Big Data sector, which are the tools to process the big amount of information which constitute Big Data. These tools consist in all the systems and instruments used to store, collect, analyze and exploit information, and in particular to the technologies used.

The technologies which contribute to shape the borders of what in this analysis is defined as “Big Data Sector” are based on innovation on two levels: internet and the successive technologies deriving from it on the one hand, and the all the technologies, deriving from informatics and cybernetics for the most, which enable the automation of the analysis and exploitation of huge amount of information on the other, such as Artificial intelligence, machine learning or algorithms. It is interesting to notice two things. Firstly De Mauro, Greco and Grimaldi in their research define information as the fuel of Big Data and underline how digitalization has boosted the production of these amount of information (2016). Secondly that two of the other aspects that the authors underline as fundamental in order to give their definition of Big Data are technology and methods, and in relation to identification of the sector to be regulated in this context these themes are central and, in a certain sense consequential. In particular, with respect to what said above, it is possible to assert that certain technologies boosted the production of data on the one hand, while permitted the use, storage, analysis and exploitation of Big Data on the other, once the same technologies have been used to develop the methods to do so. On the basis of this premise it is possible, starting from De Mauro, Greco and Grimaldi research contribution, to carry out an analysis which permit to define what in this work is identified as “Big Data Sector”, identifying at the same time the historical moment in which this sector is born and the distinctive trait of Big Data. In order to proceed to this analysis Figure 4, which has been provided by De Mauro et al. to give a direct and visual impact to the reader of the different aspects of Big

Data they have included in the analysis for their definition, has been redesigned, producing the Figure 5.

Figure 5. Timeline which develops the elements Figure 4, in order to understand the evolution of Big Data, and the evolution of their impact of different facets of human activity.



Source: Made by the author, through an analysis and an original interpretation of the cited existing literature.

Figure 5 takes the four aspects identified by the authors (2016) and portrays them as turning point which have brought the stream of information which was impossible once to process, into a resource which could be analyzed, stored, manipulated and exploited and which has a strong impact on almost all the fields of activity of the actual society, giving birth to what is herein defined as Big Data sector. As already mentioned, before the second half of the 20th century the problem of dealing with a huge amount of information without correct instruments to analyze, store and manipulate them was already rose. During and after the second World War, a series of technological inventions, that have followed one another in some decades, made the elaboration of these information possible. The availability of these new technologies has, successively, brought to the development of methods to manipulate and analyze data. These technological innovations need to be enumerated clarifying the difference between innovations connected to informatics, for example the invention of Anastof-Berry, the first modern electronic computer, in 1942 or the invention of Colossus, a theoretical computer which performed Boolean calculation to decipher Nazi codes in Second World War, and innovations connected to internet, like the foundation of its “ancestor” ARPANET in 1969 or the invention in 1989 and 1990 of the World Wide Web by Tim Berners-Lee and Robert Cailliau. The invention of internet signed the beginning of an era of widespread and easy access to data. With the help of these technologies, different methods to analyze data were developed in the successive years. In particular after the development of the technologies and methods to exploit the huge amount of information available, the utilization and application of Big Data has become increasingly more pervasive in everyday more facets of human activities and society, boosting the impact that Big Data have on people’s lives. The increase of this impact came along with the attribution of an economical value to data, making information a resource for companies and governments. The value of information as a resource derives mostly from this impact on human lives and on the different aspects of contemporary society. Despite these information having such an important impact of everyone life, they constitute an exploitable resource only for the actors which have the means to use them, which are technologies and methods.

The reason why the definition of the authors (2016) has been chosen in as a valuable example for this work is the fact that they include all of these aspects in identifying Big Data. However, while these authors include information, technology, method and impact are interpreted by the authors as facets of the subject that characterize it at the same level and in the same manner, the previous dissertation has developed the reasoning the authors have made, considering these for aspects of Big Data as consequential steps of a developing path which has brought information to an increase in volume and an acquisition of value, creating the contemporary concept of Big Data. In addition it permitted to underline the concept of data as a resource and to stress the importance of the value acquired by data.

The concept of value is highly significant when talking about Big Data. In first place Big Data have an important place in the actual academic debate mostly because of such value, which, as said, is determined by the impact. Secondly, as this analysis is aimed to apply the previously defined framework to a new regulatory context, which is the Big Data one, it is of vital importance to define the border of this context of application on the one hand, and to clarify what are the consequences of this application and what the regulatory framework cited should regulate. This identification starts, indeed, from the consequential concepts of impact and value. And, as already said, it is fundamental to furtherly underline that both this value and impact are determined by the fact that information are exploitable thanks to the technology and methods used in this direction.

Finally, it will be explained why these methods and technology have been fundamental to choose the BIG data sector as a perfect ground for the application of the cited framework.

Under the light of what as been said previously, giving to the terms technology, impact methods and information the meaning that has already been explained, it is possible to identify the Big Data sector as the aggregate of all the actors which are able to exploit data as a resource and create value from information, and all the actors which are influenced or subjected to the impact of this exploitation, either because they have a right over these information or because they are indirectly influenced by the economic and social power that these information, that are Big Data themselves, have or because they do not have the means to exploit these information in the same way in which certain entities can.

This definition could be interpreted by the reader as the theoretical background for the interpretation of the analysis that will be carried out in the next paragraphs. However, it is necessary to provide the reader with a clear picture of what this sector represent nowadays.

The term Big Data sector is used in the context of this work to refer to a variety of actors, which, in practical terms, is identified by a group of hi-tech companies which have access to the technology and method to mine these data and use them at the center of their business model to create value and profit. It is interesting to notice that this sector correspond to what other authors have labeled as digital monopoly. For example Daniel McIntosh (2019) faced the problem of digital monopolization, pointing out the reasons why this phenomenon occurred and analyzing the causes for the ineffectiveness of the laws which should have been designed to prevent this monopolization of digital technologies.

The author concluded that the monopolization phenomenon derives from data and intellectual property and the so called network effect. In addition he points out that the inability of the actual regulation to deal with Big Tech companies has to do with the impossibility to fit data into the traditional economic models and the characteristic of data of being narrower to a broad range of fields, including privacy, democracy, security, innovation, political influence and communication..

Under the light of the analysis previously carried out it is possible to assert that data and the technologies used to process it, constitute the foundation of all the sectors connected to digital technologies, and so when discussing the possibility of regulating the Big Data sector, this work will refer also to Big Tech companies as a whole and to what has been defined by the authors cited as a digital technology monopoly. Companies like Alphabet, Meta, Amazon, Netflix, or Microsoft are part of this sector and nowadays own both the means and the expertise to exploit one of the most valuable resources in the world: Big Data. It is clear now, that the Big Data sector refer to these group of companies.

Once that it has been addressed the question of *What* is the subject of this regulation, and the extension of the subject of application of the framework defined, it should be clarified the reasons, in particular the reasons *Why* it is necessary to regulate such sector, and most of all *Why* it has been chosen as a possible ground for the application of the regulatory framework previously defined.

Before addressing this question, it could be useful to shed a light on the actual regulatory situation on the matter, analyzing the interpretation in literature of the context and thus being able to knowledgeably identify its gaps.

III.2. Theoretical and practical analysis of the actual regulatory situation

The actual regulatory context connected to Big Data is based mostly, in particular concerning national regulation on the matter, on data protection, privacy and Big Data processes. (Bart van der Sloot, Sascha van Schendel, 2016). In particular transnational regulation is mostly focused on consumer protection, for the majority with respect to privacy.

However, despite a lack of comparative studies on the actual regulatory situation on Big Data, and the fragmentation of the academic contribution corpus, it is possible to reconstruct and briefly summarize the regulatory situation of the sector, with the aim of identifying why it is necessary to improve this regulation, which are its weaknesses, how to apply the previously defined regulatory framework and, most of all, *Why* this sector has been chosen as a perfect example of the application of the defined framework in new regulatory contexts.

Given these difficulties in defining clearly and univocally the actual regulatory situation, this analysis will start from different points. The first is the use of the definition of the Big Data sector which has been given in the previous chapter, the second is a brief list of some literature contributions and the third is the actual citation of few laws and intervention at the national and international level.

With respect to the definition which has been given of Big Data sector and with reference to the four aspects which define Big Data identified by A. De Mauro, M. Greco, and M. Grimaldi (2016), it is possible to divide the actual regulatory situation in two main areas of intervention.

The first relates to what to the actors which are influenced by the impact of Big Data because they have a right over the information exploited by Big Tech companies, and is constituted by what in literature is identified as privacy law, or consumer law. The second is constituted by the actors who are indirectly influenced by the economic and social power that these information have, often because of problems

connected to the distribution of this power. This aspect is connected to the problems of monopolistic trends which affect the Big Data sector, and that derive from the concentration of the means to mine Big Data, the already cited technologies and methods, in the hand of few actors. This second regulatory area of intervention is commonly considered comparable to competition law. McIntosh identify this problem completely with digital technology monopoly (2019), underlining how competition law is ineffective in resolving the issues which characterize Big Data, in particular because of the already cited network effect. In this regard the answer given by this work is that the author fail in associating this phenomenon solely to a problem of monopoly and competition, focusing on aspects of Big Data which are strictly connected to the concept of intellectual property and network effect. Despite being central when talking about this subject, these two concepts do not exclude other relevant sphere which concern aspects that fall outside the mere market implications, and embrace different facets of human activity like justice, democracy, security, innovation, political influence, media, communication and resource distribution in macroeconomic and social terms. The author assert that one of the reasons why the actual regulatory framework fails in its activity over Big Data is ignoring this pervasive nature of such a big amount of information, however he still focuses only on market aspects, reducing the problem to a question of monopoly, almost comparable to other monopolies, while the problem of the distribution of the power deriving from Big Data relates to a question of allocation of a means of creation of value which have an impact on all the facets of human activity and that will shape the form of capitalism itself.

Coming back to the actual regulatory situation, it is thus possible to analyze it through its two main areas of intervention, privacy protection, which could be integrated with what Bart van der Sloot and Sascha van Schendel define as the protection from the discrimination a stigmatization which could derive from data (2016), and the question of distribution. The problem with the actual regulation is that it fails in approaching the two problems, or dangers, connected to Big Data in an integrated way.

With respect to privacy protection, the so-called consumer law is at the center of the academic debate. The main international regulatory tool, at least at EU level, is the GDPR, introduced on may 25 2018. The General Data Protection Regulation (GDPR)

is aimed to provide citizens with right and control over their information, guaranteeing them different rights relative to their data. To enumerate them: the right of access to their personal data, the right of being forgotten, the right of notification of data breach and most importantly the “data portability right”. The compliance with the framework is reinforced through penalties and sanctions.

The “Data Portability Right”, in particular, has been interpreted in different pieces of literature as a tool to address also the problem of competition connected to Big Data, given that it preserves the right to be able to transfer personal data from one provider to another. In their research contribution, for example, De Hert, Papakonstantinou, Malgieri, Beslay and Sanchez (2018) point out that it *<<represents the first theoretical step towards a default ownership of personal data to data subjects>>*.

Despite, again, Data Portability address the question of the distribution of power deriving from Big Data as a mere question of empowering rules against competition, a far more interesting aspect of their research is that they assert that, under certain circumstances, Data Portability could constitute *<<the stimulus capable to turn the fragmented multiplicity of digital services into interoperable segments of a user-centric Inter-net of things>>*, encouraging the creation of a platform system of interconnected and switchable services the consumers could take advantage and value from, “avoiding the monopolization of the Internet by large companies”, and “encouraging interoperable formats, developing multilevel platforms where the center is the user and the actors are different service providers”. These last implications constitute a step towards the direction of redistributing the power deriving from Big Data in an integrated way, and not just focusing on competition law as in previous interpretation of GDPR. The main problem in this regard is that this is just an interpretation of regulatory body which is built and aim to regulate Privacy protection and not Data Distribution.

Moving to a comparative analysis of this consumer law between different countries, the GDPR is considered both by different academics and a significant part of jurists, as the most complete and effective international regulatory tool connected to privacy and Big Data.

The examples in this sense are different; there are several similarities in regard to general principles of data processing and rights for data subjects, between China’s

personal data protection regulations and GDPR, despite this last being more stringent in terms of operational requirements and stronger in terms of legal enforcements (Weber, P.A., Zhang, N. & Wu, H., 2020). Again, while EU law framework views the individual as central to its analysis and places him as the ultimate bearer of rights, U.S. data privacy law is based on the conception of data marketability. In this respect, the actual European regulatory framework is aimed to individual right's protection, in particular with regard to autonomy and self determination, democratic value's protection. US regulation, by contrast, is influenced by the tendency to promote innovation, which has caused local regulation to be more prone to favor high tech companies growth (Ruben de Bruin, 2022).

With respect to the problem of regulating the distribution of the power deriving from the exploitation of Big Data, national and international law is completely ineffective and the situation is moving towards unprecedented scenarios. The reasons is imputable to different consequential reasons. Firstly, the competencies and the means, thus the technology and the methods, to exploit Big Data have developed within few companies, thus creating a gap not only with the rest of the market, but with society as a whole, given the pervasive nature of Big Data, and with governments themselves, which struggle in regulating this distribution. Secondly the value and power this companies get from Big Data is increasing and is self-reinforcing. Thirdly, and most importantly, public authorities are failing in understanding that, as already mentioned, this phenomenon does not relate to normal consumer law and cannot be treated as a normal monopoly, but that governments and public authorities are being excluded by a field of human activity which is completely pervasive to all the aspect of society and that the means to create value and control it are being centralized in the hands of few private actors. Despite in this analysis, and more generally in most of academic literature about Big Data dangers and regulatory intervention over Big Data, persist this distinction in different area of regulatory intervention, this is an error that reveals an underlying misunderstanding of the subject in general by the regulatory bodies in charge of supervising the sector.

Although for the purpose of conducting a schematic analysis it may seem useful to identify different and separate area of regulatory intervention, for example one

related to privacy, and a second related to the distribution of value; in reality the two are interdependent. This is the reason why should also be treated accordingly to their interdependent nature from a regulatory perspective. In fact, many of the problems related to the lack of distribution of value and power connected to the matter, and the resulting inequalities, depend on the pervasive nature of Big Data, whose privacy is one of the key aspects to take into account. Doing the reverse reasoning, several privacy problems emerge because of the inability of actors who have a right to their data to obtain value and benefits from it, and by their inability to independently protect this right.

Furthermore, it is also interesting to notice that the regulatory corps itself reflects this underlying failure of the public sector, both at a national and at international level, to intervene in the regulation of the Big Data sector. The term “regulatory body itself” is not accurate with respect to the disjointed aggregation of regulatory intervention on the matter and the fragmentation in the international lines of intervention. Further confirmation of this is provided by the fact that most research papers on the topic refer to particular laws and not regulation in general (McIntosh, 2019; Bart van der Sloot and Sascha van Schendel, 2016, De Bruin, 2022).

This work advanced the possibility of implementing the regulatory framework identified with the example of accounting regulation in new regulatory contexts. After this brief overview on the regulatory situation of the Big Data sector, the next chapter will discuss why it has been chosen as a possible ground for the application of the regulatory framework defined, the condition, extent and feasibility of this application, and the implication that it could have in the shift of international governance towards new forms of regulation.

III.3. Applying the defined framework to Big Data sector: towards new forms of regulation

To address the possibility of implementing the defined regulatory framework on *What* has been defined as Big Data sector in the previous chapter, it is necessary to give an answer to the two question that had been asked before the analysis of the actual situation of Big Data regulation. In particular, it is necessary to shed a light on

the reasons *Why* the implementation of a new forms of regulation is advisable for the sector, and *Why* this sector has been chosen as a suitable ground for the development of new forms of regulation which derive from the regulatory framework defined for IASB and accounting regulation.

The first question finds a perfect answer on the theoretical analysis of the actual regulatory situation of the sector, which lacks of coherence in facing the dangers connected to Big Data pervasive nature because it fails in identifying properly what should be regulated.

The causes of these gaps and lack of effectiveness in the actual forms of regulation of the sector are attributable to one of the main danger connected to Big Data, the inequal distribution of the technologies and expertise which are needed not only to exploit this resource, but also to understand how to deal with its pervasive nature. It has been seen in the accounting regulation analysis how in certain cases public sector struggles in regulating certain aspects of social or economic reality.

The Big Data sector is characterized by an almost complete monopolization by few private companies of the expertise which should be required to properly face regulatory issues on the matter. This disadvantage is caused by digital technologies and Big Data monopoly. In this sense the case of Cambridge Analytica constitutes a perfect explanatory example.

The case exploded in march 2018 and changed public opinion point of view on the relationship between information technology and politics, after that a private firm, Cambridge Analytica, was able to exploit the data bought from Facebook to support Trump presidential campaign through advertising microtargeted to 87 million users. The case carries with itself different practical examples to answer both the questions asked at the beginning of the chapter.

Firstly, it showed the complete lack of preparation of different public actors to preserve citizen rights and effectively regulate the sector. In this direction it is possible to refer to two main examples. On the one hand the actual forms of regulation have not been able neither to prevent nor to correctly sanction this scandal. GDPR, which should be the most stringent regulatory intervention on the matter, could limit its reaction to a fine, and could not be able to force Facebook to improve to a sufficient level its privacy policy for those who accept the platform policy. In second place the Transcript of Mark Zuckerberg's Senate hearing

(Washington Post, April 10, 2018, <https://www.washingtonpost.com/news/the-switch/wp/2018/04/10/transcript-of-mark-zuckerbergs-senate-hearing/>) revealed how different Senators and in general public authority are completely unaware of dynamics connected to the sector, and in general the lack of consistent consequences for Facebook after the trial showed furtherly this lack intervention capacity.

The Transcript of the Senate's hearing also shows different examples of situations in which the CEO of Facebook (now Meta) Mark Zuckerberg made purposes of voluntary disclosure on the data utilization within the firm. This could be a signal of a possible predisposition of Meta to communicate transparency and in general being accountable, and maybe the possibility of a self-regulation of the sector. However self-regulation needs to be legitimate and accepted by the social basis of reference, something which actually does not exist in the sector.

Coming back to the reasons why the regulatory situation of the sector needs to be improved, the issue of expertise monopoly is relevant also with respect to the reasons why this sector is feasible for application of a regulatory framework which is based on the same pillars as accounting regulation. One of the main characteristics of IASB regulatory framework is to rely on an expertise based self-regulation carried out by private actors which own a relevant portion of the knowledge necessary to understand the regulatory necessities of accounting sector and to provide effective solutions, in terms of standards, to serve these necessities. The most common example of such private actors are "The Big Four" auditing firms, which are not only points of reference in terms of accounting and financial knowledge, but have also access to technologies and methods (means), to cite again two of the four main aspects used to depict the borders of Big Data sector, which are far beyond the other actors of the network.

The distribution of expertise in the accounting sector and in the Big Data one follows a similar pattern. Big tech companies like Alphabet, Meta, Microsoft, Amazon, Apple or Netflix have access not only to the technologies and methods to exploit Big Data, but through their human capital they have access to almost all the expertise of the market with respect to Big Data subject. These companies could play for Big Data sector the same role that the "Big Four" or other private actors play for accounting. It is clear that, in opposition to what happens with accounting, which has a long time

history, Big Data is a relatively new sector, in which the comprehension of some dynamics is even less equally distributed than in the accounting sector. If accounting regulation has been more successfully managed by private technocratic authority, because its long history of subjectivity to private's influences, the things get more complex with respect to Big Data, given that the short history of the matter did not permit the public sector to align with the private, or to develop a coherent view of the regulatory intervention to be introduced. Another point in common between the two matters is their pervasive nature in different facets of human activity and also in the lives of people which do not have a direct right or interest towards the matter. "Accounting impacts the lives of everyone in society, even (or perhaps especially) those who know very little about the subject and have never set eyes on a financial statement" (James Perry & Andreas Nölke, 2006, p.560).

Under this definition it is possible to assert that every actor or individual is a stakeholder with respect to accounting regulation, even without being conscious of that interest. This pervasive nature is proper, in a much broader and intense sense, as already mentioned, of Big Data.

Furthermore, similarly to the accounting sector, the Big Data one has an absolute need for the convergence of international regulation. While for accounting the reasons have to be researched in the needs of financial markets of a common language to communicate economic reality, the international extension of different businesses' borders and the international nature of the private influences on the subject, with respect to Big Data this need of convergence is identified in the transnational implications of the Big Data's impact on society. It is clear that this is a fertile ground for a successful application of the regulatory framework defined in this work.

Moving on with this analysis on the possibility of this application, an hypothetical dissertation on the specific forms that the new regulatory framework could assume for Big Data would lack of value for the fact of being, as said, a mere speculation. What is interesting, under the conditions which have been depicted in this analysis, is the existence of a space for the application of the defined framework. The existence of this space is proved by the actual gaps in the existing regulatory body for Big Data, by the need of an international convergence on the matter and by the similarities of Big Data sector with the accounting one in terms of regulatory needs.

Under these conditions, a private intervention in the regulation of Big Data sector is desirable and would fill in the gaps that public authorities are struggling to bridge. This private intervention should be based on the funding pillars identified through the definition of IASB regulatory framework. Firstly, private intervention should be accepted as legitimate by the actors of the constellation network. It is clear that private entities own most of the expertise that would be needed to regulate the sector, but this is not sufficient without a proper formal legitimating process, or more in general, a focus on throughput legitimacy. With this respect different critics could be moved towards this analysis, in particular connected to the emergence of two problems. The first is the absence of an actor which could play the role that IASB covers for the accounting sector, and the second is that even if such an actor should emerge or affirm itself in future, there is no guarantee that Big-tech companies should agree in self-regulating. In order to answer these possible critics a possible answer is identifiable in the actual need of the sector for regulation, a need which is shared both by the actors which have the expertise to intervene on regulation and the do not have the means to do so. In this sense the history of what happened with accounting could be an example. IASB was in fact founded by the same private actors which are now subjected to its standards, to provide themselves with an alternative to other forms of regulation based on public intervention, which could better respond their needs and that of the stakeholders.

In this sense it is possible to argue that, despite the actors of a certain sector, in particular in the case of contexts characterized by a monopoly of means and expertise like Big Data one, could find beneficial a situation in which the public sector struggles in finding an effective regulation, they still have to act in conformity with rules and laws. Accounting sector has proven that the need for intervening in regulation rises spontaneously to guarantee the long-term well-being of the aggregated system over individual entity's short-term advantages.

In addition, answering these questions with precision would constitute a further analysis which will need means that go beyond the limits of this work, and would be, as previously anticipated, a mere speculation. However, if hypothetically disserting about the specific form of this implementation does not add value to this analysis, and do not constitute a sufficient argument about these critics for being, indeed, hypothesis, it could be interesting to advance and cite some examples in the

sector, which show that certain Big Tech companies are actually already self-regulating, and that systems of private governance are already put in place with respect to certain dynamics of the sector.

Most of the Big-Tech companies have already equipped their web infrastructure, in particular sharing tools like You Tube, or Social Media like Instagram or Facebook, with algorithms and policies that decide what is posted or taken down, or a series of standards, guidelines and rules which regulate the freedom of speech and communication within their infrastructure.

Companies like YouTube, Facebook or Twitter have developed a complex internal system of governance which has been defined as “bureaucratic” by Kate Klonick (2018), and is designed to assess what is consistent with their terms of service and company policies, and to adjudicate whether something should be allowed to be posted, or whether it should be taken down. In this regard, Jack M. Balkin (2017) asserts that the emergence of a system of private governance within this infrastructure is unavoidable, either because its directly determined by their business model, or because national governments require this effort for self-regulation by these companies..

The fact that these private systems of governance are subjected to government demands, together with these self-regulation procedures are narrower to countries jurisdictions, has determined an high pressure of public authorities of different countries, over the these private governance system. In addition these infrastructures are subjected to the final users expectations.

With respect to these self-regulatory systems, their relationship with a variety of pressure and interests of different nature will probably create a need for a coherent international regulatory framework which could permit these entities to operate legitimately and at a cross-border level. The reason is easy to identify. It has been said that companies could find beneficial the fact that public authority does not have the proper means to regulate Big Data sector, but that they still have to act in conformity with rules and laws. Now, with respect to these systems of private governance, the expectation towards the guidelines these platforms have developed could be of very different nature from one country to another, and could depend by laws and local culture. It is clear that, despite the enormous power these companies have, they still are highly influenced by these expectations. In addition, these private

regulatory systems have to be perceived as legitimate both by final users and by countries. Then these self-regulatory attempts have obviously to deal and integrate with international governance dynamics, finally, as just mentioned, since they have to be accepted within different countries' borders, they should be able to adapt to these countries' expectations. These are the three pillars identified as the core of IASB regulatory framework, from a social and political point of view. These three pillars and the framework they refer to can be applied and declined in different sectors to assess the possible functioning of expertise based self-regulatory private regulation in different areas of human activities, characterized by the formal legitimation of private intervention on a subject that has been correlated solely to public authorities for a long time.

IV. Conclusions

The analysis carried out in this work has been conducted through the interpretation of literary contributions that refer to different areas of academic thinking, to reflect the multidisciplinary nature of the theme chosen. The method used has been the critical review, supported by the logical deduction, of an extensive literary corpus of heterogeneous nature, in order to define the characteristics of the accounting regulatory framework on which IASB moves, to identify which are the elements that have constituted the success of a private entity in intervening in regulation, to understand its regulatory framework and to use these elements to explore expertise-based self-regulation.

The last step of this analysis has been the dissertation on the possible applications of the defined framework to different regulatory contexts, in order to assess what could be the implications of new forms of regulation based on this framework.

This work has followed a three levels structure. The first level is the identification of the themes to be treated, the second is the dissertation on these themes, and the third is the discourse on the possible implication of the extension of this discourse to new boundaries.

The first two levels of this analysis are developed respectively on the first and second chapter.

The historical analysis at the beginning of the first has been used to investigate how private influences have carved both the accounting matter and its regulation. In particular it has revealed how regulatory efforts of public authorities emerged in a second time and were built over a system which was already designed and shaped by private influences. The second part of the chapter explore the functioning and the role of the IASB in international regulation, moreover the attention is moved towards a literary review which is more technical, and relates to the economical, financial, and accounting impact of the adoption of the standards.

However, this literary review is not aimed to take one or the other position, but to shed a light on the fact that the inconsistency of the results of academic research in one coherent direction is not a reason to refuse IASB as a successful standard setter, but the proof that the reasons of its success have to be researched in other research field, which refer to politics and sociology. This is supported by the second part of the historical analysis, which exposed the way in which IASB, which at first was called IASC, has worked its way as a private legitimate regulator. This part has underlined how different private and public actors identified IASB as the best entity to serve their needs.

The second level of this analysis, which correspond to the second chapter, has been as said a dissertation on the themes that the first has identified as the core of IASB success. The chapter has been divided in three part and has identified the core of the framework in three main pillars: its perfect integration with international governance dynamics, the possibility that governments have, to adopt it at different levels, and most importantly the focus of the no-profit on throughput legitimacy, through the Due Process. This last emerged as the main tool used by IASB to be accepted as a regulator by the network on the one hand, and to be sufficiently knowledgeable to do so on the other, gaining access to the expertise of the network's actors and understanding their needs and expectations through the consultation. The identification of these three main pillars has gone through the examination of the theme of legitimacy at different levels, the most recent dynamics of international governance, how these dynamics integrate in what in literature is defined as "constellation network" and with IASB regulatory framework, and the actual analysis of the actors that are included in transnational regulation. The third chapter does not corresponds to the third level of analysis, but is based and the whole method applied. It is divided in three parts, one for each level.

The first is useful to identify, through a critical examination of different literature contributions, the border of the sector of Big Data, chosen as an example of the possible applications of the regulatory framework previously analyzed. This has been useful to give a new interpretation to the definition of Big Data, based on the four aspects that constitute the value of data, which are technology, information, method and impact.

The second has investigated the actual regulatory context of the sector chosen, identifying a lack in public sector intervention on the matter determined by the inequitable distribution of the resources and expertise needed to regulate the field. The third has proposed the application of the regulatory framework defined in the previous chapter to the sector, focusing in particular on the reasons why it is a suitable ground for this application.

It emerged that not only that the application can be considered suitable, for the similarities of the two sectors, accounting and Big Data, under the assumptions of this work, and for the possible benefits that a private intervention with the cited characteristics could provide to Big Data regulation.

Finally, the analysis has exploited the example of the guidelines and rules of different web infrastructure, like Twitter or Youtube, which under this analysis could constitute an evidence of self-regulation. This is supported by the analysis of different pieces of law literature and is put in relation with the framework defined.

It is clear that both this analysis and its implications can be subjected to different critics, in the same way that it is clear that the possible future implication of the influence of private intervention on regulation, both at a national and at the international level, could follow different patterns than those identified in the context of this work. In this respect, there are possible further critic could be moved to this work. In particular different authors are still skeptical on a positive approach towards self-regulation in general and towards IASB. In addition, given that the application of the framework to new regulatory sector is still hypothetical, it could be argued that the analysis has not any practical application, and limits itself to a theoretical dissertation. In this respect, the analysis carried out leave space to two further deductions which permit to better understand both the defined framework, and the possibility to implement it in further studies, or to apply it in new regulatory contexts. The first is that the reasons for IASB regulatory success identified in this work have a social and political nature, thus a critic moved to this work should face the same theme from a point of view that falls outside the financial and technical implication of IFRS adoption, and in the same way further studies which should develop a similar analysis are supposed to follow a similar path. In second place it has been shown that even the reasons why the Big Data sector is suitable for the application of the defined framework go beyond the technical nature of the two

subject, accounting and Big Data. Further studies could, thus, give an evidence of the suitability of the defined framework to all the sector of human activities in which should recur the dynamics identified, and which should have the same regulatory needs.

Nowadays, the theme of the relation between regulation and private influences is highly debated, thus each point of view struggles to find its place in the multitude of valuable academic contribution on the matter.

This work constitutes a small contribution to this debate, made with passion and in the hope of increasing, even a little bit, this value.

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