



RESEARCH STRATEGY

Introduction and objective of this paper

1. Research has an important role to play in facilitating the achievement of the AASB's Strategic Directions.¹ The aim of this paper is to outline the proposed strategy and activities for 2017-2019 for the AASB's Research Centre. It also describes the activities of the AASB Academic Advisory Panel which has an important role to play in assisting the Research Centre to pursue its strategy.
2. This paper is a revised version of Agenda Paper 12 (May 2017), following feedback from the Board at the May meeting. The amendments are in paragraph 3, 6 and 7 below.

Research Centre Strategy

3. The Research Centre's goal is to facilitate the achievement of the AASB's Strategic Directions. The proposed strategy of the Research Centre is to:
 - (a) Incorporate research in all key projects to improve the relevance and timeliness of information available to the AASB for its decision making activities.
 - (b) Specify the nature of research activities based on the desired contribution of research to the project.
 - (c) Use research to enhance the AASB's standard setting activities.
 - (d) Produce research that will clarify, illuminate and provide leadership in national and international thinking on standard-setting issues.
4. The existing Research Centre objective, as shown on the AASB webpage is shown in Appendix A. The proposed revised Research Centre strategy does not conflict with the prior strategy. The revised strategy is stated in a way to make the strategy clearer to external parties, staff and the Board.

¹ The AASB Strategy states:

1. Use IFRS and transaction-neutrality as a starting point, taking into account cost/benefit considerations and user needs.
2. Take a leadership role in shaping the Australian Reporting Framework.
3. Enhance international influence with respect to IASB & IPSASB outcomes.
4. Facilitate and encourage active stakeholder participation in developing standards.
5. To maintain relevance, investigate expanding the scope of activities to cover external reporting rather than just financial reporting.

5. The old work program of the Research Centre is available on the AASB webpage.² This program will be updated following the Board's decisions at the May meeting.

Definition of Research

6. The Research Centre defines research as descriptive research or academic research, as shown below. The distinction provides information about the nature of the research evidence provided. Staff will be able to classify all research to be used into one of the two categories. The classification will help the Board and staff to better understanding of the extent to which they can use and rely upon the evidence. Descriptive evidence may be anecdotal, high level or indicative of trends. It may provide useful general information but the evidence on its own is unlikely to provide the depth and detail required in some areas of decision making. In contrast, academic research may provide evidence that can influence decision making, because it has been based on robust data and methods.
7. The type of research required for decision making will depend on the nature of the specific questions being addressed. The staff will use two main criteria to determine whether academic or descriptive research is required in a project. They are: (a) stage and (b) scope of the project. For example:
 - (a) Stage: In evaluating whether to take a project onto the standard setting agenda, the Board may find descriptive research or a literature review useful. When a project is in progress, specific evidence about behaviour of people or companies may be required, before decisions can be made.
 - (b) Scope: The scope of a project, that is, the goals and objectives of the project, will affect the research undertaken. A narrow scope project could make use of descriptive research (e.g. through collection of limited evidence from primary or secondary sources) but would not necessary warrant expending resources on obtaining evidence for academic research. On the other hand, a full scale project may involve decision making about costly outcomes, thus increasing demand for input from any available relevant academic evidence.

² http://www.aasb.gov.au/admin/file/content102/c3/AASB_Research_Centre_Work_Program.pdf

<i>Academic Research</i>	<i>Elaboration</i>
<p>Research which follows a scientific method, comprising theory, research questions, hypotheses, data collection, data analysis, results, conclusion and implications.</p> <p>Higher quality research is likely to be published in internationally recognised, peer reviewed academic journals.</p>	<p>Depending on the questions to be addressed, the research may collect data in the following ways:</p> <ul style="list-style-type: none"> • From people, using surveys, interviews, case studies and behavioural experiments. • From documents, such as annual reports, financial statements, investor presentations (hand collected, or technology assisted via search tools). • From databases, where large data sets are obtained from private or commercial database providers. The data sets are collections of data obtained from elsewhere (e.g. company financial statements; stock exchange share prices and trading volume data).
	<p><i>Examples</i></p> <p>(1) The academic research papers cited in the literature review included in the IASB’s Post Implementation Review of IFRS 3 (IASB Agenda Paper, Tarca and Piobino 2014); AASB Board presentations of working papers by Kober et al. and Johanssen et al.</p> <p>(2) AASB Research Report No.1 <i>Application of the Reporting Entity Concept and the Lodgements of Special Purpose Financial Statements</i> based on research by Carey, Potter and Tanewski.</p> <p>(3) Literature review papers that report results of academic research (e.g. AASB Research Report No. 3 <i>The Impact of IFRS Adoption in Australia: Evidence from Academic Research</i>; ICAEW 2014 <i>The Effects of Mandatory Adoption of IFRS in the EU</i>).</p>
<i>Descriptive Research</i>	<i>Elaboration</i>

<p>Other research that does not follow a scientific method, as described above.</p>	<p>Research reports, essays and papers that presents facts and opinions, which have not been arrived at using the scientific method. These include commentary papers; opinion pieces, essays and discussion papers; and reports of data, collected to illustrate an issue or problem.</p>
	<p><i>Examples</i></p> <p>(1) Commentary paper: Brown and Tarca (2012) Ten Years of IFRS: Practitioners' Comments and Suggestions for Research in <i>Australian Accounting Review</i>, December.</p> <p>(2) Essays and discussion papers: AASB Essay 2014-1 <i>The Critical Role of the Reporting Entity Concept in Australian Financial Reporting</i>; IFASS Paper March 2017 <i>Digital Currency – A Case for Standard Setting Activity</i>.</p> <p>(3) Research report: <i>KPMG Major Australian Banks, Full Year 2016 Results Analysis</i>.</p>

Carrying out AASB Research Activity

8. During the period 2017-2019 staff plan to undertake both academic and descriptive research, making use of internal and external resources. Specifically, staff propose to improve the scale, scope and quality of AASB research activity by working more with people external to the AASB, in particular, academics, consultants and national standard setters. All the activities listed below will involve a mix of research activities, as determined by the nature of the issues to be addressed by the research and the objectives and desired outcomes for the research activity. Staff will:
- (a) When required, prepare a literature review for a topic, to determine the extent of evidence presently available to answer questions raised in relation to the topic. Topics may be on the standard setting agenda, or being considered for the agenda. Topics may be of current relevance to the Board or of expected future relevance. Literature reviews may be prepared by staff or by academics or others at staff's request.
 - (b) Carry out research relevant to gathering evidence for writing papers for ASAF, AOSSG and IFASS meetings. This will assist in meeting the AASB goals of multiple annual presentations on contemporary and relevant work at international standard setters' meetings.

- (c) Carry out research that will inform the investigation, planning and standard setting activity of the AASB and the national standard setters (IASB and IPSASB). The staff plan to carry out projects of varying scale (scope, complexity and resource intensiveness) to maximise the AASB's research impact. The staff expect that some projects will involve them working with other national standard setters and academics to increase the quality and potential impact of the work.
- (d) Promote the conduct of research relevant to Australian and international standard setting, via contact with academics at university visits and conferences and through the work of the AASB's Academic Advisory Panel. Staff may work directly with academics on joint projects. In addition, staff will advise academics on their projects and, where appropriate, put academics in contact with stakeholders who could assist with the projects.

Recent work of the AASB Academic Advisory Panel (AAP)

- 9. The Research Director and the Project Manager meet at least two times per year with the AAP.³ Other meetings of subcommittees of the AAP are held as required. The AAP has been involved in the following activities to promote research relevant to standard setting and the expansion of evidence that can assist in the standard setting process:
 - (a) Panel members attended and presented at the 2016 AASB Research Forum. Papers from the Forum are currently being revised and submitted to an academic journal for publication.
 - (b) The AAP and a subcommittee of the AAP are working on selecting and mentoring the development of projects for presentation at the 2017 AASB Research Forum.
 - (c) The AAP are assisting AASB staff to compile a Subject Expert list. The list will include names of researchers active in areas that are relevant to the work of the AASB. Staff will be able to make use of the expertise of people on the list, as required and appropriate.
 - (d) The AAP are assisting the AASB staff in arranging university visits in 2017, to allow staff to engage with academics and to promote use of communication channels between staff and academics (including discussions of academics' research projects with staff and presentations of relevant research findings to the Board).
 - (e) Some AAP members will be presenting a panel session at the AFAANZ conference in July 2017 to promote work by academics that is relevant to standard setting.

³ See Appendix C for information about the AASB Academic Advisory Panel.

- (f) A panel member has obtained a commitment from an ABDC B-ranked Australian academic journal for publication of short descriptive papers on questions of interest from the standard setting agenda. Obtaining a journal willing to publish these studies will encourage scholars to work on technical papers with descriptive data that could be useful to standard setters. The Research Director will work with the editor to arrange a call for a special issue focused on topics of interest to the AASB.

- (g) In 2017 two new panel members will be sought. The first will fill the position currently held by Roger Simnett who has resigned. The second position will be for an academic from New Zealand, to build on the connections between Australian and New Zealand standard setters and academics.

Appendix A Primary objective of the AASB Research Centre 2016

Source: AASB Website

Research Centre

The primary objective of the AASB Research Centre is to provide thought leadership on financial reporting issues. The Centre's activities are intended to make a substantial contribution to the domestic and international debate on particular topics and to influence the International Accounting Standards Board and the International Public Sector Accounting Standards Board and therefore the content and quality of IFRS and IPSAS. Our research is expected to involve liaison with constituents (including academics) and other standard-setters. Indeed, some of our research will be conducted in conjunction with other standard-setters. Research Centre staff closely monitor the IASB's research agenda and post-implementation review agenda, and will contribute to the IASB's work on particular projects by arrangement with the IASB. We also hope to influence the setting of the IASB research agenda.

Appendix B The Scientific Method

Source: <http://www.livescience.com/20896-science-scientific-method.html>

When conducting research, scientists use the scientific method to collect measurable, [empirical evidence](#) in an experiment related to a [hypothesis](#) (often in the form of an if/then statement), the results aiming to support or contradict a [theory](#).

The steps of the scientific method go something like this:

1. Make an observation or observations.
2. Ask questions about the observations and gather information.
3. Form a hypothesis — a tentative description of what's been observed, and make predictions based on that hypothesis.
4. Test the hypothesis and predictions in an experiment that can be reproduced.
5. Analyse the data and draw conclusions; accept or reject the hypothesis or modify the hypothesis if necessary.
6. Reproduce the experiment until there are no discrepancies between observations and theory.

Appendix C Academic Advisory Panel

Source: AASB Website

Membership

- [Stephen Taylor](#), (Interim Chair), AASB member and University of Technology Sydney
- [Neil Fargher](#), Australian National University
- [David Gilchrist](#), University of Western Australia
- [Bryan Howieson](#), University of Adelaide
- [Brad Potter](#), University of Melbourne
- [Baljit Sidhu](#), University of New South Wales
- [Roger Simnett](#), University of New South Wales (resigned)