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## **Financial Crisis and Legitimacy of Global Accounting Standards**

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### **ABSTRACT**

The purpose of this study is to examine and clarify a legitimation mechanism of global accounting standard-setting and accounting regulation. Especially, we investigate the legitimation crises of the IASB and IFRS and their restoration process during the financial crisis with using an analytical framework of ‘decoupling, compromises, and systematic dominance’ (Tamm Hallström, 2004). We find that the IASB decoupled its regular due process in order to maintain the endorsement mechanisms in the EU and avoid a further carve-out. To reconcile the concerns about the IASB’s governance from the U.S. and the outside of Europe, the IASB established the monitoring board with compromising its expertise principle laying weight on independence with the request for enhancing its accountability. We also find that the IASB systematically put a dominance position to the needs of the EU as the biggest customer.

**Keywords:** fair value accounting, financial crisis, global accounting standards, legitimacy, reflexivity

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