# Constituent Feedback and Its Influence on IASB's Standard Setting Decision: Evidence from IFRS 18

Sharmeen Akter

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## Abstract

The IASB faces an inherent challenge in responding to constituent feedback through its due process while maintaining its independence and developing standards consistent with its Conceptual Framework. Although prior research has examined constituent participation and influence in IASB standard-setting, comparatively little is known about constituents' positions on specific proposals, the arguments supporting those positions, and how these relate to subsequent IASB decisions. Against this background, this study examines constituent feedback during the development of IFRS 18 *Presentation and Disclosure in Financial Statements*. Specifically, it investigates whether constituent positions on proposals in the Exposure Draft of the General Presentation and Disclosures were associated with subsequent IASB decisions, and whether this association depends on the nature of the arguments supporting those positions. Private interest theory and related perspectives from Positive Accounting Theory provide theoretical lenses for understanding constituent participation and lobbying behavior, particularly how constituents' self-interest and expected costs and benefits may shape their participation and positions. Accordingly, the study examines two hypotheses: that constituent positions are associated with IASB decisions and that this association depends on the nature of the arguments presented.

The study employs content analysis of 216 comment letters submitted to the IASB in response to the Exposure Draft. Using NVivo 15, the letters are coded according to constituent group, position on selected proposals, and the nature of the arguments used to support those positions. Preparers represented the largest group of respondents (41.20%), followed by accounting professionals (16.67%) and national and regional standard setters (14.31%), while 42.60% of submissions originated from Europe.

The findings show that constituent feedback led to several changes between the Exposure Draft and IFRS 18, including changes to the financing category and the classification of associates and joint ventures, as well as the withdrawal of the unusual

income and expenses proposal. However, constituent preferences did not uniformly correspond with IASB decisions, as some proposals were retained despite substantial disagreement. Differences in constituent responses were statistically significant across groups for three of the four proposals tested. The analysis also shows that constituents used both conceptual and non-conceptual arguments and frequently combined them. These findings provide partial support for both hypotheses. Overall, IASB responsiveness to constituent feedback appears selective rather than automatic.

The study extends the literature by providing evidence from IFRS 18 on comparatively underexplored aspects of IASB standard-setting, particularly constituent positions on specific proposals and the arguments supporting those positions. By examining these together with subsequent IASB decisions, the study provides further evidence on how constituent participation operates within the tension between responsiveness to constituent feedback and the IASB's need to maintain independent and conceptually grounded standard-setting decisions.

***Keywords:*** IFRS 18; IASB due process; constituent participation; comment letters; standard setting; lobbying; private interest theory

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## Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor used artificial intelligence tools or generative artificial intelligence tools (unless it is clearly stated, and referenced, along with the purpose of use), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

**Signed:**

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# Chapter: 1

# Introduction

This thesis examines the role of constituent feedback in the development of IFRS 18. In doing so, the study is motivated by two research questions: one, whether the International Accounting Standards Board's (IASB) standard-setting decisions are influenced by constituent opinions, and two, whether the association between constituent feedback and IASB decisions differs according to the nature of the arguments used to support constituent positions, including Conceptual Framework-based arguments and non-conceptual arguments reflecting practical, operational, and economic considerations. The study aims to provide a deeper understanding of how constituent input is incorporated into the IASB's standard-setting process by addressing these two research questions.

The development of accounting standards is a complex political process. The process is often shaped by stakeholders' interactions with diverse and conflicting interests. Instead of being a purely technical practice, standard setting becomes an exercise of negotiation among interested parties trying to influence accounting outcomes in ways that prioritize their preferences and economic incentives (Giner & Arce, 2012; Hansen, 2011). The IASB, as the global accounting standard setter, operates within a formal due process framework that highlights transparency, consultation, and inclusiveness (Jorissen et al., 2012; Arce et al., 2023). The process also enables stakeholders to participate through mechanisms such as public comment letters (Jorissen et al., 2013). This participatory structure helps enhance both the quality and legitimacy of accounting standards by incorporating a broad range of perspectives into the decision-making process (Kabir, 2026).

The widespread adoption of International Financial Reporting Standards (IFRS), which are used in more than 100 jurisdictions, has heightened the significance of the process and reinforced the central role in global financial reporting (Larson & Herz, 2013). Accounting standards can significantly affect reported earnings, financial position, performance measures, contracting outcomes, and investment decisions. Consequently, stakeholders often have strong incentives to participate in the standard-setting process to advance their interests (Hansen, 2011). Therefore, the IASB's due process is not only considered a procedural requirement but also an important ground on which competing economic, professional, and

institutional interests interact. At the same time, the IASB faces the challenge of balancing responsiveness to stakeholder concerns with the need to maintain independence and develop high-quality, principle-based standards (Kabir, 2026). Constituent participation contributes to the legitimacy of the standard-setting process, though excessive responsiveness to particular interest groups may challenge the neutrality and conceptual integrity of accounting standards (Hewa et al., 2020). This creates an inherent tension between inclusiveness and independence: while the IASB is expected to consider constituent concerns as part of a legitimate due process, it must also ensure that its decisions are not driven by particular interests at the expense of independent, conceptually grounded standard-setting (Hewa et al., 2020; Kabir, 2026). This tension provides the central motivation for examining whether constituent feedback is associated with IASB standard-setting decisions and whether this association varies with the nature of the arguments supporting constituent positions.

Prior research provides varying evidence on the extent to which constituents influence IASB standard-setting decisions. While the IASB considers constituent feedback and sometimes modifies its proposals in response to concerns raised during consultation, prior studies generally find no evidence that particular constituent groups systematically influence its decisions (Giner & Arce, 2012; Hewa et al., 2020; Arce et al., 2023; Kabir, 2026). Rather, the IASB appears to consider constituent feedback alongside conceptual and regulatory considerations when making standard-setting decisions (Kabir & Rahman, 2018; Kabir, 2026). For example, it may modify proposals in response to practical and implementation concerns while retaining other proposals despite constituent opposition. Thus, although prior research provides considerable evidence on constituent participation and influence, less is known about constituents' positions on specific proposals, the arguments they use to support those positions, and how these relate to subsequent IASB decisions (Kabir, 2026). Examining these issues may therefore provide further insight into how the IASB balances responsiveness to constituent feedback with independent, conceptually grounded standard-setting.

For the IASB, as a private transnational standard-setting organization, the issue of legitimacy is particularly important. Unlike national standard setters, the IASB does not derive its authority from a single sovereign jurisdiction. It must establish its legitimacy through due process and responsiveness to stakeholders (Arce et al., 2023). Earlier research suggests that legitimacy is closely linked with the perceived fairness, transparency, and inclusiveness of the standard-setting process (Jorissen et al., 2013). At the same time, the IASB is expected to develop standards consistent with the principles in its Conceptual Framework (IASB, 2018). Accordingly, standard-setting decisions are sometimes produced in line with constituent preferences and in proportion to the extent to which constituent arguments align with underlying conceptual principles. This further raises a significant question about whether conceptual arguments are more influential than arguments based principally on practical or economic considerations.

In the context of major accounting standards, these issues become particularly relevant as they introduce substantial changes to financial reporting practices. IFRS 18, which addresses the presentation and disclosure of financial statements, represents one such significant development. The relevance, comparability, and transparency of financial information are to be improved by the standard through the introduction of new subtotals in the statement of profit or loss, the enhancement of the structure of financial statements, and the requirement for disclosures relating to management-defined performance measures (IASB, 2024). As financial statement presentation directly influences how users interpret and evaluate an entity's financial performance, the changes introduced by IFRS 18 have important implications for investors, analysts, preparers, auditors, and regulators (IASB, 2018).

IFRS 18 provides an appropriate setting in which to examine these issues. The standard resulted from the IASB’s Primary Financial Statements project and introduced significant changes to the presentation and disclosure of financial performance (IFRS Foundation, 2024). Its development involved extensive constituent participation through the IASB’s due process, providing substantial evidence of constituent positions and the arguments supporting them. Importantly, the IASB’s responses to constituent feedback were not uniform across the proposals. Some proposals were modified or withdrawn following

consultation, whereas others were retained despite concerns raised by constituents. This variation provides a useful setting for examining whether constituent positions are associated with IASB decisions and whether this association varies with the nature of the arguments supporting those positions.

The significance of financial statement presentations further underscores the need to examine the standard-setting process in this context, particularly how constituent feedback contributes to the development of accounting standards. Presentation and disclosure requirements structure users' perception of financial performance and help decision-making by providing relevant, reliably represented, and comparable information (IASB, 2018). On the other hand, proposed alterations to these requirements often attract considerable attention from stakeholders with vested interests in financial reporting outcomes. This ultimately led to active participation in the IASB's due process. Consequently, IFRS 18 provides an appropriate setting for investigating the dynamics of constituent participation and influence within the IASB's due process.

Although IFRS 18 provides an appropriate setting for examining constituent influence, an important question remains whether the nature of constituent arguments affects the IASB's standard-setting decisions. Much of the existing literature has examined constituent participation and lobbying behavior, whereas comparatively less attention has been given to the role of the arguments advanced in comment letters. This study adopts an argument-based perspective on the basis that the IASB may respond not only to the extent of stakeholder participation but also to the conceptual basis and quality of the arguments presented. Prior research suggests that the nature of constituent arguments may influence standard-setting outcomes (Giner & Arce, 2012; Holder et al., 2013). This issue provides an important motivation for the present study.

A further issue concerns whether the IASB’s response to constituent feedback varies with the nature of the arguments supporting constituent positions. Prior research suggests that constituents use both conceptual arguments, which draw on the principles underlying financial reporting, and non-conceptual arguments relating to economic consequences, implementation, and other practical considerations (Giner & Arce,

2012; Kabir, 2026). Although the IASB commonly frames its decisions in conceptual terms, prior evidence also indicates that practical and implementation considerations can inform changes to proposed requirements (Kabir & Rahman, 2018; Kabir, 2026). It is therefore unclear whether any single type of argument is consistently associated with IASB responsiveness. This provides a basis for examining whether the relationship between constituent positions and subsequent IASB decisions varies with the nature of the arguments supporting those positions.

Against this background, the research problem addressed in this study concerns the relationship between constituent feedback and IASB standard-setting decisions. Although prior research has examined constituent participation and influence in the IASB's due process, less attention has been paid to constituents' positions on specific proposals and the arguments used to justify them (Kabir, 2026). Consequently, it remains important to understand not only whether constituent positions are associated with subsequent IASB decisions, but also whether this association varies with the nature of the arguments presented. The objective of this study is therefore to examine these issues in the context of IFRS 18 by analyzing constituent positions and supporting arguments in comment letters and relating them to the IASB's subsequent decisions. In doing so, the study provides evidence on how the IASB responds to constituent feedback while maintaining its independence and conceptual foundations.

Methodologically, the study employs content analysis of 216 comment letters submitted in response to the IFRS 18 Exposure Draft. The analysis is conducted using NVivo 15 to systematically examine constituent positions and the arguments supporting them. In line with the prior research, the study considers comment letters as observable manifestations of lobbying behavior, offering insights into how stakeholders like to influence regulatory outcomes through official channels (Holder et al., 2013). The study evaluates the extent to which constituent feedback is reflected in IASB standard-setting decisions by comparing constituent feedback with subsequent changes from the Exposure Draft to the final standard.

Private-interest theory and related perspectives from Positive Accounting Theory provide theoretical lenses for interpreting constituent participation in the IASB's standard-setting process. These

perspectives suggest that constituents may have incentives to participate when proposed accounting requirements have economic, professional, or institutional consequences for them (Posner, 1974; Watts & Zimmerman, 1978, 1979; Sutton, 1984). In this study, these perspectives are used to understand why constituents participate in the development of IFRS 18 and why their positions may differ across proposed requirements. They complement the study's broader examination of how the IASB considers constituent feedback while maintaining its independence and the conceptual basis of its standard-setting decisions (Kabir, 2026).

The findings suggest that constituent feedback was reflected in several changes made during the development of IFRS 18, although the extent of that influence varied across proposals. While several proposals were revised or withdrawn following consultation, others were retained despite constituent opposition, indicating that constituent preferences did not, by themselves, determine the Board's decisions. The analysis further indicates that constituents frequently used conceptual arguments, often alongside practical and operational considerations, suggesting that the IASB considered stakeholder feedback within a broader framework of conceptual, technical, and regulatory considerations.

This study contributes to the literature on constituent participation and influence in IASB standard setting in two ways. First, it provides contemporary evidence on how constituent positions on specific proposals relate to subsequent IASB decisions in the development of IFRS 18. The findings show that constituent feedback led to changes in some proposals, while other proposals were retained despite constituent disagreement. This extends prior research by showing that responsiveness to constituent feedback is not uniform across proposals and that constituent participation does not necessarily determine standard-setting outcomes (Hewa et al., 2020; Arce et al., 2023). Second, the study extends the literature by examining the arguments supporting constituent positions, an aspect of IASB standard-setting that remains comparatively underexplored (Kabir, 2026). By considering constituent positions alongside their supporting arguments, the study provides further evidence of how constituent participation operates within the IASB's due process while preserving scope for independent standard-setting decisions.

The remainder of this thesis is organized as follows. Chapter 2 reviews the literature on IASB due process, constituent participation, lobbying, and constituent influence in accounting standard-setting and develops the hypotheses. Chapter 3 describes the research design, data collection procedures, coding framework, and analytical approach. Chapter 4 presents empirical findings. Finally, Chapter 5 concludes the thesis, outlines the study's contributions and limitations, and identifies opportunities for future research.

# Chapter 2

# Literature Review and Hypotheses

This chapter reviews the literature relevant to the study and provides the theoretical and empirical context for the research. It first discusses the IASB's due process, constituent participation, and lobbying. It then reviews the literature on constituent influence and on the role of constituent arguments in accounting standard-setting. Finally, it identifies the research gap and develops the hypotheses examined in this study.

## 2.1 IASB Due Process, Constituent Participation and Lobbying

Accounting standard-setting is the process by which accounting principles and reporting requirements are formed. The process eventually improves the quality, reliability, and comparability of financial reporting. The standard-setting process is not thoroughly technical. Accounting standards regularly have considerable economic consequences for organizations and stakeholders, making standard-setting both regulatory and political (Holder et al., 2013; Reuter & Messner, 2015). In the global context, the IASB is responsible for developing IFRS, which are adopted across numerous jurisdictions worldwide (Jorissen et al., 2013). In developing IFRS, the IASB follows a formal due process constructed to ensure transparency, accountability, and stakeholder involvement. This process involves publication of discussion papers and exposure drafts, followed by public consultation through comment letters and other activities, before final standards are issued (Arce et al., 2023). As a private-sector standard setter without direct government authority, the IASB relies on this due process to support the legitimacy and acceptance of its standards globally (Larson, 2007).

The IASB’s due process is administered by the IFRS Foundation Constitution and the Due Process Handbook. According to the IFRS Foundation Constitution, the IASB is expected to develop high-quality accounting standards with transparency, accountability, and independence in its decision-making processes to serve the public interest (IFRS Foundation, 2021, paras. 2–3). Similarly, the Due Process Handbook develops a comprehensive outline that necessitates extensive consultation throughout the development of accounting standards. The process includes agenda consultations, research, discussion papers, exposure drafts, comment letters, outreach activities, redeliberation, and post-implementation reviews (IFRS Foundation, 2020, paras. 1.2, 1.6–1.7, 4.3–4.20, 6.1–6.48). These procedures aim to ensure

that standards are established through an independent, transparent process that integrates stakeholder perspectives while preserving the IASB's freedom and commitment to high-quality financial reporting. Bamber and McMeeking (2016) show that the IASB's due process also performs an important legitimacy function. Their analysis indicates that perceptions of fairness may be affected when comments from particular stakeholder groups or jurisdictions receive different levels of consideration. They argue that actual or perceived bias can weaken procedural legitimacy and, over time, damage the IASB's broader cognitive legitimacy.

Constituent participation refers to stakeholders' involvement in the accounting standard-setting process through formal consultation activities organized by standard-setters, such as the International Accounting Standards Board (IASB). To obtain feedback on proposed accounting standards the IASB inspires participation from numerous stakeholder groups, such as preparers, auditors, regulators, professional bodies, investors, and users of financial statements. (Larson, 2007; Jorissen et al., 2012). This participation is an important component of the IASB's due process, as it allows stakeholders to express their views and concerns before final standards are issued.

Submission of comment letters is one of the primary forms of constituent participation. Comment letters are conventional written responses submitted by constituents in response to discussion papers or exposure drafts issued by the IASB in the development of accounting standards (Holder et al., 2013). These letters generally contain stakeholders' views, suggestions, and concerns regarding proposed accounting requirements and are used by the IASB in its consultation and decision-making process.

A large body of literature has explored participation in the IASB's due process. Larson (2007) investigated participation in the International Financial Reporting Interpretations Committee (IFRIC) and found that participation was concentrated among a small number of stakeholder groups, mostly professional accounting bodies and standard setters, while users participated minimally in the process. Likewise, Jorissen et al. (2012) conducted a multi-issue and multi-period analysis of formal participation in the IASB's due process and found that preparers, standard setters, and accountants submitted most comment

letters. The study further showed that participation changes depending on the nature of the proposed accounting issue where disclosure-related proposals attract more responses from users and regulatory bodies. Collectively, these studies suggest that constituent participation in accounting standard setting is uneven and shaped by stakeholder interests and anticipated economic consequences.

Another stream of research investigates the geographical diversity of participation in international accounting standard-setting. Jorissen et al. (2013) analyzed over 7,000 comment letters submitted to the IASB. The authors concluded that participation was highly concentrated among developed countries and jurisdictions, which are more familiar with IFRS, the English language, and private-sector standard-setting. Similarly, Larson and Herz (2013) studied comment letter participation across multiple issues and periods and found that countries with stronger capital markets, European Union membership, and greater institutional involvement in IFRS activities exhibited higher levels of constituent participation. In addition to economic incentives, participation may also be shaped by stakeholders' perceptions of the legitimacy and effectiveness of the standard-setting process. Devi and Samujh (2015) provide related evidence from the development of IFRS for SMEs. They found that SMEs, academics, and constituents from developing economies were under-represented in the consultation process. Their study suggests that limited participation may prevent the IASB from adequately considering differences in user needs, regulatory infrastructure, implementation barriers, and national circumstances. Allini et al. (2018) examined the motivations of financial analysts to participate in accounting standard-setting and found that both institutional and individual factors shape participation. Their findings suggest that stakeholders are more likely to engage in the standard-setting process when they believe their contributions can influence outcomes and perceive the due process as legitimate and responsive. These findings further highlight the importance of a credible due process in encouraging meaningful stakeholder engagement (Devi & Samujh, 2015; Allini et al., 2018).

Taken together, these studies suggest that constituent participation in the IASB's due process is influenced by a combination of geographical, institutional, and stakeholder-related factors. While

participation tends to be concentrated in developed jurisdictions with stronger institutional involvement in IFRS activities, stakeholders' perceptions of the legitimacy and responsiveness of the standard-setting process also affect their willingness to participate. Consequently, participation by developing countries and less-resourced stakeholder groups remains comparatively limited, raising concerns about the representativeness and legitimacy of constituent input in the IASB's due process. This concern is reinforced by Bamber and McMeeking (2016), who found differences in how the IASB discussed and accepted submissions from different stakeholder groups and jurisdictions. Their findings suggest that the representativeness of constituent participation is important because perceived unequal treatment may undermine confidence in the fairness and legitimacy of the IASB's due process.

The uneven distribution of participation has led researchers to investigate constituent participation as a form of lobbying (Sutton, 1984; Georgiou, 2004; Holder et al., 2013). Rey et al. (2020) extended this literature by examining lobbying during the development of IFRS 16. They found that preparers were the most active participants in the consultation process, while participation was comparatively lower during the earlier stages of the project. Their findings also indicate that successful lobbying was associated with institutional and jurisdictional characteristics, including representation on the IASB board, financial support for the IASB, and stronger governance and enforcement systems in the lobbyists' home countries. Lobbying in accounting standard-setting refers to actions undertaken by constituents to influence the development of accounting standards in ways that support their interests (Sutton, 1984). Within the IASB’s due process, such participation can occur through several channels, including comment letters, consultative and advisory bodies, outreach activities, field visits, unsolicited correspondence, and meetings with IASB members or staff (Kabir, 2026). These channels provide constituents with different opportunities to communicate their positions and concerns during the standard-setting process. Comment letters have nevertheless received considerable attention in prior research because they provide publicly available evidence for examining constituent positions and their attempts to influence

standard-setting decisions (Bamber & McMeeking, 2016; Giner & Arce, 2012; Hansen, 2011; Kabir & Rahman, 2018).

Constituents may participate in accounting standard-setting for different reasons. From a private-interest perspective, participation is expected when the anticipated benefits of influencing a proposed requirement outweigh the costs of lobbying (Sutton, 1984). Such benefits may arise from the potential economic consequences of accounting requirements, including their effects on reported performance, compliance costs, or other organizational interests. However, participation is not necessarily driven solely by direct economic consequences. Professional responsibilities, technical expertise, institutional roles, and concerns about the quality and practical implementation of accounting requirements may also encourage constituents to participate in the standard-setting process (Kabir, 2026). Thus, constituent participation may reflect a combination of economic and non-economic considerations rather than a single motivation.

Although stakeholder participation is an essential feature of the IASB's due process, participation alone does not necessarily imply influence. While the IASB actively encourages consultation and stakeholder engagement, an important question remains regarding whether constituent opinions influence IASB decisions and, if so, under what conditions. This issue has motivated a growing body of literature examining constituent influence and the IASB's responsiveness to stakeholder feedback.

## 2.2 Constituent Influence on IASB Decisions

A substantial body of literature has examined whether constituent participation influences IASB decisions. Previous studies generally recognize that accounting standard-setting is not merely a technical exercise, but a political process shaped by interactions among the IASB and its constituents (Holder et al., 2013; Reuter & Messner, 2015). While the IASB urges broad participation through its due process, a central question remains: Does stakeholder feedback affect standard-setting outcomes?

One of the early studies investigating constituent influence is Giner and Arce (2012), who analyzed 539 comment letters submitted in response to the IFRS 2 exposure draft on share-based payments.

Their outcomes suggest that constituent lobbying may influence IASB deliberations. However, the IASB does not react equally to all forms of constituent input. The authors identified that while stakeholders repeatedly attempted to influence accounting outcomes by responding to comment letters, the IASB found it more approachable to arguments grounded in accounting concepts and objectives than to arguments grounded solely in economic consequences. Notably, they found no evidence that any single stakeholder group constantly dominated the standard-setting process. These findings indicate that constituent influence is situational rather than automatic and depend partly on the nature of the feedback provided.

Holder et al. (2013) similarly examined comment letters submitted to the IASB and FASB regarding accounting for contingencies. Their analysis reported that participants actively used comment letters to support or oppose proposed accounting requirements depending on their reporting interests and regulatory environments. The study concluded that lobbying behavior strengthens when proposed standards are believed to have significant reporting consequences. Similarly, Reuter and Messner (2015), in their analysis of lobbying on integrated reporting, discovered that preparers, multinational corporations, and professional bodies strategically utilized comment letters to influence regulatory developments. Rey et al. (2020) reached similar conclusions in their study of lobbying during the development of IFRS 16. They found that preparers were the most active participants in the consultation process and that successful lobbying was associated with institutional and jurisdictional characteristics, including representation on the IASB Board, financial support for the IASB, and stronger governance and enforcement systems in the lobbyists' home countries. Their findings suggest that constituent influence depends not only on participation but also on the institutional environment in which lobbying occurs.

Another stream of research has examined whether the IASB modifies accounting standards in response to constituent concerns. Hewa et al. (2020), in their study of the development of IFRS 9, revealed evidence that the IASB considered stakeholder feedback and modified certain accounting requirements to improve feasibility and comparability. Conversely, the authors also found that the IASB maintained relative independence by balancing constituent concerns against conceptual and regulatory objectives. Their

conclusion suggests that stakeholder influence exists while it is constrained by the Board's broader commitment to the objectives of financial reporting.

Similarly, Arce et al. (2023) conducted a study on IFRS 17 and found that the IASB's due process served as an important legitimating mechanism since the Board remained responsive to stakeholder concerns while preserving procedural objectivity and institutional legitimacy. The authors claim that responsiveness to constituent feedback improves confidence in the standard-setting process. Yet excessive sensitivity could threaten the IASB's independence and give rise to perceptions of regulatory capture. Accordingly, the IASB encounters the ongoing challenge of balancing responsiveness with independence.

More recently, De Freitas et al. (2024) investigated the stakeholders and jurisdictions that employ unequal influence during the development of IFRS 10. Their findings indicate that some jurisdictions, specifically those with stronger institutional and economic influence, seem to have a greater influence on standard-setting outcomes than others. Nevertheless, the study found no evidence that one stakeholder group consistently dominates IASB decisions. Rather, influence seems to vary across issues, the quality of constituent arguments, and the broader regulatory context.

Together, these studies propose that the IASB is neither fully protected from stakeholder pressure nor completely ruled by constituent interests. The evidence points to careful responsiveness, in which constituent feedback is considered alongside conceptual, technical, and regulatory considerations. The literature, consequently, suggests that constituent participation might influence IASB decisions, although the extent of that influence varies across standards, stakeholder groups, and regulatory contexts.

Existing studies provide valuable evidence regarding constituent influence. They also underline important unresolved issues. The primary focus of the prior research has been to examine whether stakeholder participation influences standard-setting outcomes. Relatively little attention has been paid to understanding why some constituent feedback is more influential than others. Thus, recent research has increasingly shifted attention towards the nature and quality of constituent arguments. This suggests that

influence might depend not only on the expression of a position but also on its justification. This emergent literature is particularly relevant to the present study and is reviewed in the following section.

### 2.3 Nature of Arguments and Constituent Influence

In addition to constituent opinions, recent research suggests that the effectiveness of constituent participation may depend on the features of the arguments used to support those opinions. Earlier studies concentrated mainly on participation levels, stakeholder representation, and constituent influence; whereas more recent research has shifted attention to the content of stakeholder arguments and the mechanisms through which such arguments affect standard-setting outcomes. This evolving stream of literature indicates that the IASB evaluates constituent feedback not only in line with stakeholder preferences but also in terms of the quality, relevance, and conceptual consistency of the arguments presented.

Conceptual arguments and economic consequence arguments are among the crucial distinctions identified in literature. Conceptual arguments are based on the objectives of financial reporting and the qualitative characteristics of financial information, such as relevance, faithful representation, comparability, understandability, verifiability, and timeliness. By contrast, economic consequence arguments focus on implementation costs and reporting consequences linked with proposed accounting standards.

Giner and Arce (2012) provide one of the most influential empirical examinations of argument types in accounting standard-setting. They examine comment letters submitted in response to the IFRS 2 exposure draft. The authors conclude that preparers generally relied on economic-consequence arguments, whereas conceptual arguments were more commonly employed by standard setters, accounting professional bodies, auditors, and users. Their findings suggest that the IASB appears more responsive to arguments grounded in conceptual framework reasoning than to those based primarily on economic consequences. Eventually, the evidence suggests that constituent influence may depend on both stakeholder positions and the type of argument used to support those positions. Okamoto (2017) reached a similar conclusion in the context of IFRS 9. The study found that well-reasoned technical arguments, particularly those addressing both conceptual and practical considerations, were more likely to influence the IASB's decisions than the

mere expression of constituent preferences. This finding further supports the view that the effectiveness of constituent participation depends not only on the position expressed but also on the quality and persuasiveness of the supporting arguments.

Kabir and Rahman (2018) further highlight the importance of conceptual reasoning. The authors researched the role of Conceptual Framework concepts during the development of IFRS 16. Their findings suggest that, when justifying accounting requirements and responding to constituent feedback, the IASB often depends on conceptual principles. However, the work also suggests that conceptual consistency was not the single factor controlling standard-setting decisions. In some cases, the IASB accommodated constituents' concerns regarding implementation costs, practical possibility, and operational challenges. Thus, the authors conclude that standard-setting outcomes manifest a balance between conceptual principles and practical concern.

These findings support the broader debates about the Conceptual Framework's position in accounting standard-setting. Pelger (2016) argues that conceptual frameworks perform an important legitimating function by providing a consistent basis for accounting standards and supporting standard setters in justifying regulatory decisions. Conversely, Pelger also shows that accounting concepts are not employed mechanically. Alternatively, concepts are interpreted, questioned, and negotiated right through the standard-setting process. Hence, it can be assumed that the influence of conceptual arguments depends partly on how they are recognized and applied by standard setters during the board’s decision-making process.

Research has also started to explore how arguments are evaluated within the IASB itself. Klein and Fülbier (2019) examined IASB board deliberations and discovered that standard-setting discussions were mostly argument-driven. Their findings show that board members focused primarily on the content and quality of constituent arguments rather than on the economic or political significance of the stakeholders submitting them. The authors further added that conceptual framework-based arguments frequently dictated board discussions as they can be linked directly to the objectives of financial reporting

and the IASB's Conceptual Framework. Shields et al. (2019) similarly argue that the effectiveness of constituent lobbying depends not only on the issues raised but also on the credibility and technical quality of the supporting arguments. Their study suggests that well-reasoned submissions are more likely to receive careful consideration during the IASB's deliberative process, reinforcing the importance of argument quality in standard-setting. This evidence indicates that argument quality may be more important than constituent identity in determining whether feedback influences standard-setting outcomes.

Therefore, the literature suggests that not all constituent feedback is evenly influential. On one hand, stakeholder engagement provides openings to influence accounting standards and on the other hand, the effectiveness of such engagement appears to depend on the nature, attributes, and conceptual strength of the arguments presented. Conceptual framework-based arguments, grounded in the objectives of financial reporting and its qualitative characteristics, are often more influential than arguments based solely on economic consequences or stakeholder self-interest. At the same time, practical concerns such as implementation costs and operational viability remain important factors in IASB decision-making.

Regardless of these important insights, significant gaps remain in the literature. Existing studies have primarily examined argumentation in the context of other IFRS projects, including IFRS 2, IFRS 9, and IFRS 16. Comparatively little evidence exists regarding the role of argument types in the development of IFRS 18. Moreover, while previous studies acknowledge that different forms of argumentation may influence standard-setting outcomes, limited research has systematically examined whether argument types are more influential than others in shaping IASB decisions. Consequently, further investigation is needed to understand whether the influence of constituent feedback depends on the nature of the arguments presented during the development of IFRS 18.

To present an overview of the principal studies reviewed in this chapter, Exhibit I summarizes the key literature on IASB due process, constituent participation, lobbying, constituent influence, and argument in accounting standard setting. The table underlines the focus, methodology, key findings, and relevance of prior studies to the current research.

***<INSERT EXHIBIT I HERE>***

## 2.4 Hypotheses

The preceding review indicates that constituent participation is an established feature of the IASB's due process and that constituent feedback may influence standard-setting outcomes. It also suggests that the IASB considers not only constituent preferences but also the nature and quality of the arguments presented when evaluating stakeholder feedback. However, the existing literature does not provide a consistent understanding of the extent to which constituent feedback influences IASB decisions or the conditions under which it does so.

Although previous studies have examined constituent participation and lobbying across a range of IASB projects, relatively little attention has been given to the development of IFRS 18. Furthermore, while some studies have examined the role of argumentation in accounting standard setting, there is limited evidence on whether different types of constituent arguments are associated with the IASB's responsiveness within a single standard-setting project. Consequently, it remains unclear whether constituent influence depends solely on stakeholder positions or also on the nature of the arguments advanced during the due process.

To address these gaps, this study examines constituent feedback submitted in response to the IFRS 18 Exposure Draft. Specifically, it investigates whether constituent opinions are associated with IASB decisions and whether the influence of constituent feedback depends on the nature of the arguments presented. Accordingly, the study addresses the following hypothesis.

***H1***: *Constituent opinions expressed in comment letters are associated with IASB decisions during the development of IFRS 18.*

***H2***: *The association between constituent feedback and IASB decisions depends on the nature of the arguments presented*

# Chapter: 3

# Research Method

## 3.1 Research Design and Approach

The study employs an archival research design using content analysis to evaluate constituent feedback and the IASB's responsiveness during the development of IFRS 18. Archival research is appropriate because the study relies on publicly available documents produced during the IASB's due process. Specifically, the study analyses comment letters submitted in response to the IFRS 18 Exposure Draft and compares constituent feedback with the final requirements incorporated into IFRS 18.

Content analysis is widely used in accounting standard-setting research because it enables researchers to systematically examine stakeholder views, lobbying activities, and argumentation contained within comment letters (Jorissen et al., 2012; Holder et al., 2013; Giner & Arce, 2012). This method is particularly suitable for this study because comment letters represent the primary tool through which constituents communicate their opinions and recommendations to the IASB during the due process.

The study employs a structured coding framework to analyze constituent responses. First, constituent opinions on each Exposure Draft proposal were classified as agreement, disagreement, or partial agreement. Second, the arguments supporting these opinions were classified as Conceptual Framework (CF)-based or non-Conceptual Framework (non-CF)-based. This coding process enabled the study to examine both the positions adopted by constituents and the arguments used to justify them. The research design aligns directly with the study's hypotheses. To address H1, constituent opinions expressed in comment letters were compared with IASB decisions reflected in the final IFRS 18 standard to assess whether stakeholder feedback influenced standard-setting outcomes. To address H2, the study examined whether constituent feedback supported by Conceptual Framework arguments was more influential than feedback supported by non-Conceptual Framework arguments.

## 3.2 Data Collection and Sample Selection

The data for this study were obtained from the IASB's due process documentation relating to the development of IFRS 18. Specifically, the study focuses on comment letters submitted in response to the

IASB Exposure Draft *ED/2019/7 General Presentation and Disclosures*, which subsequently formed the basis of IFRS 18. Comment letters were selected because they represent the primary mechanism through which constituents formally participate in the IASB's standard-setting process and communicate their views on proposed accounting requirements. A total of 216 comment letters were collected from the IFRS Foundation website[1]. These comment letters are publicly available and represent responses from a diverse range of stakeholder groups. The IFRS Foundation publishes all comment letters received during consultation periods, thereby providing a transparent record of constituent participation and feedback throughout the standard-setting process.

To facilitate analysis, respondents were classified into the following constituent groups based on the classification used in prior accounting standard-setting research (Jorissen et al., 2012; Jorissen et al., 2013):

- Preparers
- Accounting profession
- National standard setters
- Regulators
- Users
- Auditors
- Academics
- Individuals

[1] Comment letters were collected from the IFRS Foundation website (www.ifrs.org), specifically from the project page for **Exposure Draft ED/2019/7 *General Presentation and Disclosures***, which provides public access to comment letters submitted during the IASB due process. Instead of the IFRS website, provide the website address of IFRS 18 project page.

The largest respondent group consisted of preparers, followed by members of the accounting profession and national standard setters. This distribution is broadly consistent with prior IASB participation studies, which have reported higher levels of participation from stakeholder groups directly affected by accounting standards (Jorissen et al., 2012; Larson & Herz, 2013). The analysis focused on constituent responses to the questions contained in the IFRS 18 Exposure Draft. These questions addressed key IASB proposals relating to financial statement presentation, operating profit, management performance measures, classification requirements, and disclosure provisions. Each response to an Exposure Draft question constituted a unit of analysis for the coding process.

### 3.3 Coding Framework and Content Analysis Procedure

The coding framework was developed to address the study's hypotheses and consisted of two stages. The framework was refined through an iterative process. An initial review of the comment letters was undertaken to familiarize the researcher with the structure and content of constituent responses and to identify recurring patterns in how respondents expressed their views and justified their positions on the Exposure Draft proposals. These preliminary observations informed the development of the coding categories, which were subsequently refined and applied consistently throughout the analysis.

The first stage focused on identifying constituents' opinions on each proposal in the IFRS 18 Exposure Draft. Responses to each Exposure Draft question were coded as agree, disagree, or partially agree. Responses were classified as agreement when constituents expressed support for a proposal without recommending substantive modifications. Responses were coded as disagreement when constituents opposed a proposal or recommended that it should not be adopted. Responses were classified as partial agreement when constituents generally supported a proposal but suggested modifications, clarifications, or alternative approaches.

To enhance the transparency and consistency of the coding process, illustrative examples of coding constituent positions are provided in Exhibit II of the Appendix. The exhibit presents examples from two

comment letters (***KPMG IFRG Limited and CPA Australia***) and demonstrates how responses were classified as agreement, partial agreement, or disagreement according to the coding criteria described above. These examples illustrate the application of the coding framework, which was applied consistently across all 216 comment letters included in the study.

The second stage of coding focused on the nature of the arguments used to support constituent opinions. Consistent with the study's objective of examining whether the influence of constituent feedback depends on its nature, arguments were classified as either Conceptual Framework (CF)-based or Non-Conceptual Framework (Non-CF)-based. The classification of CF-based arguments was informed by IASB's *Conceptual Framework for Financial Reporting* (2018). Arguments were coded as CF-based when respondents explicitly or implicitly referred to Conceptual Framework concepts, including relevance, faithful representation, comparability, verifiability, timeliness, understandability, stewardship, decision usefulness, the cost constraint, and the principles relating to the presentation, disclosure, and classification of information. In contrast, arguments were coded as non-CF-based when they focused primarily on practical, operational, implementation, industry-specific, or compliance-related considerations rather than on Conceptual Framework principles.

The coding framework was developed using both deductive and inductive approaches. Conceptual arguments were defined as arguments that explicitly or substantively drew on principles of the IASB Conceptual Framework, including the objective of financial reporting, relevance, faithful representation, comparability, understandability, and presentation-related concepts. These coding categories were developed deductively from the IASB Conceptual Framework for Financial Reporting (2018). In contrast, non-conceptual arguments were defined as considerations that did not rely directly on Conceptual Framework principles but instead concerned the practical or economic consequences of a proposed requirement. These included implementation, operational, compliance, industry-specific, feasibility, and related practical considerations identified through an initial review of the IFRS 18 comment letters. The non-CF categories were therefore developed inductively from recurring considerations in the

comment letters. This distinction enabled the analysis to identify whether constituents supported their positions using conceptual reasoning, non-conceptual considerations, or both.

**Table I**

*Illustrative Examples of Conceptual and Non-Conceptual Argument Classification*

| Argument Type | Comment Letter | ED Question | Illustrative Extract | Coding Rationale | Page |
|---|---|---|---|---|---|
| Conceptual Framework | EFRAG | Q1 | "…reduce diversity in practice and improve comparability of financial statements." | Comparability (Conceptual Framework qualitative characteristic). | 8 |
| Conceptual Framework | Nestlé S.A. | Q1 | "We agree that this is an important step to achieve better comparability between entities." | Use comparability to justify support. | 4 |
| Non-Conceptual | EFRAG | Q2 | "…clear guidance on the notion of the entity's main business activity…" | Implementation/application guidance. | 10 |
| Non-Conceptual | Nestlé S.A. | Q2 | "The Exposure Draft should be amended to provide clearer guidance…" | Practical implementation and clarity. | 4 |

***Note***. Further illustrative examples and detailed coding applications are provided in Exhibit IV of the Appendix.

To improve transparency and consistency in the coding process, a detailed coding framework was developed prior to the analysis. The framework specified the criteria for distinguishing CF and Non-CF arguments and was applied consistently across all comment letters. A summary of the coding framework is presented in Exhibit III of the Appendix, which outlines the argument categories, subcategories, coding criteria, coding keywords, and the basis for developing the coding categories. Exhibit IV provides illustrative examples from the ***EFRAG*** and ***Nestlé S.A***. comment letters, demonstrating how the coding framework was applied to classify conceptual and non-conceptual arguments. Together, these exhibits demonstrate the systematic application of the coding framework throughout the content analysis.

Using this coding framework, each comment letter was reviewed systematically and coded according to both constituent position (agree, disagree, or partially agree) and argument type (CF or Non-

CF). NVivo nodes were created to reflect these categories, enabling responses to be aggregated and compared across stakeholder groups and Exposure Draft questions. This process facilitated the identification of patterns in constituents' opinions and argumentation throughout the IFRS 18 consultation. The coding procedure was applied separately to each selected Exposure Draft question. This approach enabled the study to examine variations in constituent responses across proposals and to assess the IASB's responsiveness to constituent feedback. The resulting coded dataset was subsequently used to analyze the influence of constituent feedback on IASB decisions and the role of different argument types in the development of IFRS 18.

# Chapter: 4

# Discussion of The Results

## 4.1 Constituent Participation in the ED Stage

Table I presents the distribution of comment letters submitted during the ED stage, disaggregated by constituent group (Panel A) and geographical region (Panel B). This analysis provides important insights into patterns of constituent participation in the standard-setting process and the relative involvement of different constituent groups.

***<INSERT TABLE II HERE>***

**Participation by Constituent Groups**

The distribution of comment letters across constituent groups reveals a highly concentrated pattern of participation (Panel A). Preparers represent the largest group, accounting for 41.20% of total submissions, followed by accounting professionals (16.67%) and national and regional standard setters (14.31%). This pattern is consistent with prior studies such as Jorissen et al. (2012) and Larson (2007), which also found that preparers, professional accounting bodies, and standard setters dominate participation in IASB's due process.

The predominance of preparers is consistent with the economic consequences perspective, which suggests that stakeholders directly affected by accounting standards have stronger incentives to participate in the due process (Georgiou, 2004; Hansen, 2011). Firms are more likely to engage in standard-setting activities when proposed accounting requirements may affect reported performance, contractual arrangements, compliance costs, or other economic outcomes. The high level of participation observed by preparers, therefore, reflects their direct exposure to the consequences of the proposed standard. Accounting professionals and standard setters also account for a substantial proportion of responses, attributable to their technical expertise and institutional roles within the financial reporting environment. Their participation is likely motivated by a combination of professional responsibility and interest in ensuring the consistency and applicability of proposed standards. This finding is also consistent with Jorissen et al. (2012) and Jorissen et

al. (2013), who report substantial participation by professional accounting bodies and standard setters in IASB consultations.

In contrast, users of financial statements account for only 6.94% of submissions, indicating relatively limited engagement. This finding is consistent with prior literature documenting the underrepresentation of users in the standard-setting process (Giner & Arce, 2012; Jorissen et al., 2012). The lower participation among users may reflect collective action problems, information costs, and weaker incentives to engage than among preparers and professional groups. Similarly, academics (2.31%) and auditors (2.77%) contributed relatively few comment letters. While auditors possess considerable technical expertise and have economic interests in accounting standards, which influence audit processes, reporting practices, and assurance activities, their level of participation remained relatively low. Academics also accounted for a small proportion of responses, which may reflect differences in research priorities, resource availability, or incentives to participate in standard-setting consultations. Individuals and regulators each account for 7.87% of responses, suggesting broader involvement, although their relative contributions remain limited.

Overall, the evidence suggests that participation in the ED stage is dominated by preparers and professional stakeholders, raising questions about the extent to which all stakeholder perspectives are represented in the standard-setting process.

**Participation by Geographical Region**

Panel B highlights the geographical distribution of comment letters, revealing a marked concentration of participation across regions. Europe accounts for the largest share of submissions (42.60%), with particularly strong representation from the UK, Germany, and France. This finding is consistent with prior studies such as Jorissen et al. (2013) and Larson and Herz (2013), which report that European constituents dominate participation in the IASB's due process due to the region's institutional integration with IFRS, strong regulatory structures, and greater familiarity with international accounting

standard setting. Similar observations are reported by Arce et al. (2023), who found substantial participation from European stakeholders in IASB consultations.

Asia contributes 15.29% of total responses, led by Japan and China. Although Asia contributed a substantial number of responses, participation remained lower than in Europe. This finding suggests that participation in IASB consultations is uneven across jurisdictions and may reflect differences in engagement with IFRS standard-setting activities. North America accounts for 11.11% of submissions, primarily driven by the United States. Despite not adopting IFRS, the relatively high level of participation suggests continued interest in influencing international financial reporting standards. Other regions are comparatively underrepresented. In Oceania, participation is concentrated almost entirely in Australia and New Zealand, indicating that regional participation is driven by a small number of jurisdictions rather than broad regional engagement. South America (4.63%) and Africa (6.00%) also account for relatively small shares, suggesting limited participation from many developing regions. In addition, international organizations contribute 7.41% of comment letters. These include global and regional professional organizations, industry associations, and international accounting bodies that participate in the due process to provide coordinated institutional perspectives on proposed standards.

Overall, the results suggest that the IASB's due process is geographically concentrated in developed regions, particularly Europe and North America. Consistent with prior studies, the findings indicate that participation in the IASB due process remains concentrated among certain stakeholder groups and regions rather than being evenly distributed across all constituents and geographical regions (Jorissen et al., 2012; Jorissen et al., 2013; Arce et al., 2023).

### 4.2 Comparison between the Exposure Draft and IFRS 18 and IASB Responsiveness

Table II compares the proposals contained in the Exposure Draft (ED) with the final requirements included in IFRS 18 and presents the distribution of constituent positions for each proposal. The comparison

provides descriptive evidence regarding constituent reactions to the ED proposals and the subsequent changes made during the development of IFRS 18.

***<INSERT TABLE III HERE>***

The results indicate considerable variation in constituent responses across the proposals. Several proposals received relatively high levels of support and were retained in IFRS 18 with little or no modification. For example, the requirement to present operating profit or loss as a mandatory subtotal received substantial support from respondents and was retained in the final standard. Similarly, the proposals relating to the operating category and the classification of income and expenses from investments in the main business were largely retained in IFRS 18. These findings suggest that the IASB considered these proposals consistent with the objectives of improving the structure and comparability of financial statement presentation (IFRS Foundation, 2024). In contrast, several proposals that attracted substantial disagreement were subsequently revised or removed from the final standard. For example, the financing category proposal was modified between the ED and IFRS 18. The ED included cash and cash equivalents in the financing category, whereas IFRS 18 excludes them and focuses primarily on liabilities arising from financing activities and related interest expenses. According to the Basis for Conclusions accompanying IFRS 18, respondents raised concerns about the conceptual clarity and practical application of the original proposal, which were considered during the Board's redeliberation (IFRS Foundation, 2024).

A similar pattern is evident for the proposal relating to associates and joint ventures. The ED proposed separate classification and presentation requirements depending on whether such investments were considered integral or non-integral to the entity's main business activities. However, this proposal was removed from IFRS 18 and replaced with a requirement to classify associates and joint ventures within the investing category. Likewise, the proposal regarding unusual income and expenses was withdrawn from the final standard after respondents expressed concerns about the definition and application of unusual items. These observations are consistent with prior studies showing that accounting standard setters often reconsider proposals following stakeholder feedback received during the due process (Hewa et al., 2020;

Arce et al., 2023). However, the results also indicate that constituent responses do not necessarily determine whether a proposal is revised or retained. For example, the aggregation and disaggregation requirements received a substantial proportion of partial agreement responses but were retained in IFRS 18. The IASB justified retaining these requirements on the basis that they improve transparency and enhance the usefulness of information presented in financial statements (IFRS Foundation, 2024). This finding suggests that constituent feedback represents one factor considered by the IASB, alongside broader reporting objectives and conceptual considerations.

For proposals such as the investing category, management performance measures (MPMs), and cash flow classification requirements, the IASB retained the underlying proposals while introducing refinements and clarifications. This pattern suggests that constituent feedback may contribute to modifications in the implementation and presentation of requirements even when the overall proposal is retained. Similar findings were reported by Hewa et al. (2020), who found that stakeholder feedback helped make accounting requirements more operational and less complex without necessarily altering the overall direction of the standard-setting project.

Overall, Table II indicates that constituent feedback was considered during the development of IFRS 18. Nevertheless, the findings do not suggest that IASB decisions were determined solely by constituent preferences. While several proposals were revised or withdrawn following constituent feedback, the pattern of constituent positions did not consistently correspond with the IASB's final decisions. Consistent with prior research, the evidence suggests that the IASB balanced stakeholder feedback with conceptual and regulatory considerations when finalizing IFRS 18 (Giner & Arce, 2012; Hewa et al., 2020; Arce et al., 2023). Accordingly, the findings provide partial support for Hypothesis 1. Several proposals associated with substantial constituent disagreement were subsequently revised or withdrawn in IFRS 18. However, other proposals were retained despite constituent opposition. Therefore, the results suggest that constituent opinions were considered during the standard-setting process, but they do not indicate that IASB decisions were determined solely by constituent preferences.

## 4.3 IASB Responsiveness Analysis

Table III presents the distribution of constituent responses across three categories: agree, partially agree, and disagree for Questions 4, 6, 7, and 10, together with the results of chi-square goodness-of-fit tests. Chi-square tests were used to examine whether response patterns differed across constituent groups. Statistically significant differences were identified for Questions 6, 7, and 10, while no significant differences were observed for the remaining questions. The findings provide evidence regarding the extent to which constituent opinions converged or diverged on proposals that were subsequently revised or withdrawn in IFRS 18. The results indicate that the distribution of responses differs across questions. The chi-square analysis indicates statistically significant differences across constituent groups for Question 6 ($\chi^2 = 27.04$, df = 14, $p = .019$), Question 7 ($\chi^2 = 29.07$, df = 14, $p = .010$), and Question 10 ($\chi^2 = 43.05$, df = 14, $p < .001$). In contrast, no statistically significant association was observed for Question 4 ($\chi^2 = 15.57$, df = 14, $p = .340$). This suggests that constituent responses to the IASB's proposals varied across constituent groups depending on the issue under consideration, with clearer consensus emerging for some proposals than for others.

This variation is broadly consistent with previous research, which suggests that constituent participation and the influence of lobbying activities are shaped by the characteristics of the accounting issue being considered (Giner & Arce, 2012). The findings indicate that the IASB's responsiveness is not uniform across all proposals; it varies with the nature of the issue and the pattern of constituent feedback.

***<INSERT TABLE IV HERE>***

### Question 4: Lack of Consensus

For Question 4, the responses are relatively evenly distributed (Disagree = 36; Partially agree = 53; Agree = 37), and the chi-square result is not statistically significant ($\chi^2 = 4.333$, $p = .115$). The absence of statistical significance indicates that no category dominates the distribution.

The relatively high proportion of partially agree responses indicates the absence of a clear dominant position among respondents. In such circumstances, constituent views appear dispersed across alternative positions rather than concentrated around a particular preference. Prior research suggests that when constituent opinions are fragmented, the ability of comment letters to exert collective pressure on standard setters may be reduced because no single position receives overwhelming support (Giner & Arce, 2012). Consistent with this interpretation, the distribution across constituent groups was not statistically significant ($\chi^2 = 15.57$, df = 14, $p = .340$), indicating that no constituent group differed systematically in its response pattern.

An examination of the distribution across constituent groups indicates that consensus was lacking across the major stakeholder categories. Preparers, the largest constituent group, expressed a mixture of agreement, partial agreement, and disagreement, while the accounting profession also exhibited a relatively balanced distribution across the three response categories. National and regional standard setters were more likely to express partial agreement than either agreement or disagreement, whereas users showed comparatively higher levels of disagreement. Across geographical regions, Europe accounted for the largest number of responses; however, views remained dispersed across all three response categories, with partial agreement being the most common response. Other geographical regions also exhibited mixed response patterns, suggesting that the absence of consensus was not confined to a particular constituent group or region.

### Question 6: Dominance of Disagreement

In contrast, Question 6 shows a pronounced concentration of disagreement (Disagree = 60; Partially agree = 47; Agree = 19), with the chi-square test confirming a statistically significant difference ($\chi^2 = 20.905$, $p < .001$). This pattern indicates substantial opposition from constituents to the proposal. However, prior studies suggest that disagreement alone does not necessarily translate into influence over final standards. Rather, lobbying effectiveness depends on the quality, credibility, and persuasiveness of arguments presented to the standard setter (Georgiou, 2004; Hansen, 2011). Consequently, the strong

disagreement observed here reflects constituent concern with the proposal but does not necessarily imply that the IASB altered its position solely in response to constituent opposition. The distribution across constituent groups was statistically significant ($\chi^2 = 27.04$, df = 14, $p = .019$), indicating that the response patterns differed across stakeholder groups.

An examination of the distribution across constituent groups indicates that disagreement was evident across the major stakeholder categories, although its magnitude varied. Preparers and the accounting profession accounted for a substantial number of the disagreeing responses, while national and regional standard setters also expressed relatively strong opposition to the proposal. In contrast, regulators were more likely to express partial agreement than disagreement. Across geographical regions, disagreement was observed in all major regions, with Europe accounting for the largest number of responses, followed by Asia. Nevertheless, opposition to the proposal was evident in multiple jurisdictions, suggesting that constituent concerns were shared by both stakeholder groups and geographic regions rather than confined to a particular category or region.

### Question 7: Predominance of Agreement

Question 7 exhibits a clear concentration of agreement (Agree = 76; Partially agree = 61; Disagree = 25), with a statistically significant chi-square result ($\chi^2 = 25.444$, $p < .001$). This indicates that constituent views are not evenly distributed and that agreement represents the dominant position.

Such a pattern is consistent with prior findings suggesting that when a substantial proportion of respondents support a proposal, the likelihood of alignment between constituent preferences and the final standard may increase. Nevertheless, previous research indicates that the IASB evaluates the underlying rationale and conceptual merits of constituent arguments rather than relying solely on majority opinion (Giner & Arce, 2012; Hewa et al., 2020). The distribution across constituent groups was also statistically significant ($\chi^2 = 29.07$, df = 14, $p = .010$), suggesting that the level of agreement varied across stakeholder categories.

An examination of the distribution across constituent groups indicates that agreement was evident across the major stakeholder categories, although its magnitude varied. Preparers accounted for the largest share of agreeing responses, followed by the accounting profession, while national and regional standard setters more frequently expressed partial agreement than full agreement. Across geographical regions, Europe accounted for the largest number of agreeing responses, followed by Asia, with positive responses also observed in Oceania, North America, South America, and Africa. Overall, the distribution suggests that support for the proposal was evident across both constituent groups and geographical regions rather than being confined to a particular stakeholder category or jurisdiction.

### Question 10: Prevalence of Partial Agreement Responses

For Question 10, partial agreement responses were the most frequent (Partially Agree = 75; Agree = 64; Disagree = 29), and the chi-square test confirms a statistically significant distribution ($\chi^2 = 20.607$, $p < .001$). The predominance of partial agreement responses suggests that many constituents did not express strong support or opposition regarding the issue. Prior literature indicates that when stakeholder preferences are relatively weak or uncertain, standard setters are more likely to rely on conceptual reasoning, technical considerations, and internal deliberations when making final decisions. The distribution across constituent groups was statistically significant ($\chi^2 = 43.05$, $df = 14$, $p < .001$), indicating that constituent groups differed in their tendency to express partial agreement, agreement, or disagreement.

An examination of the distribution across constituent groups indicates that partial agreement was evident among the major stakeholder categories, though the extent varied. Preparers accounted for a substantial number of both agreeing and partially agreeing responses, with agreement being more frequent, while the accounting profession, national and regional standard setters, and users more frequently expressed partial agreement than either agreement or disagreement. Across geographical regions, Europe recorded the highest number of partially agreeing responses, followed by Asia, with similar response patterns observed across the remaining regions. Overall, these findings suggest that qualified support for the proposal was

evident across both constituent groups and geographical regions rather than being confined to a particular stakeholder category or jurisdiction.

Taken together, the findings indicate that constituent responses are heterogeneous and context-dependent, with the degree of consensus varying across the proposals examined. The absence of consistent dominance across all questions suggests that the IASB does not simply respond to the relative frequency of agreement or disagreement. Instead, the results indicate that constituent feedback is one of several factors considered during the standard-setting process. This finding is consistent with Giner and Arce (2012), Hewa et al. (2020), and Arce et al. (2023), who argue that while constituent participation contributes to standard-setting outcomes, the IASB also considers conceptual, technical, and regulatory factors when finalizing accounting standards. Therefore, the evidence suggests that constituent opinions are considered in the due process, but they do not solely determine IASB decisions.

### 4.4 Types of arguments used by constituents

Table IV presents the types of arguments used by constituents in their comment letters for Questions 4, 6, 7, and 10. Arguments are classified into 3 categories: conceptual arguments, non-conceptual arguments, and a combination of both conceptual and non-conceptual arguments. The analysis provides insights into how different constituent groups justified their positions during the IASB's due process and helps identify the reasoning that supported their views.

***<INSERT TABLE V HERE>***

A preliminary examination of Table IV indicates that the relative use of conceptual and non-conceptual arguments varies across the four questions. This pattern is consistent with prior research suggesting that participants in accounting standard-setting processes frequently frame their responses using conceptual and technical reasoning to enhance the credibility and persuasiveness of their positions (Giner & Arce, 2012; Hansen, 2011). Rather than relying solely on economic-interest considerations, many

constituents appear to support their views by citing accounting principles, financial reporting objectives, and conceptual consistency.

For Question 4, conceptual arguments were the most frequently used argument type overall and were the predominant argument type across most constituent groups. Accounting professionals, standard setters, regulators, and users relied extensively on conceptual reasoning, while a smaller number of respondents used non-conceptual arguments or a combination of both. Preparers submitted the most arguments overall, reflecting their high level of participation in the consultation process. The results suggest that respondents sought to justify their positions primarily through conceptual considerations rather than purely economic or operational concerns.

A different pattern is observed for Question 6, where non-conceptual arguments were the most frequently used argument type overall. This pattern was particularly evident among preparers and accounting professionals, both of whom used non-conceptual arguments more frequently than conceptual arguments alone. Mixed arguments were also commonly used, indicating that some constituents combined conceptual reasoning with practical considerations when explaining their positions. Overall, the distribution suggests that practical and operational considerations played a relatively prominent role in constituent responses to this proposal.

For Question 7, the combined use of conceptual and non-conceptual arguments was the most frequently observed argument type among respondents who provided supporting arguments. This pattern was particularly evident among preparers, who used mixed arguments substantially more frequently than conceptual or non-conceptual arguments alone. Mixed arguments were also used by accounting professionals and national and regional standard setters, although the distribution across argument types was more balanced within these groups. Overall, the findings suggest that constituents frequently combined conceptual reasoning with practical considerations when explaining their positions on this proposal.

Question 10 exhibits a similar pattern, with the combined use of conceptual and non-conceptual arguments being the most frequently observed argument type among respondents who provided supporting arguments. This pattern was particularly evident among preparers, who used mixed arguments substantially more frequently than either conceptual or non-conceptual arguments alone. Mixed arguments were also the most frequently used argument type among accounting professionals, national and regional standard setters, regulators, and users. Overall, the findings suggest that constituents frequently combined conceptual reasoning with practical considerations when evaluating this proposal.

An additional finding is that a substantial number of respondents did not provide supporting arguments for their positions. The extent of this pattern varied across the four questions and was particularly evident among individual respondents and preparers. The absence of supporting arguments suggests that not all responses were accompanied by detailed justification, which may reduce the persuasive value of those submissions during the standard-setting process. Prior research suggests that the quality and substance of arguments are often more influential than the mere expression of support or opposition (Georgiou, 2004; Hansen, 2011). Overall, the findings show considerable variation in the types of arguments constituents use across the four questions. Conceptual arguments were particularly prominent for Question 4, whereas non-conceptual and mixed arguments were more evident in the other questions, with mixed reasoning especially prominent for Questions 7 and 10. These findings are broadly consistent with previous studies showing that constituents use different forms of reasoning to support their positions during accounting standard-setting consultations (Giner & Arce, 2012; Hansen, 2011; Hewa et al., 2020). The results, therefore, suggest that constituent participation is characterized not only by the expression of preferences but also by the provision of reasoned arguments intended to influence the standard-setting process.

### 4.5 Influence of Arguments

Table V presents the distribution of argument types across constituent positions for proposals that were subsequently revised or withdrawn during the development of IFRS 18. Arguments are classified into three categories: conceptual arguments, non-conceptual arguments, and a combination of both conceptual

and non-conceptual arguments. The analysis provides insights into the relationship between argument type and constituent responses to the selected proposals.

***<INSERT TABLE VI HERE>***

Panel A examines the proposal relating to the financing category. Conceptual arguments were the most frequently used argument type across all response categories, with 28 agreements, 30 partially agree responses, and 23 disagreements. In contrast, respondents using non-conceptual arguments exhibited higher levels of disagreement than agreement. Those employing both conceptual and non-conceptual arguments showed relatively similar levels of agreement (12) and other responses (14), while disagreement was less frequent (6). Overall, the findings are broadly consistent with Hypothesis 2, which proposed that the association between constituent feedback and IASB decisions depends on the nature of the arguments presented. The results show that constituents employed conceptual, non-conceptual, and mixed arguments across the four proposals, with the relative prominence of each argument type varying by proposal. This variation suggests that the IASB's responsiveness was associated with the nature of the arguments advanced by constituents rather than with any single type of argument. Accordingly, the findings indicate that the IASB considered different forms of constituent reasoning when evaluating proposed changes during the development of IFRS 18.

Panel B concerns the proposal regarding profit before financing and the revised definition of financing. The results indicate that disagreement exceeded agreement across all three argument categories. Conceptual arguments were associated with 18 disagreements and 11 agreements, while non-conceptual arguments recorded 21 disagreements compared with 6 agreements. A similar pattern is evident for mixed arguments, with 19 disagreements and 5 agreements. The pattern indicates that disagreement with the final treatment was expressed through different forms of reasoning rather than being concentrated within a single argument category.

Panel C focuses on the proposal concerning associates and joint ventures. Unlike the pattern observed in Panel B, agreement exceeded disagreement across all argument categories. The highest level of agreement was observed among respondents who used both conceptual and non-conceptual arguments (31), followed by those who used non-conceptual arguments (24) and those who used conceptual arguments (18). These results suggest that support for the IASB's final treatment of associates and joint ventures was evident across different forms of reasoning and was not limited to a single argument type.

Panel D examines the withdrawal of the proposal relating to unusual income and expenses. Like Panel C, agreement exceeded disagreement across all argument categories. Respondents using both conceptual and non-conceptual arguments recorded the highest level of agreement (28), followed by those using non-conceptual arguments (19) and conceptual arguments (13). The relatively high level of agreement among respondents who used mixed arguments indicates that support for the IASB's final decision was often expressed through a combination of conceptual and practical considerations.

Across the four panels, the distribution of argument types varies across the proposals examined. However, the results also indicate that respondents frequently combined conceptual and non-conceptual reasoning when discussing proposals that were subsequently revised or withdrawn. The prominence of mixed arguments in Panels C and D suggests that constituents often integrated technical accounting considerations with practical, operational, and economic concerns when presenting their views.

These findings are consistent with prior studies suggesting that participants in accounting standard-setting processes rarely rely on a single form of reasoning. Instead, constituents often combine conceptual arguments with practical considerations to strengthen the credibility and persuasiveness of their positions (Giner & Arce, 2012; Hansen, 2011). The results, therefore, suggest that constituents often drew on multiple forms of reasoning when responding to the IFRS 18 proposals, rather than relying exclusively on conceptual or non-conceptual arguments. The evidence suggests that constituents frequently combined technical accounting reasoning with practical considerations when commenting on proposed requirements. Taken together, the results show that constituent positions on proposals that were subsequently revised or

withdrawn were supported by different forms of reasoning, rather than by a single dominant argument type. This finding is broadly consistent with prior research showing that the nature of constituent arguments is relevant to the standard-setting process (Giner & Arce, 2012; Hewa et al., 2020; Arce et al., 2023).

Overall, the findings provide partial support for Hypothesis 2, which proposed that the influence of constituent feedback on IASB decisions depends on the nature of the arguments presented. While no single type of argument consistently dominated across all four proposals, the relative use of conceptual, non-conceptual, and mixed arguments varied across the proposals examined. This variation suggests that the relationship between constituent feedback and subsequent IASB decisions cannot be attributed to a single form of reasoning.

# Chapter: 5

# Conclusion & Recommendations

This chapter concludes the study by summarizing the main outcomes and reviewing their implications for accounting standard-setting research and practice. The study examined the role of constituent feedback in IASB standard-setting decisions in the development of IFRS 18. It investigated whether constituent opinions expressed in comment letters were associated with changes between the Exposure Draft (ED) and the final IFRS 18 requirements. In addition, the study examined the nature of the arguments presented by constituents and analyzed the extent to which conceptual, non-conceptual, and mixed forms of reasoning were used across proposals that were subsequently revised or withdrawn. The study also explored patterns of constituent participation, constituent positions, and the use of different forms of reasoning within the IFRS 18 consultation process through a systematic content analysis of comment letters submitted in response to the Exposure Draft *General Presentation and Disclosures*.

The chapter is arranged as follows. Section 5.1 summarizes the main findings regarding the research questions. Section 5.2 focuses on the study's contributions and implications. Section 5.3 discusses the research limitations and identifies directions for future research. Section 5.4 concludes the thesis.

## 5.1 Summary of Findings

The first research question examined whether constituent opinion on IASB proposals affects IASB decisions regarding IFRS 18. The findings indicate that constituent opinions were linked with numerous changes made from the Exposure Draft to the final standard. Proposals relating to the financing category, associates and joint ventures, and unusual income and expenses were changed or withdrawn during the standard-setting process. Several of these changes occurred in areas where constituents had expressed substantial concerns or differing views on the proposals.

Yet, the results do not support the conclusion that constituent opinions alone determine IASB decisions. Some proposals were retained despite differing constituent views, while others were modified in

circumstances where constituent views were less clear. The evidence, therefore, suggests that constituent feedback contributes to standard-setting deliberations but does not operate as the sole determinant of final outcomes. In this respect, the findings provide partial support for Hypothesis 1, suggesting that constituent opinions were associated with several changes made between the Exposure Draft and IFRS 18. However, the evidence does not indicate that constituent preferences alone determined IASB decisions.

The second research question examined whether the impact of constituent feedback depends on its nature. The findings indicate that the nature of constituent feedback is an important feature of the consultation process. Conceptual arguments were widely used across the comment letters, and many constituents supplemented conceptual reasoning with practical, operational, and economic considerations. The analysis further showed that respondents frequently combined conceptual and non-conceptual arguments when commenting on proposals that were subsequently revised or withdrawn.

The findings suggest that constituent participation involves more than simply expressing agreement or disagreement with proposed requirements. Rather, constituents often supported their positions with reasoned arguments during the standard-setting process. Although the study cannot establish a direct causal relationship between argument types and IASB decisions, the results indicate that argument quality and content may play an important role in shaping the consultation process. Accordingly, the findings provide partial support for Hypothesis 2. Conceptual, non-conceptual, and mixed arguments were observed across the proposals examined, with the relative prominence of each argument type varying from proposal to proposal. Nevertheless, the evidence does not suggest that any single argument type consistently determined IASB responsiveness.

Taken together, the findings suggest that IASB responsiveness is selective rather than automatic. Constituent feedback led to several revisions to the proposed requirements, although the findings do not indicate that constituent preferences alone determined the final outcomes. The results therefore support the view that constituent participation contributes to the legitimacy and

effectiveness of the IASB due process while preserving the Board's ability to exercise independent professional judgment.

More broadly, the findings contribute to ongoing debates regarding constituent influence in international accounting standard setting. The evidence does not support an interpretation of the IASB as either completely insulated from constituent pressures or fully responsive to stakeholder preferences. Rather, the findings support an intermediate perspective in which constituent participation provides information, technical expertise, implementation insights, and alternative viewpoints during the standard-setting process without necessarily determining final outcomes. In this respect, the findings are consistent with previous research suggesting that constituent participation enhances the legitimacy and quality of the standard-setting process while preserving the IASB's capacity for independent judgment.

### 5.2 Contributions and Implications

This study contributes to the literature on accounting standard setting, constituent participation, and regulatory responsiveness by providing evidence from the development of IFRS 18. While previous studies have examined constituent participation in IASB projects, relatively little evidence exists regarding the role of constituent feedback in the development of IFRS 18. By examining both constituent opinions and the nature of constituent arguments, this study extends existing research and provides new insights into contemporary IASB standard-setting processes.

The study makes several contributions to the literature on constituent participation (Bamber & McMeeking, 2016; Moscariello & Pizzo, 2021; Rey et al., 2020). First, it provides evidence that constituent feedback is associated with modifications made during the standard-setting process. The findings indicate that several proposals contained in the Exposure Draft were revised or withdrawn before the publication of IFRS 18. This suggests that constituent participation continues to play an important role in IASB consultations and supports previous research indicating that comment letters represent an important source of information for standard setters (Bamber & McMeeking, 2016; Giner & Arce, 2012; Rey et al., 2020).

Second, the study contributes to literature by examining not only constituent positions but also the nature of constituent arguments (Okamoto, 2017; Rey et al., 2020). Prior research has frequently focused on whether constituents agree or disagree with proposed requirements. In contrast, this study considers how constituents justify their positions through conceptual and non-conceptual arguments. The findings suggest that constituents often combine technical accounting reasoning with practical and operational considerations when responding to IASB proposals. This extends previous research on lobbying and constituent participation by highlighting the value of examining the content and reasoning underlying constituent feedback rather than focusing solely on the direction of constituent preferences (Okamoto, 2017; Rey et al., 2020).

Third, the findings contribute to ongoing debates about the extent of constituent influence in international accounting standard-setting. The results do not support the view that the IASB simply follows constituent preferences. Instead, the findings suggest that constituent feedback is associated with standard-setting outcomes without necessarily determining the IASB's final decisions. This supports perspectives in the literature that view standard setting as a process of balancing stakeholder input with the objective of producing high-quality accounting standards. This finding is consistent with previous research suggesting that the IASB balances constituent participation with broader conceptual, technical, and public-interest considerations when developing accounting standards (Bamber & McMeeking, 2016; Moscariello & Pizzo, 2021).

The study also has practical implications for standard setters and constituents. For the IASB, the findings reinforce the importance of maintaining a transparent and inclusive due process. The evidence suggests that constituent participation contributes valuable information and alternative perspectives that can inform the standard-setting process. Continued engagement with diverse stakeholder groups may therefore enhance both the legitimacy and effectiveness of the standard-setting process. This observation is consistent with Bamber and McMeeking (2016), who argue that transparent and inclusive due process is essential to maintaining confidence in international accounting standard-setting.

For constituents, the findings suggest that participation in IASB consultations involves more than expressing support or opposition to proposed requirements. The results indicate that reasoned arguments, supported by conceptual and practical considerations, constitute an important component of the consultation process. Consequently, constituents seeking to participate effectively in standard-setting may benefit from presenting detailed, well-supported arguments rather than relying solely on statements of preference. This finding is also consistent with Okamoto (2017), who highlights the importance of argumentation in understanding constituent influence in the standard-setting process.

More broadly, the study contributes to discussions regarding the legitimacy of international accounting standard-setting. The findings indicate that constituent feedback is associated with standard-setting outcomes, although constituent preferences do not necessarily determine the IASB's final decisions. This pattern highlights the importance of balancing constituent participation with the IASB's responsibility to develop standards consistent with the broader objectives of financial reporting.

### 5.3 Limitations and Directions for Future Research

Like all research, this study is subject to several limitations that should be considered when interpreting the findings. First, the study focuses on a single IASB standard-setting project, namely the development of IFRS 18. Although IFRS 18 is an important and contemporary accounting standard, the findings may not generalize to all IASB projects. Different standards involve different technical issues, stakeholder interests, and economic consequences, which may influence both constituent participation and standard-setter responsiveness. Consequently, caution should be exercised when extending the findings beyond the context of IFRS 18. Second, the study relies exclusively on publicly available comment letters submitted during the IASB due process. While comment letters provide valuable evidence regarding constituent opinions and arguments, they do not reveal how individual submissions are evaluated during IASB deliberations. As a result, the study cannot directly observe internal decision-making processes or determine the relative importance that Board members assign to arguments. Third, the study examines constituent participation by classifying positions and argument types. Although coding procedures were

applied systematically, the classification of arguments into conceptual, non-conceptual, and mixed categories involves an element of researcher judgment. These limitations provide several opportunities for future research. Future studies could examine additional IASB projects to determine whether similar patterns of participation, argument use, and responsiveness are observed across different accounting standards. Such studies would help establish whether the findings reported here reflect broader characteristics of IASB standard setting or are specific to IFRS 18.

Future research could also investigate the quality and persuasiveness of constituent arguments in greater depth. While the present study focuses on the nature of arguments, further research may explore why certain arguments appear to be reflected in final standards while others are not. Such investigations could improve understanding of the mechanisms through which constituent feedback contributes to accounting standard-setting outcomes.

Another promising avenue for future research is to examine differences in participation and influence across constituent groups. Further analysis could examine whether preparers, users, auditors, regulators, and standard setters differ in their associations with standard-setting outcomes, and whether these differences vary across accounting issues and regulatory environments.

Future studies may also benefit from combining comment-letter analysis with interviews involving standard setters, regulators, or other stakeholders. Such approaches could provide richer insights into how constituent feedback is assessed, interpreted, and incorporated into IASB deliberations.

Finally, comparative international studies could examine participation patterns across developed and developing economies. Given the geographical concentration of participation observed in this study, further research could explore barriers to participation in international accounting standard-setting and evaluate their implications for the legitimacy, inclusiveness, and representativeness of the IASB's due process.

## 5.4 Concluding Remarks

This study examined the role of constituent feedback in IASB standard-setting decisions during the development of IFRS 18. Specifically, it investigated whether constituent opinions were associated with subsequent changes to proposed requirements and whether the nature of constituent arguments was related to IASB responsiveness. The study used content analysis of comment letters submitted in response to the Exposure Draft General Presentation and Disclosures.

The findings suggest that constituent participation is an important component of the IASB due process. Constituent feedback was associated with several modifications between the Exposure Draft and the final standard. However, the results also indicate that constituent preferences do not automatically determine standard-setting outcomes. Overall, the evidence suggests that IASB's responsiveness to constituent feedback is selective rather than uniform.

The study further shows that constituent participation involves more than simply expressing agreement or disagreement with proposed requirements. Respondents used conceptual arguments throughout the consultation process, and many combined conceptual reasoning with practical and operational considerations when presenting their views. These findings suggest that examining the nature of constituent arguments provides additional insight into constituent participation beyond the direction of constituent preferences alone.

Overall, the results provide partial support for the proposition that constituent opinions influence IASB decision-making and partial support for the proposition that the impact of constituent feedback depends on the nature of the feedback. The evidence shows that the IASB's responsiveness is selective rather than automatic. The findings indicate that constituent feedback is associated with standard-setting outcomes but does not necessarily determine the IASB’s final decisions.

This study adds value to the constituent participation literature by providing contemporary evidence from the development of IFRS 18. The findings are consistent with prior research showing that constituent participation forms an important part of the IASB’s due process. This study adds value to the

constituent participation literature by providing contemporary evidence from the development of IFRS 18. The findings are consistent with prior research showing that constituent participation forms an important part of the IASB's due process.

In conclusion, the study reinforces the view that there is a need for a balance between constituent participation and independent professional judgment for effective international accounting standard-setting. While the IASB remains responsible for ensuring that final standards are consistent with the broader objectives of financial reporting, constituent feedback provides valuable information, technical expertise, and practical knowledge that contribute to the standard-setting process.

# APPENDIX

**Exhibit I:** ***Summary of Prior Literature on Constituent Participation, Lobbying, and IASB Responsiveness in Standard Setting***

| **Author(s)** | **Focus of Study** | **Sample** | **Research Findings** | **Relevance to Current Study** |
|---|---|---|---|---|
| Larson (2007) | Participation in IFRIC due process | Analysis of 714 comment letters submitted to IFRIC draft interpretations | Participation was concentrated among professional accounting bodies and standard setters, while users contributed minimally. The study highlighted uneven stakeholder representation and raised concerns regarding the inclusiveness of the due process. | Provides evidence on constituent participation patterns and representation in IASB-related due process. |
| Jorissen et al. (2012) | Characteristics and drivers of constituent participation | Multi-issue and multi-period analysis of IASB comment letters | Preparers, accountants and standard setters dominated participation. Participation varied according to the nature of proposed standards and the expected economic consequences of accounting changes. | Explain which stakeholders participate and why participation differs across projects. |
| Jorissen et al. (2013) | Geographic diversity of participation | Analysis of 7,442 IASB comment letters | Participation was concentrated in developed countries with stronger institutional infrastructures, IFRS familiarity and English-language capabilities. The findings raised concerns about global representativeness. | Demonstrates geographical variation in constituent participation. |
| Larson & Herz (2013) | Institutional determinants of participation | Multi-period analysis of IASB comment letters | Countries with stronger capital markets, EU membership and greater involvement in IFRS activities generated more participation. Institutional characteristics significantly influenced engagement. | Provides evidence on institutional factors affecting participation. |
| Allini et al. (2018) | Motivations for constituent participation | Survey and structural equation modelling of CFA Institute members | Participation was influenced by both individual motivations and perceptions of legitimacy. Stakeholders were more likely to participate when they believed the process was effective and their | Explains why constituents engage in accounting standard setting. |

| Author(s) | Focus of Study | Sample | Research Findings | Relevance to Current Study |
|---|---|---|---|---|
| | | | views could make a difference. | |
| Holder et al. (2013) | Comment letters as lobbying instruments | Content analysis of 369 comment letters | Stakeholders actively used comment letters to support or oppose proposals depending on expected reporting consequences. Lobbying intensity increased when accounting changes were likely to affect economic interests. | Establishes comment letters as a key mechanism of lobbying. |
| Reuter & Messner (2015) | Lobbying in integrated reporting development | Content analysis of comment letters | Large firms, preparers, and professional bodies strategically used comment letters to influence regulatory developments. Participation reflected attempts to shape reporting requirements in line with stakeholder interests. | Provides evidence of lobbying behavior in standard-setting processes. |
| Giner & Arce (2012) | Lobbying and IASB responsiveness during IFRS 2 development | Analysis of 539 comment letters | The IASB appeared more responsive to conceptual arguments than to economic consequence arguments. No single stakeholder group consistently dominated outcomes, suggesting selective rather than automatic responsiveness. | Directly supports RQ1 and RQ2 by examining influence and argument types. |
| Pelger (2016) | Conceptual debates in accounting standard setting | Interviews and document analysis | Conceptual ideas gain influence through deliberation, interpretation and institutional acceptance. Accounting concepts are not applied mechanically but are actively debated throughout standard setting. | Provides theoretical support for analyzing conceptual arguments and influence (RQ2). |
| Kabir & Rahman (2018) | Use of Conceptual Framework concepts during IFRS 16 development | Analysis of due process documents and comment letters | The IASB relied heavily on Conceptual Framework concepts when justifying accounting requirements but also accommodated practical concerns relating to implementation costs and feasibility. | Supports analysis of Conceptual Framework arguments (RQ2). |
| Klein & Fülbier (2019) | Evaluation of constituent arguments in IASB deliberations | Analysis of IASB board discussions | Board deliberations were heavily argument driven. Conceptual arguments frequently dominated discussions, and argument quality appeared more influential than the identity of the constituent | Directly supports examination of argument effectiveness (RQ2). |

| Author(s) | Focus of Study | Sample | Research Findings | Relevance to Current Study |
|---|---|---|---|---|
| | | | submitting feedback. | |
| Hewa et al. (2020) | Interest-group influence during IFRS 9 development | Mixed-method analysis of 327 comment letters | The IASB considered stakeholder concerns and modified certain requirements, while maintaining independence by balancing constituent preferences with conceptual objectives and regulatory considerations. | Provides evidence on constituent influence in standard setting (RQ1). |
| Arce et al. (2023) | IASB responsiveness and legitimacy during IFRS 17 development | Content analysis of comment letters and due process documents | Responsiveness to stakeholder concerns enhanced legitimacy while procedural fairness and independence were preserved. Due process functioned as an important legitimating mechanism. | Supports discussion of influence, responsiveness and legitimacy (RQ1). |
| De Freitas et al. (2024) | Jurisdictional influence during IFRS 10 development | Content analysis using influence measurement techniques | Evidence suggested that some jurisdictions exerted greater influence than others, particularly economically significant jurisdictions. However, no stakeholder group consistently dominated IASB decisions. | Provides evidence on differential influence across stakeholders and jurisdictions (RQ1). |

*Note.* IASB = International Accounting Standards Board; IFRIC = IFRS Interpretations Committee; RQ = research question.

**Exhibit II:** ***Illustrative Examples of Constituent Positions***

| Position Coded | KPMG IFRG Limited Comment Letter | CPA Australia Comment Letter |
|---|---|---|
| **Agreement** | **ED question:** Question 1 – Operating profit or loss<br><br>**Extract (p. 7):** *"We generally agree with the proposals to require all entities to present a subtotal of operating profit or loss…"*<br><br>**Coding rationale:** Coded as agreement because KPMG clearly supports the proposed subtotal. | **ED question:** Question 1 – Operating profit or loss<br><br>**Extract (p. 2):** *"CPA Australia supports the proposals to present an operating profit or loss subtotal…"*<br><br>**Coding rationale:** Coded as agreement because CPA Australia clearly supports the proposal. |
| **Partial agreement** | **ED question:** Question 2 – Operating category<br><br>**Extract (p. 7):** *"We generally agree with the proposals… However,… there should be more guidance on determining 'main business activities'…"*<br><br>**Coding rationale:** Coded as partial agreement because KPMG supports the proposal in principle but requests additional guidance. | **ED question:** Question 2 – Operating category<br><br>**Extract (p. 2):** *"Whilst we agree with this proposed approach… we suggest the IASB states more clearly…"*<br><br>**Coding rationale:** Coded as partial agreement because CPA Australia agrees with the proposal but requests clarification. |
| **Disagreement** | **ED question:** Question 10 – Unusual income and expenses<br><br>**Extract (p. 20):** *"Due to the significant concerns… we suggest the Board reconsider the proposed definition and guidance on unusual income and expenses."*<br><br>**Coding rationale:** Coded as disagreement because KPMG raises significant concerns and recommends reconsideration of the proposal. | **ED question:** Question 9 – Analysis of operating expenses<br><br>**Extract (p. 8):** *"We do not agree with the proposal that an entity that presents its operating expenses using the function of expense method should disclose… an analysis of its total operating expenses using the nature of expense method."*<br><br>**Coding rationale:** Coded as disagreement because CPA Australia explicitly rejects this part of the proposal. |

**Exhibit III** ***Development of the Coding Framework for Conceptual and Non-Conceptual Arguments***

| Argument Category | Coding Basis | Coding Keywords / Indicators | Construction Basis / Source |
|---|---|---|---|
| **Conceptual Framework (CF)** | Objective of financial reporting | Decision usefulness: resource allocation decisions | IASB Conceptual Framework (2018), paras. 1.2–1.4 |
| | Qualitative characteristics | Relevance; materiality; faithful representation; comparability; verifiability; timeliness; understandability | IASB Conceptual Framework (2018). Chapter 2 |
| | Cost constraint | Cost-benefit considerations | IASB Conceptual Framework (2018), paras. 2.39–2.43 |
| | Presentation and disclosure | Classification; aggregation; presentation; disclosure | IASB Conceptual Framework (2018), Chapter 7 |
| **Non-Conceptual Framework (Non-CF)** | Implementation considerations | Implementation cost; transition issues; preparer burden | Developed inductively from an initial review of IFRS 18 comment letters |
| | Operational considerations | Operational complexity; feasibility; systems changes | Developed inductively from an initial review of IFRS 18 comment letters |
| | Entity-specific considerations | Industry-specific concerns, business model, and regulatory implications | Developed inductively from an initial review of IFRS 18 comment letters |

**Exhibit IV.** ***Illustrative Examples of the Application of the Coding Framework***

| Argument type | Comment letter | ED question | Illustrative extract | Coding rationale | Page |
|---|---|---|---|---|---|
| Conceptual Framework | EFRAG | Q1 | "…reduce diversity in practice and improve comparability of financial statements." | Comparability (Conceptual Framework qualitative characteristic). | 8 |
| Conceptual Framework | Nestlé S.A. | Q1 | "We agree that this is an important step to achieve better comparability between entities." | Use comparability to justify support. | 4 |
| Non-Conceptual | EFRAG | Q2 | "…clear guidance on the notion of the entity's main business activity…" | Implementation/application guidance. | 10 |
| Non-Conceptual | Nestlé S.A. | Q2 | "The Exposure Draft should be amended to provide clearer guidance…" | Practical implementation and clarity. | 4 |

**Note.** Illustrative extracts are reproduced from the original constituent comment letters. Page numbers refer to the original PDF documents. Coding rationale explains the basis for classification.

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**Table II:** ***Constituent Participation in the Exposure Draft Stage***

| **Category** | ***n*** | **%** |
|---|---|---|
| ***Panel A. Comment Letter Submission by Constituent Group*** | | |
| Preparers | 89 | 41.20 |
| Accounting Professionals | 36 | 16.67 |
| National and Regional Standard Setters | 31 | 14.31 |
| Individuals | 17 | 7.87 |
| Regulators | 17 | 7.87 |
| Users | 15 | 6.94 |
| Auditors | 6 | 2.77 |
| Academics | 5 | 2.31 |
| **Total** | **216** | **100.00** |
| ***Panel B. Comment Letter Submission by Region*** | | |
| **Europe** | | |
| UK | 22 | 10.19 |
| Germany | 15 | 6.94 |
| France | 12 | 5.56 |
| Netherlands | 6 | 2.78 |
| Switzerland | 6 | 2.78 |
| Others | 31 | 14.35 |
| **Total** | **92** | **42.60** |
| **Asia** | | |
| Japan | 12 | 5.56 |

| Category | *n* | % |
|---|---|---|
| China | 6 | 2.78 |
| India | 5 | 2.31 |
| South Korea | 3 | 1.39 |
| Malaysia | 2 | 0.93 |
| Singapore | 2 | 0.93 |
| Others | 3 | 1.39 |
| **Total** | **33** | **15.29** |
| **Oceania** | | |
| Australia | 6 | 2.78 |
| New Zealand | 2 | 0.93 |
| **Total** | **8** | **3.70** |
| **North America** | | |
| USA | 17 | 7.87 |
| Canada | 6 | 2.78 |
| Mexico | 1 | 0.46 |
| **Total** | **24** | **11.11** |
| **South America** | | |
| Brazil | 8 | 3.70 |
| Others | 2 | 0.93 |
| **Total** | **10** | **4.63** |
| **Africa** | | |
| South Africa | 6 | 2.78 |
| Others | 7 | 3.22 |
| **Total** | **13** | **6.00** |

| Category | *n* | % |
|---|---|---|
| **International Organizations** | **16** | **7.41** |
| **Individuals (No Country Information)** | **20** | **9.26** |
| **Grand Total** | **216** | **100.00** |

**Table III:** ***Comparison Between Exposure Draft Proposals and IFRS 18 Requirements***

| Q | Issue | ED Proposal | IFRS 18 Requirement | Change from the ED to IFRS 18 | Agreement with ED proposal (+1) | Partial Agreement (0) | Disagreement with ED proposal (–1) |
|---|---|---|---|---|---|---|---|
| 1 | Operating profit or loss | Mandatory presentation of operating profit or loss as a subtotal | Requirement retained – operating profit subtotal required | No | 78.48% (n = 124) | 16.46% (n = 26) | 5.06% (n = 8) |
| 2 | The operating category | Operating category defined as default (includes all items not in other categories) | Confirmed as default category including all income/expenses not classified elsewhere | No | 34.52% (n = 58) | 43.45% (n = 73) | 22.02% (n = 37) |
| 3 | Income & expenses from investments in main business | Included in operating category | Confirmed with additional guidance for consistency | No | 40.40% (n = 61) | 40.40% (n = 61) | 19.21% (n = 29) |
| 4 | Financing category | Included cash, liabilities, and financing-related income/expenses | Revised: excludes cash; focuses on liabilities and interest; definition simplified | Yes | 29.37% (n = 37) | 42.06% (n = 53) | 28.57% (n = 36) |
| 5 | The investing category | Includes returns from investments and related expenses | Retained but refined (clearer classification, narrowed scope) | Partial | 34.23% (n = 51) | 34.23% (n = 51) | 31.54% (n = 47) |
| 6 | Profit before financing & financing category | Introduced subtotal and broad financing definition | Subtotal retained; financing definition revised; cash moved to investing | Yes | 15.08% (n = 19) | 37.30% (n = 47) | 47.62% (n = 60) |
| 7 | Associates & joint ventures classification | Required classification and separate presentation | Proposal removed; all classified in investing category | Yes | 46.91% (n = 76) | 37.65% (n = 61) | 15.43% (n = 25) |

| Q | Issue | ED Proposal | IFRS 18 Requirement | Change from the ED to IFRS 18 | Agreement with ED proposal (+1) | Partial Agreement (0) | Disagreement with ED proposal (–1) |
|---|---|---|---|---|---|---|---|
| 8 | Roles & aggregation/disaggregation | Introduced principles and guidance | Confirmed in final standard | No | 40.00% (n = 60) | 46.00% (n = 69) | 14.00% (n = 21) |
| 9 | Operating expense analysis | Nature vs function + additional disclosure | Retained with refinements | Partial | 26.06% (n = 43) | 36.97% (n = 61) | 36.97% (n = 61) |
| 10 | Unusual income and expenses | Defined and required disclosure | Proposal withdrawn | Yes | 38.10% (n = 64) | 44.64% (n = 75) | 17.26% (n = 29) |
| 11 | Management-defined performance measures (MPMs) | Defined and required disclosure | Retained with refinements | Partial | 16.67% (n = 30) | 41.67% (n = 75) | 41.67% (n = 75) |
| 12 | EBITDA | No definition proposed | Same approach retained | No | 54.13% (n = 59) | 13.76% (n = 15) | 32.11% (n = 35) |
| 13 | Cash flow classification | Operating profit starting point; classification rules | Retained with refinements | Partial | 49.33% (n = 74) | 30.00% (n = 45) | 20.67% (n = 31) |
| 14 | Other comments | General feedback invited | Reflected in multiple revisions | Partial | 17.30%[c] | 0.00%[c] | 82.70%[c] |

**Table IV: IASB *Responsiveness Analysis by Constituent Group and Geographical Region for IASB Proposals Modified in IFRS 18***

**Panel A: Change from Financing Category Including Cash, Liabilities, and Related Items (ED Question#4) to a Revised Financing Category Excluding Cash and Focusing on Liabilities and Interest-Related Items (IFRS 18)**

**By Constituent Group**

| Constituent Group | Agreement (+1) | Partial (0) | Disagreement (–1) |
|---|---|---|---|
| Academics | 0 | 0 | 2 |
| Accounting Profession | 12 | 12 | 9 |
| Auditors | 3 | 4 | 0 |
| Individual | 1 | 2 | 2 |
| Preparers | 9 | 18 | 14 |
| Regulators | 5 | 5 | 2 |
| National and Regional Standard Setters | 4 | 9 | 2 |
| Users | 3 | 3 | 5 |
| **Total** | **37** | **53** | **36** |

**By Geographical Region**

| Geographical Region | Agreement (+1) | Partial (0) | Disagreement (–1) |
|---|---|---|---|
| Europe | 13 | 32 | 16 |
| Asia | 7 | 7 | 3 |
| Oceania | 1 | 0 | 3 |
| North America | 3 | 3 | 3 |
| South America | 4 | 0 | 0 |
| Africa | 2 | 3 | 5 |
| International/Others | 5 | 5 | 3 |
| Individuals (No Country Information) | 2 | 3 | 3 |

| | | | |
|---|---|---|---|
| **Total** | **37** | **53** | **36** |

*Chi-square goodness-of-fit test (overall response distribution): $\chi^2 = 4.333$, $p = .115$ (not statistically significant)*

**Panel B: Change from Introduction of Profit Before Financing with a Broad Financing Definition (ED Question#6) to Retention of the Subtotal with a Revised Financing Definition and Reclassification of Cash to Investing (IFRS 18)**

**By Constituent Group**

| Constituent Group | Agreement (+1) | Partial (0) | Disagreement (–1) |
|---|---|---|---|
| Academics | 0 | 0 | 1 |
| Accounting Profession | 3 | 8 | 17 |
| Auditors | 0 | 3 | 3 |
| Individual | 3 | 1 | 2 |
| Preparers | 11 | 20 | 18 |
| Regulators | 0 | 7 | 1 |
| National and Regional Standard Setters | 2 | 3 | 11 |
| Users | 0 | 5 | 7 |
| **Total** | **19** | **47** | **60** |

**By Geographical Region**

| Geographical Region | Agreement (+1) | Partial (0) | Disagreement (–1) |
|---|---|---|---|
| Europe | 7 | 26 | 28 |
| Asia | 4 | 8 | 9 |
| Oceania | 0 | 0 | 4 |
| North America | 2 | 3 | 6 |
| South America | 1 | 3 | 0 |
| Africa | 1 | 2 | 5 |
| International/Others | 0 | 4 | 4 |
| Individuals (No Country Information) | 4 | 1 | 4 |
| **Total** | **19** | **47** | **60** |

*Chi-square goodness-of-fit test (overall response distribution): $\chi^2 = 20.905$, $p < .001$*

***Panel C: Change from Separate Classification and Presentation of Associates and Joint Ventures (ED Question#7) to Removal of the Proposal and Classification Within the Investing Category (IFRS 18)***

**By Constituent Group**

| Constituent Group | Agreement (+1) | Partial (0) | Disagreement (–1) |
|---|---|---|---|
| Academics | 1 | 0 | 1 |
| Accounting Profession | 14 | 13 | 8 |
| Auditors | 2 | 3 | 2 |
| Individual | 4 | 2 | 1 |
| Preparers | 44 | 18 | 4 |
| Regulators | 2 | 5 | 4 |
| National and Regional Standard Setters | 5 | 12 | 3 |
| Users | 4 | 8 | 2 |
| **Total** | **76** | **61** | **25** |

**By Geographical Region**

| Geographical Region | Agreement (+1) | Partial (0) | Disagreement (–1) |
|---|---|---|---|
| Europe | 31 | 32 | 9 |
| Asia | 14 | 9 | 5 |
| Oceania | 5 | 1 | 1 |
| North America | 10 | 5 | 2 |
| South America | 2 | 3 | 0 |
| Africa | 3 | 4 | 3 |
| International/Others | 5 | 5 | 3 |
| Individuals (No Country Information) | 6 | 2 | 2 |
| **Total** | **76** | **61** | **25** |

*Chi-square goodness-of-fit test (overall response distribution): $\chi^2 = 25.444$, $p < .001$*

***Panel D: Change from Definition and Mandatory Disclosure of Unusual Income and Expenses (ED Question#10) to Complete Withdrawal of the Proposal (IFRS 18)***

**By Constituent Group**

| Constituent Group | Agreement (+1) | Partial (0) | Disagreement (–1) |
|---|---|---|---|
| Academics | 2 | 1 | 0 |
| Accounting Profession | 10 | 15 | 10 |
| Auditors | 2 | 4 | 1 |
| Individual | 2 | 3 | 1 |
| Preparers | 41 | 27 | 0 |
| Regulators | 1 | 6 | 3 |
| National and Regional Standard Setters | 4 | 11 | 8 |
| Users | 2 | 8 | 6 |
| **Total** | **64** | **75** | **29** |

**By Geographical Region**

| Geographical Region | Agreement (+1) | Partial (0) | Disagreement (–1) |
|---|---|---|---|
| Europe | 26 | 44 | 11 |
| Asia | 10 | 7 | 7 |
| Oceania | 4 | 2 | 0 |
| North America | 11 | 5 | 2 |
| South America | 2 | 2 | 1 |
| Africa | 4 | 3 | 4 |
| International/Others | 4 | 7 | 2 |
| Individuals (No Country Information) | 3 | 5 | 2 |
| **Total** | **64** | **75** | **29** |

*Chi-square goodness-of-fit test (overall response distribution):*

*Note.* Chi-square goodness-of-fit tests evaluate whether constituent responses (Agreement, Partial, Disagreement) are evenly dispersed for each question.

**Table V:** ***Types of Arguments Used by Constituents, by Question and Constituent Group***

***Panel A: Question 4***

| **Constituent Group (A)** | **Conceptual Only (B)** | **Non-conceptual Only (C)** | **Both (D)** | **Total Arguments(E)= (B)+(C)+(D)** | **No Argument (F)** | **Total (G) = (E)+(F)** |
|---|---|---|---|---|---|---|
| Academics | 0 | 1 | 2 | **3** | 2 | **5** |
| Accounting Profession | 19 | 6 | 11 | **36** | 0 | **36** |
| Auditors | 4 | 0 | 2 | **6** | 0 | **6** |
| Individual | 6 | 1 | 0 | **7** | 10 | **17** |
| National and Regional Standard Setters | 15 | 3 | 6 | **24** | 7 | **31** |
| Preparers | 30 | 16 | 8 | **54** | 35 | **89** |
| Regulators | 8 | 2 | 5 | **15** | 2 | **17** |
| Users | 9 | 3 | 2 | **14** | 1 | **15** |
| Total | 91 | 32 | 36 | **159** | 57 | **216** |

***Panel B: Question 6***

| **Constituent Group (A)** | **Conceptual Only (B)** | **Non-conceptual Only (C)** | **Both (D)** | **Total Arguments (E)= (B)+(C)+ (D)** | **No Argument (F)** | **Total (G) = (E)+(F)** |
|---|---|---|---|---|---|---|
| Academics | 0 | 0 | 1 | **1** | 4 | **5** |
| Accounting Profession | 6 | 9 | 8 | **23** | 13 | **36** |
| Auditors | 1 | 2 | 2 | **5** | 1 | **6** |
| Individual | 2 | 1 | 0 | **3** | 14 | **17** |
| National and Regional Standard Setters | 8 | 5 | 7 | **20** | 11 | **31** |
| Preparers | 10 | 21 | 17 | **48** | 41 | **89** |
| Regulators | 3 | 4 | 2 | **9** | 8 | **17** |
| Users | 2 | 3 | 1 | **6** | 9 | **15** |
| | 32 | 45 | 38 | **115** | 101 | **216** |

***Panel C: Question 7***

| **Constituent Group (A)** | **Conceptual Only (B)** | **Non-conceptual Only (C)** | **Both (D)** | **Total Arguments (E)= (B)+(C)+(D)** | **No Argument (F)** | **Total (G) = (E)+(F)** |
|---|---|---|---|---|---|---|
| Academics | 1 | 0 | 1 | **2** | 3 | **5** |
| Accounting Profession | 8 | 11 | 10 | **29** | 7 | **36** |
| Auditors | 1 | 1 | 2 | **4** | 2 | **6** |
| Individual | 2 | 1 | 0 | **3** | 14 | **17** |
| National and Regional Standard Setters | 9 | 4 | 8 | **21** | 10 | **31** |
| Preparers | 7 | 19 | 34 | **60** | 29 | **89** |
| Regulators | 3 | 3 | 4 | **10** | 7 | **17** |
| Users | 4 | 2 | 3 | **9** | 6 | **15** |
| | 35 | 41 | 62 | **138** | 78 | **216** |

***Panel D: Question 10***

| **Constituent Group (A)** | **Conceptual Only (B)** | **Non-conceptual Only (C)** | **Both (D)** | **Total Arguments(E)= (B)+(C)+(D)** | **No Argument (F)** | **Total (G) = (E)+(F)** |
|---|---|---|---|---|---|---|
| Academics | 1 | 0 | 1 | **2** | 3 | **5** |
| Accounting Profession | 9 | 8 | 12 | **29** | 7 | **36** |
| Auditors | 1 | 1 | 3 | **5** | 1 | **6** |
| Individual | 4 | 1 | 1 | **6** | 11 | **17** |
| National and Regional Standard Setters | 7 | 5 | 10 | **22** | 9 | **31** |
| Preparers | 6 | 18 | 43 | **67** | 22 | **89** |
| Regulators | 2 | 3 | 5 | **10** | 7 | **17** |
| Users | 3 | 2 | 4 | **9** | 6 | **15** |
| Total | 33 | 38 | 79 | **150** | 66 | **216** |

*Note.* “Conceptual only”, “Non-conceptual only”, and “Both” are mutually exclusive types describing the type of argument(s) a respondent used.

**Table VI:** ***Influence of Arguments on IASB Responsiveness***

***Panel A: Change from Financing Category Including Cash, Liabilities, and Related Items (ED Question#4) to a Revised Financing Category Excluding Cash and Focusing on Liabilities and Interest-Related Items (IFRS 18)***

| Constituent Groups | Agreement with IFRS 18 Requirement (+1) | Partially Agree (0) | Disagreement with IFRS 18 Requirement (–1) |
|---|---|---|---|
| Conceptual arguments | 28 | 30 | 23 |
| Non-conceptual argument | 8 | 7 | 15 |
| Both types of arguments | 12 | 14 | 6 |

***Panel B: Change from Introduction of Profit Before Financing with a Broad Financing Definition (ED) to Retention of the Subtotal with a Revised Financing Definition and Reclassification of Cash to Investing (IFRS 18)***

| Constituent Groups | Agreement with IFRS 18 Requirement (+1) | Partially Agree (0) | Disagreement with IFRS 18 Requirement (–1) |
|---|---|---|---|
| Conceptual arguments | 11 | 17 | 18 |
| Non-conceptual argument | 6 | 12 | 21 |
| Both types of arguments | 5 | 13 | 19 |

***Panel C: Change from Separate Classification and Presentation of Associates and Joint Ventures (ED) to Removal of the Proposal and Classification Within the Investing Category (IFRS 18)***

| Constituent Groups | Agreement with IFRS 18 Requirement (+1) | Partially Agree (0) | Disagreement with IFRS 18 Requirement (–1) |
|---|---|---|---|
| Conceptual arguments | 18 | 12 | 9 |
| Non-conceptual argument | 24 | 9 | 10 |
| Both types of arguments | 31 | 15 | 8 |

***Panel D: Change from Definition and Mandatory Disclosure of Unusual Income and Expenses (ED) to Complete Withdrawal of the Proposal (IFRS 18)***

| Constituent Groups | Agreement with IFRS 18 Requirement (+1) | Partially Agree (0) | Disagreement with IFRS 18 Requirement (–1) |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Conceptual arguments | 13 | 15 | 11 |
| Non-conceptual argument | 19 | 10 | 6 |
| Both types of arguments | 28 | 18 | 7 |