

**The IASB standard-setting literature:  
A survey of evidence and future research opportunities**

(Manuscript ID#JIAAT-D-23-00085.R5)

Humayun Kabir<sup>1</sup>  
*Private Bag 92006*  
Auckland University of Technology  
*Auckland 1142, New Zealand*  
*Phone: +64 9 921 9999 Ext 5143*  
*E-mail: [humayun.kabir@aut.ac.nz](mailto:humayun.kabir@aut.ac.nz)*  
ORCID: <https://orcid.org/0000-0002-6603-1665>  
LinkedIn: <https://www.linkedin.com/in/humayun-kabir-5b503054/>

Declaration of interests: None

-----  
<sup>1</sup>Corresponding author

I appreciate the constructive feedback from the editor-in-chief, Professor Stergios Leventis, the co-editor, Associate Professor Helen Kang, two anonymous reviewers, and Professor Robert Larson on earlier versions of the paper.

# **The IASB standard-setting literature: A survey of evidence and future research opportunities**

## **ABSTRACT**

This paper provides a systematic review of the evidence regarding the International Accounting Standards Board (IASB)'s standard-setting behavior and constituent participation in its standard-setting process. This broad objective is broken down into specific research questions based on the phases of the IASB's formal standard-setting process, and the review is structured around these questions. The sample comprises 75 research studies published from 2002 through 2023. The private interest theory informs the analysis of the evidence. The findings suggest that the IASB's standard-setting practices and constituent participation behavior are aligned with this theory. The results indicate that three broad areas attracted the most scholarly attention: changes in the IASB's governance and due process, constituent participation in the IASB's standard-setting process, and constituent influence on the IASB's standard-setting. However, several areas remain relatively underexplored, including agenda-setting, constituent positions on IASB proposals and their determinants, the arguments and language choices in comment letters, the IASB's internal process, the arguments and language choices in International Financial Reporting Standards (IFRS), and post-implementation reviews. The evidence reviewed in this paper suggests that the IASB largely maintained its independence in standard-setting and obtained legitimacy from its constituents. Finally, the paper identifies opportunities for further enriching the literature.

*Keywords:* Accounting standard-setting; IASB; IFRS

JEL classifications: G18, L51, M41

## 1. Introduction

The International Accounting Standards Board (IASB) has been developing International Financial Reporting Standards (IFRS) for over two decades. During this time, these standards have been adopted by many countries worldwide, indicating that the IASB has established itself as the *de facto* global accounting standard-setter. This accomplishment is remarkable for a transnational private standard-setting body (Perry & Nölke, 2006).

Given its impacts on financial reporting around the world and the potential impacts on the well-being of society, the IASB's standard-setting practices attracted intense attention from academics, professionals, regulators, and politicians (André et al., 2009; Botzem, 2014; Camfferman & Zeff, 2015; Financial Stability Forum, 2008; Perry & Nölke, 2005; Perry & Nölke, 2006; Richardson & Eberlein, 2011; Sunder, 2011; United States Securities and Exchange Commission [US SEC], 2000; 2007). Commensurate with this interest, there has been a steady growth in empirical studies investigating various aspects of the IASB's standard-setting behavior and constituent participation in the standard-setting process.

Despite the growth in the literature, no extant paper provides a comprehensive synthesis of the evidence generated over the last two decades. This paper synthesizes the empirical evidence on the IASB's standard-setting behavior and constituent participation. This objective is broken down into specific research questions (RQs) that are linked to specific phases of the IASB's formal standard-setting process. The IASB's standard-setting behavior and constituent participation lie at the heart of concerns for the IASB's independence and legitimacy. Therefore, the paper provides an assessment of these concerns based on the available evidence. The paper also identifies areas where prior research yields consistent results and areas where tensions exist between the results of prior studies, identifies gaps in the literature, and suggests future research opportunities.

Gipper et al. (2013) reviewed studies on the United States (US) Financial Accounting Standards Board (FASB)'s standard-setting but excluded international accounting standard-setting. Sanada (2020) reviewed how the standard-setting literature deployed the legitimacy theory but did not focus on the

evidence regarding the IASB's standard-setting behavior and constituent participation. For example, he did not review the evidence on how and why the IASB's structure changed over time, how the IASB set agenda, whether there was any pattern in constituent participation in the IASB's standard-setting process, whether constituents influenced the IASB's standard-setting, what types of arguments constituents and the IASB invoked in comment letters (CLs), consultation documents and IFRS, and how the internal dynamics of the IASB shaped its standard-setting. The current paper reviews the evidence regarding all these aspects of the IASB's standard-setting and constituent participation. It also adds to our understanding of the IASB's standard-setting literature and aids future standard-setting research.

The study focuses on the IASB's standard-setting because the IASB operates in a highly complex international environment characterized by competing demands (Camfferman & Zeff, 2015; Pelger, 2016; Richardson & Eberlein, 2011). It is a private standard-setter, but unlike other private standard-setters that operate in national jurisdictions, its standards have been adopted in many countries, with diverse pre-IFRS accounting and standard-setting traditions tailored to meet their local socio-cultural-economic objectives (Gallhofer & Haslam, 2007; Nobes, 1998). The socio-cultural underpinning of IFRS, which emphasizes the decision-usefulness of accounting information for investment decisions, the organization of the IASB as a private sector standard-setter, and the way it sets standards do not align well with the accounting and standard-setting traditions in many of these countries (André et al., 2009; Perry & Nölke, 2006; Walton, 2004). The governance of the IASB evolved in such a way that its current governance is unlike any national standard-setter (Camfferman & Zeff, 2015). Both the Trustees of the IFRS Foundation (IFRSF) and the IASB members come from diverse jurisdictions and professions (Baudot, 2018; Camfferman & Zeff, 2015). Its constituents are spread all over the world, making it difficult for many of them to participate in the IASB's standard-setting process (Jorissen et al., 2012, 2013). The funds needed for the IASB's operation are sourced from numerous countries and organizations (Larson & Kenny, 2011). Although the IASB sets IFRS, it has no power to enforce them and must rely on national regulators for their acceptance and enforcement.

In this complex standard-setting environment, two different but related major concerns were voiced about the IASB and its standard-setting. The first concern related to the independence and funding structure of the IASB (Perry & Noëlke, 2005; US SEC, 2000; 2008; Véron, 2007). Specifically, there were concerns about the potential capture of the IASB and its standard-setting process by countries and special interest groups (Perry & Noëlke, 2005; US SEC, 2008; Véron, 2007; Zeff, 2002). The second concern was about the legitimacy of the IASB and its standard-setting (Burlaud & Colasse, 2011; Luthardt & Zimmermann, 2009; Richardson & Eberlein, 2011; Véron, 2007) and a related perception that the IASB did not listen to its constituents (Camfferman & Zeff, 2015, pp. 146-151 & 373; Walton, 2004, p. 9). The initial Trustees of the International Accounting Standards Committee Foundation (IASCF)<sup>1</sup> were also concerned about whether the IASB would be able to obtain adequate participation from its constituents.<sup>2</sup> These concerns are germane to the whole process of the IASB's standard-setting and constituent participation. Given more than two decades of standard-setting and the growth of the literature, this review offers an opportunity to evaluate these concerns. Therefore, the paper is of potential interest to the IASB and its constituents.

The sample is 75 empirical studies, published during 2002-2023. Although the sample studies were motivated by a variety of theoretical lenses, all these studies report evidence bearing upon one or more RQs. The current paper is structured around these RQs and uses these studies to answer the RQs.

The private interest theory underpins the analysis of evidence in this paper. This theory is premised on the standard economic assumption of self-interest (Posner, 1974) and views both the standard-setters and the constituents as self-interested parties (Godfrey et al., 2010; Ramanna, 2015; Watts & Zimmerman, 1979).<sup>3</sup> According to this view, the ultimate objective of the IASB is to survive

---

<sup>1</sup> IASCF was the former name of the IFRSF. The name changed in 2010. For the sake of the flow of ideas, this paper uses the term Foundation generically to mean both IASCF and IFRSF. However, to maintain technical correctness, I use IASCF and IFRSF in citations and references.

<sup>2</sup> Paul Volcker expressed this concern in his February 2002 testimony to the US Senate Committee on Banking, Housing, and Urban Affairs. The document containing his testimony is available at: <https://www.govinfo.gov/content/pkg/CHRG-107shrg87708/html/CHRG-107shrg87708.htm> (accessed July 29, 2025).

<sup>3</sup> This paper regards Sutton (1984) as a version of the private interest theory. Drawing on the work of Downs (1957), Sutton (1984) developed hypotheses regarding constituent participation in accounting standard-setting. Specifically, based on the relative costs and benefits of lobbying in the standard-setting process, Sutton (1984)

and have IFRS accepted globally. To survive as a global standard-setter in the international standard-setting environment with multiple powerful constituents that sometimes have competing demands, the IASB must set standards independently<sup>4</sup> and listen to the concerns of its constituents, without being unduly influenced by any group of constituents, except when its survival is perceived to be at risk (André et al., 2009; Camfferman & Zeff, 2015). In other words, the IASB must be seen as both independent and legitimate by its constituents (Burlaud & Colasse, 2011; Richardson & Eberlein, 2011; US SEC, 2000). Independence and legitimacy are, to some extent, intertwined (Ramanna, 2015; Walton, 2004). The Foundation Constitution (Constitution) and the Due Process Handbook (Handbook) stipulate the basic elements of the standard-setting process for achieving these twin objectives (IFRSF, 2020a, 2020b). According to the Constitution and the Handbook, the IASB must develop standards consistent with the Conceptual Framework (CF) concepts and, at the same time, must consider constituent feedback on the proposals in consultation documents (Hashim et al., 2019; Hewa et al., 2020; Orthaus & Rugilo, 2023).

Individual standard-setters come from diverse professional and geographic backgrounds and consequently may have their own views of the most appropriate accounting for a particular topic, such as the measurement basis for revenue and liabilities and self-interests (Allen & Ramanna, 2014; Baudot, 2018; Morley, 2016; Pelger, 2016; Zeff, 2002). When evaluating constituent feedback and deliberating on a standard-setting topic, they are likely to draw on appropriate CF concepts, the choice of which is likely to be shaped by their views of the most appropriate accounting for the topic (Baudot, 2018; Morley, 2016; Pelger, 2016). The potential result is that the IASB, as a collective of individual standard-setters, is likely to accept some feedback but reject others. To survive, the IASB must also respond to developments in the standard-setting environment. The private interest theory suggests that the IASB

---

argued that constituents would participate in the lobbying process when the lobbying benefits, adjusted for the probability of lobbying success, outweighed the lobbying costs. Based on this argument, he advanced several propositions regarding constituent participation.

<sup>4</sup> The importance of independence to the survival of the standard-setting body can hardly be overemphasized. Two US accounting standard-setting bodies before the FASB, the Committee on Accounting Procedures and the Accounting Principles Board, were disbanded partly due to their lack of independence (Ramanna, 2015). Further, the standard-setting structures of both the FASB and the IASB have been designed to protect standard-setting from undue outside pressures (Camfferman & Zeff, 2015; Ramanna, 2015).

must at times act strategically to enhance its own chance of survival and sustain its dominance as a global standard-setter (André et al., 2009).

As for the constituents, they are also likely to be driven by their respective costs, benefits, and ideologies when deciding whether and when to participate in the IASB's standard-setting process and what positions to take on proposals in consultation documents (Durocher & Gendron, 2014; Himick & Brivot, 2018; Ramanna, 2015; Sutton, 1984; Zeff, 1978, 2002). This position has been confirmed in numerous studies in national standard-setting contexts (Himick & Brivot, 2018; Ramanna, 2008; Watts & Zimmerman, 1986).

The results of this review reveal that the Foundation reformed the governance structure and expanded the due process in response to the competing demands for the accountability and independence of the IASB. While the impacts of these changes on IFRS are yet to be assessed fully, the analyzed evidence provides several conclusions, which in turn suggest areas needing further research.

Several factors shaped the IASB's agenda in the first decade of its operation, including the possible convergence with US Generally Accepted Accounting Principles (GAAP) and the need to complete a stable platform for the European Union (EU)'s adoption of IFRS. Strategic considerations also appear to motivate some agenda decisions of the IASB. However, we do not know much about whose voices matter the most in agenda decisions and how the IASB chooses, after agenda consultation, which agenda proposals to accept.

There is substantial evidence that preparers tend to submit the highest number of CLs in response to the IASB's consultation documents. In contrast, users submit the fewest number of CLs. Audit firms, professional accounting institutes, and regulators fall somewhere between these two groups. However, the latter groups of constituents are among the most regular CL submitters. The IASB receives more CLs from Anglo-American countries and Europe than from Africa and South America. While CL submission varies by the project stage, there is no clear pattern in variation. Studies also suggest that accounting issues addressed in consultation documents, attributes of constituents, and features of CL submitters' countries influence constituents' propensity to submit CLs. Furthermore,

while constituent groups take varying positions on the proposals made by the IASB in its consultation documents, only a few studies addressed the determinants of these opinions. Finally, there is evidence that constituents couch their arguments in CLs in both conceptual and non-conceptual terms.

The evidence suggests that the IASB staff acts as the gatekeeper in channeling constituent feedback to IASB members and plays an important role in IASB deliberations. While IASB members frame their arguments mostly in conceptual terms, they vary in their weighting of the CF concepts, which can lead them to hold different positions on accounting issues. This paper finds that not much research examines the interactions between IASB members and staff, and how these interactions shape the standard-setting decisions.<sup>5</sup>

The evidence indicates that, with a few exceptions, the IASB was not unduly influenced by its constituents. The IASB invokes primarily CF concepts to justify its standard-setting decisions, although it also draws on non-CF concepts to rationalize some decisions. Finally, the evidence suggests that the post-implementation review (PIR) process has not been thoroughly explored and is a topic that warrants further research.

The synthesis in this paper offers two major takeaways. First, the results suggest that the IASB has generally maintained its independence in setting standards, with no evidence suggesting that the IASB's standard-setting process has been systematically captured by any single group of constituents. This result is similar to what Ramanna (2015) concluded for the FASB. Second, the review results also indicate a certain level of legitimacy for the IASB, although there have been temporal shocks to its legitimacy. The IASB often amends its standard-setting proposals considering constituent feedback, thereby challenging the perception that the IASB does not listen to its constituents. These results are consistent with the predictions of the private interest theory discussed above.

The rest of the paper proceeds as follows. Section 2 discusses, based on the Constitution and the Handbook, the formal standard-setting process of the IASB and introduces the RQs. This helps situate the evidence in the reviewed papers within the standard-setting process and identify areas for

---

<sup>5</sup> A recently published article sheds light on this issue (Hoffmann, 2025).

future research. Section 3 outlines the research method and describes the sample studies. Sections 4 through 10 discuss the evidence related to the RQs, summarize our current understanding, and identify future research opportunities. Section 11 summarizes and concludes the paper.

## **2. The IASB's standard-setting process and RQs**

The IASB conducts all its standard-setting activities within a dynamic framework that includes the IASB's governance and due process requirements, as well as the CF. The standard-setting process followed by the IASB consists of several key steps: setting the agenda, developing and issuing one or more consultation documents to obtain constituent feedback on proposed accounting requirements, evaluating that feedback, finalizing and issuing an IFRS, and conducting a PIR of the IFRS.

The governance and the process of setting IFRS have evolved since the inception of the IASB in 2001 (Camfferman & Zeff, 2015). The IASB is part of the Foundation, which is governed by Trustees (IFRSF, 2020b, Sections 3&6). The Foundation is responsible for, inter alia, establishing and maintaining financing arrangements, appointing the members of the IASB, the Interpretations Committee, and the Advisory Council,<sup>6</sup> and establishing consultative arrangements and due process mechanisms for these bodies (IFRSF, 2020b, Sections 13&15). The Foundation is accountable to public authorities through the Monitoring Board, which approves the appointments of the Trustees (IFRSF, 2020b, Sections 18&19). The Monitoring Board comprises representatives of national, regional, and international securities regulators (IFRSF, 2020b, Section 21).

The IASB is responsible for developing and issuing IFRS (IFRSF, 2020b, Section 36). Currently, the IASB comprises 14 members.<sup>7</sup> The primary qualifications for its members are “professional competence and recent relevant professional experience” (IFRSF, 2020b, Section 25).

---

<sup>6</sup> The interpretations committee was originally named the Standing Interpretations Committee (SIC) (IASCF, 2001) and was renamed the International Financial Reporting Interpretations Committee (IFRIC) in 2005 (IASCF, 2005). Since 2010, it has been known as the IFRS Interpretations Committee (IFRSF, 2011). The advisory council was initially called Standards Advisory Council (IASCF, 2001) and was renamed IFRS Advisory Council in 2010 (IFRSF, 2011). Unless stated otherwise, this paper uses the terms ‘Interpretations Committee’ and ‘Advisory Council’ to refer to the interpretations committees and the advisory councils, respectively.

<sup>7</sup> At one point, the IASB was allowed to have up to 16 members (IFRSF, 2011, Section 24), which was reduced to 14 members in 2016 (IFRSF, 2016b, Section 24).

The members come from diverse professional and geographical backgrounds (IFRSF, 2020b, Sections 25&26). The Constitution requires its members to agree to act in the public interest and have regard to the CF when developing and amending IFRS (IFRSF, 2020b, Section 28). The Trustees “develop rules<sup>8</sup> and procedures to ensure that the IASB is, and is seen to be, independent” (IFRSF, 2020b, Section 31, footnote added).

The IASB develops IFRS in accordance with the due process outlined in the Handbook. The due process is designed to enable the IASB “to gain a better understanding of different accounting alternatives and the potential effect of the proposals on affected parties” (IFRSF, 2020a, para. 1.2). The process starts with an agenda consultation. The IASB is required to conduct a public agenda consultation every five years<sup>9</sup> by issuing a Request for Information (RFI) (IFRSF, 2020a, para. 4.3; 2020b, Section 36(d)). The consultation aims to gather constituent feedback on the IASB’s strategic direction and work plan (IFRSF, 2020a, para. 4.3).

Based on the feedback obtained during the agenda consultation and staff recommendations, the IASB adds research projects for reporting issues. The IASB maintains an active research program, and its technical staff usually conducts these research projects. The IASB sometimes asks national standard-setters to research specific topics (IFRSF, 2020a, para. 4.11). The purpose of a research project is to assess the nature and extent of a financial reporting problem identified during the agenda consultation or from other sources.<sup>10</sup> The project also aims to develop and evaluate alternative solutions to the identified problem (IFRSF, 2020a, para. 4.9). The staff analysis of the financial reporting problem helps the IASB decide whether to undertake a standard-setting project to develop a new standard or amend an existing standard (IFRSF, 2020a, para. 4.9).

---

<sup>8</sup> One important rule is that full-time members must sever all employment relationships with their employers and must not hold any position that could give rise to any economic incentive that might call into question their independence of judgment when setting IFRS (IFRSF, 2020b, Section. 31).

<sup>9</sup> During the first decade, there was no formal requirement for public consultation regarding its work plan. However, in 2010, the Foundation introduced the requirement for public agenda consultation to be held every three years (IFRSF, 2011, Section 37(d)). The consultation frequency was later revised to a five-year cycle (IFRSF, 2020a, para. 4.3).

<sup>10</sup> Additional sources include comments from the Advisory Council, the Accounting Standards Advisory Forum (ASAF), other standard-setters, other interested parties, and the Interpretations Committee (IFRSF, 2020a, para. 4.10).

To add a major project, such as a standard-setting project or a major amendment, to the work plan, the IASB must evaluate whether the project will address the information needs of financial report users while considering the cost of preparing the information (IFRSF, 2020a, para. 5.4). In making this assessment, the IASB must consider several factors: the presence of any financial reporting deficiency, the significance of the issue for financial reporting users, the types of entities affected, and the pervasiveness and severity of the reporting problem (IFRSF, 2020a, para. 5.4). The IASB initiates a standard-setting project only if it concludes that the benefits of the improvement will outweigh the associated costs (IFRSF, 2020a, para. 5.7).

If the IASB decides to add a project to its work plan, it typically publishes a Discussion Paper (DP). However, publishing a DP is not mandatory (IFRSF, 2020a, para. 5.5). If the IASB believes that it has sufficient information and understands the problem and the potential solutions well enough, it may decide not to publish a DP (IFRSF, 2020a, para. 5.5). Instead, it may issue directly an Exposure Draft (ED) for public comments (IFRSF, 2020a, para. 5.5). An ED lays out a specific proposal in the form of a proposed IFRS and is structured similarly to an IFRS. The IASB reviews the constituent feedback on the DP, along with staff analyses and recommendations, as well as input from consultative bodies<sup>11</sup> when developing the ED. After the comment period ends, the IASB evaluates the feedback on the ED. To explore the issue further and collect additional insights, the IASB may conduct fieldwork, as well as organize public hearings and round-table meetings (IFRSF, 2020a, para. 6.21).

If the IASB has reached a general agreement on the technical matters in the project and has considered the potential effects of the new IFRS, it may instruct the technical staff to develop the new IFRS for balloting (IFRSF, 2020a, paras. 6.22&6.23). The publication of the new IFRS requires the approval of eight members if there are 13 or fewer members on the IASB, or from nine members if there are 14 members (IFRSF, 2020b, Section 35). However, depending on the constituent feedback

---

<sup>11</sup> The IASB has several consultative bodies. These include the ASAF, the Capital Markets Advisory Committee (CMAC), and the Global Preparers Forum (GPF). The ASAF comprises national and regional accounting standard-setters. The CMAC and the GPF consist of financial statement users and preparers, respectively. Information on the IASB's consultative bodies is available at <https://www.ifrs.org/about-us/our-consultative-bodies/#iasb-advisory-groups> (accessed July 30, 2025).

and the nature and extent of changes contemplated in the new IFRS, the IASB may re-expose the proposal for further feedback before finalizing the standard (IFRSF, 2020a, para. 6.25).

Throughout the standard-setting process, the staff prepares a series of agenda papers for the IASB to consider. These agenda papers summarize constituent feedback obtained as part of the due process and present relevant academic evidence. They also identify alternative accounting treatments, analyze the advantages and disadvantages of each, and provide recommendations.

When the IASB develops an IFRS or an amendment, it assesses and explains the likely effects of the new requirements. This includes considering the objectives of financial reporting, the initial implementation costs, and the ongoing costs and benefits associated with the new requirements (IFRSF, 2020a, para. 3.76). Also, the IASB must publish a project summary and feedback statement when it publishes a new IFRS or makes a major amendment (IFRSF, 2020a, para. 6.38). The project summary and feedback statement highlights the significant issues raised by constituents during the IFRS development process and explains how the IASB addressed these issues. While not mandatory, the IASB also usually publishes a Basis for Conclusions (BC) along with each ED and IFRS (IFRSF, 2020b, Section 36). The BC outlines the alternative accounting treatments that were considered by the IASB when developing an IFRS, the choices it made, and the justifications for those choices.

The IASB must conduct a PIR for each new IFRS or major amendment. The review is conducted after the new requirements have been applied internationally for at least two years (IFRSF, 2020a, para. 6.48). The PIR offers the IASB an opportunity to assess the effects of the new requirements on constituents, to consider the issues that were contentious during the development of the IFRS, and to address the issues that came to the attention of the IASB after the IFRS was published (IFRSF, 2020a, para. 6.51). Following the consideration of the constituent feedback obtained during the PIR, the IASB may make a minor amendment to the IFRS or consider a more comprehensive revision of the standard (IFRSF, 2020a, para. 6.58). However, there is no presumption that the PIR will lead to a change in the IFRS (IFRSF, 2020a, para. 6.58).

The standard-setting process portrayed above illustrates the structure and the procedures that facilitate the IASB's standard-setting efforts. Fig. 1 presents a simplified schematic presentation of the IASB's standard-setting process, highlighting the key stages involved and the roles of the IASB and its constituents throughout this process.

<Fig. 1 about here>

With this background in mind, the paper breaks down the main objective of examining the IASB's standard-setting behavior and constituent participation in the standard-setting process into the following RQs. These RQs correspond to the key stages of the standard-setting process, and are depicted in Fig. 1:

RQ#1. How did the IASB's governance, due process, and funding structure evolve during the last two decades, and what impacts did these changes have on standard-setting?

RQ#2. How does the IASB set its agenda?

RQ#3. Does constituent participation in the IASB's standard-setting process vary across constituent groups, countries, project stages, and projects? If so, in what ways?

RQ#4. What factors influence constituent participation in the IASB's standard-setting process?

RQ#5. What factors determine constituents' positions on the IASB's standard-setting proposals?

RQ#6. What kind of arguments do constituents use in CLs?

RQ#7. What roles do the IASB staff and members play in developing IFRS?

RQ#8. Do constituents influence the IASB's standard-setting decisions?

RQ#9. What kind of arguments does the IASB use in IFRS and consultation documents?

RQ#10. How does the IASB conduct the PIR of an IFRS, and how does the PIR affect IFRS?

### **3. Research method and sample description**

Following a journal selection process that is similar to those in other literature review papers in financial accounting (Amel-Zadeh et al., 2023; d'Arcy & Tarca, 2018; Habib & Hasan, 2019), on December 8, 2023, I searched for papers using the following keywords in the article title, abstract, and keywords within Scopus<sup>12</sup>: 'IASB,' 'IFRS,' 'IFRIC,' 'IFRS Interpretation,' and 'standard-setting.' I limited the search to 55 accounting journals that are ranked A\*, A, and B on the Australian Business Deans Council (ABDC) journal list, which are also indexed in Scopus. The ABDC journal list is a widely recognized ranking system for business journals, and A\*, A, and B-ranked accounting journals on this list are highly regarded by accounting academics.<sup>13</sup>

The keyword search yielded 2,293 articles. I focused on empirical studies that examined at least one aspect of the IASB's standard-setting process or the participation of constituents in it. This includes areas such as 1) the IASB's governance, due process, and funding structure; 2) IASB agenda-setting; 3) constituent participation in the IASB's due process; 4) incentives for IASB constituent participation, 5) the arguments and language used by the IASB's constituents; 6) constituent positions on IASB proposals and the determinants of these positions; 7) the internal processes of the IASB for standard-setting; 8) constituent influence on the IASB's standard-setting decisions; 9) the arguments and language choices in IFRS and consultation documents; and 10) the PIR. I excluded purely conceptual papers that examined aspects of the CF and IFRS, as these did not investigate how the IASB set standards. I also excluded empirical studies investigating the impacts of IFRS because this literature

---

<sup>12</sup> Scopus provides a comprehensive database of the literature in a scientific discipline. To be included in the Scopus database, a journal must meet certain standards for peer review, quality, and publication ethics. Therefore, selecting journals for a literature review from the Scopus list provides a certain degree of assurance of the quality of the sample studies. The title selection process of Scopus is available at: <https://www.elsevier.com/products/scopus/content/content-policy-and-selection>.

<sup>13</sup> The ABDC journal ranking is available at <https://abdc.edu.au/abdc-journal-quality-list/> (Accessed December 8, 2023). There is a close resemblance between the rankings of the accounting journals in the ABDC list and the United Kingdom (UK) Academic Journal Guide (AJG). For example, the comparison between the accounting journals in the ABDC list (2022 version) and the AJG list (2021 version) shows that only five journals ranked as 4\*, 4, 3, or 2 in the AJG list are not also in the group of journals ranked A\*, A and B in the ABDC list. Of these five, four are tax journals – British Tax Review, Journal of the American Taxation Association, Advances in Taxation, and Journal of Tax Administration. These are listed as accounting journals in the AJG list, but are listed as non-accounting journals in the ABDC list. The fifth is the International Journal of Accounting, Auditing and Performance Evaluation (ranked 2 in AJG but C in ABDC). A search on Scopus showed no empirical international accounting standard-setting articles published in these five journals. The AJG list is available at: <https://chartereddabs.org/academic-journal-guide/academic-journal-guide-2021> (accessed August 23, 2024).

has already been reviewed in other excellent papers (Ahmed et al., 2013; Brown, 2011, 2013; Pope & McLeay, 2011).

After reviewing the title, the abstract and keywords, I identified an initial sample of 58 papers that investigated an aspect of the IASB's standard-setting process or constituent participation in it related to an RQ. Following the approach of Ahmed et al. (2013), I augmented this initial sample by searching the reference lists of the initially selected 58 articles, which led to the addition of another 15 articles. In total, these 73 articles were published in 28 journals. Additionally, I included two research monographs – Camfferman and Zeff (2015) and Véron (2007) – in my analysis that I found while reviewing the reference lists of the sample articles. These monographs provided original evidence on aspects of the IASB's standard-setting process during its first decade of operation. I also searched Scopus for books using the same search criteria as for journals. The search returned 54 books, but none investigated standard-setting by the IASB. Consequently, the final sample consists of 75 studies. Fig. 2 illustrates the sample selection process, while Table 1, Panel A presents the list of the sample studies.

<Fig. 2 about here>

<Table 1 about here>

Panel A of Table 1 presents the publication frequency of sample studies across various journals. *Accounting in Europe* published the highest number of studies, with a total of 15. It is followed by the *Journal of Accounting and Public Policy* with six studies, and *Accounting, Auditing & Accountability Journal*, *Accounting, Organizations and Society*, and *Critical Perspectives on Accounting*, each of which contributed five studies. *Accounting and Business Research*, *European Accounting Review*, and *Journal of International Accounting, Auditing and Taxation* published three studies each. Additionally, *Accounting & Finance*, *Accounting Forum*, *Accounting Horizons*, *Australian Accounting Review*, *Contemporary Accounting Research*, *Journal of International Accounting Research*, *Research in Accounting Regulation*, and *The British Accounting Review* each published two studies. The remaining journals published one study each. The studies were published between 2002 and 2023, with a

noticeable increase in publications after 2009 (as shown in Panel B of Table 1). Qualitative studies dominate the IASB standard-setting literature with 52 of the total, while only 23 studies are quantitative<sup>14</sup> (refer to Table 1, Panel A, columns 3 and 4).

On January 4, 2024, the mean (median) number of citations was 79.05 (40). The range of citations varied from a minimum of 0 to a maximum of 432 (see Table 1, Panel C). With 432, Zeff (2002) received the highest number of citations, while another 24 studies each received at least 100 citations. In contrast, the recently published paper by Warren (2023) had not yet received any citation. A total of 37 sample studies focused on single IFRS standards, while 15 covered multiple IFRS standards. Two studies addressed the CF, and one pertained to the IFRS Taxonomy. The remaining 20 studies examined various topics,<sup>15</sup> including the IASB's governance and due process, agenda-setting, and surveys of IASB's constituents (see Table 1, Panel D). Among the single IFRS studies, IFRS 9 had the highest number with six studies, followed by IFRS 16 and IFRS for Small and Medium-sized Entities (SMEs), each with five studies. International Accounting Standard (IAS) 39 was covered in four studies, while IFRS 8 had three studies dedicated to it. Untabulated results show that the multiple IFRS studies addressed a range of standards and documents, including IAS 32, IAS 36, IAS 39, IFRS 3, IFRS 6, IFRS 7, IFRS 8, IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IFRS 16, draft interpretations (DIs), and various other IASB consultation documents and amendments. Thus, the sample studies encompass a diverse array of IFRS, DIs, and consultation documents.

Table 1, Panel E reveals that the sample studies drew on diverse theories. The legitimacy theory was the most prevalent, informing 20 studies. Other frequently used theories included the private interest theory (11 studies), Sutton (1984) (nine studies), the institutional theory (six studies), and the capture theory (five studies). Additionally, 15 studies employed a range of other theories and concepts.

---

<sup>14</sup> I classified a study as quantitative if it reported significance levels for its hypotheses. Some studies tested formal hypotheses and reported the significance levels. Some other studies did not state any formal hypothesis but reported the statistical significance of the difference between relevant statistics. I classified all these studies as quantitative, while the remaining ones that did not fit this criterion were categorized as qualitative.

<sup>15</sup> Camfferman and Zeff (2015) examined the IASB's governance, due process, and agenda-setting, as well as the development of some IFRS standards. For simplicity, I categorized this study in the other category.

It is worth noting that 10 studies not explicitly mentioning theoretical lenses were primarily descriptive in nature.

The dominance of legitimacy theory can be understood considering the setting in which the IASB sets standards. The IASB is a private-sector, transnational standard-setter that is not controlled by any democratically elected parliament or government, creating a “democratic legitimacy deficit” (Richardson & Eberlein, 2011). Yet, a great many national standard-setters ceded some, most, or all of their authority to the IASB to set accounting standards for their respective countries (Pelger & Spiess, 2017; Richardson & Eberlein, 2011). Therefore, the question of legitimacy is crucial to the IASB and its standard-setting process.

Table 2 categorizes the studies according to the standard-setting issues that correspond to the RQs addressed. The highest number of studies addressed constituent influence (35 studies), followed by constituent participation pattern (25 studies), determinants of constituent participation (22 studies), the IASB’s governance and due process (18 studies), agenda-setting (10 studies), the IASB’s internal process (nine studies), attributes, arguments and language in CLs (eight studies), constituent positions and their determinants (six studies), arguments and language choices in IFRS and consultation documents (two studies), and the PIR of IFRS (one study). The total in column three of Table 2 exceeds the sample size of 75 because many studies addressed multiple issues, resulting in some studies appearing in multiple RQ listings.

<Table 2 about here>

Table 2 reveals that most studies focused on constituent influence, constituent participation patterns, and incentives, as well as the IASB’s governance and due process. These studies were predominantly published during the first half of the sample period. Interest in these issues emanated primarily from the transnational nature of the IASB’s standard-setting, the perceived democratic legitimacy deficit of the IASB, major governance and due process changes during the first decade of the IASB’s operation, and the concerns about the potential influence of constituent groups. The

legitimacy theory and the theory of Sutton (1984) underpinned most of these studies. However, in more recent years, scholars have started turning their attention towards exploring the internal processes of the IASB, along with arguments in CLs, IFRS, and consultation documents.

#### **4. IASB's governance, due process, and funding sources**

The IASB, as a transnational standard-setter, faces challenges regarding its democratic legitimacy (Burlaud & Colasse, 2011; Richardson & Eberlein, 2011; Véron, 2007). Therefore, the need for constructing and maintaining legitimacy for the IASB to survive and succeed can hardly be overstated (Bhimani et al., 2019). In this context, governance and due process have been the central mechanisms through which the Foundation has attempted to construct legitimacy (Bhimani et al., 2019; Botzem, 2014; Bradbury, 2007; Burlaud & Colasse, 2011; Richardson & Eberlein, 2011). However, this process has also become an arena for political contestation between the Foundation and its constituents (Bengtsson, 2011; Botzem, 2014; Burlaud & Colasse, 2011; Camfferman & Zeff, 2015). Further, the IASB's funding structure has raised concerns among its constituents, as the independence of the IASB depends on the stability and the sources of its funding (Perry & Noëlke, 2005; US SEC, 2000; 2008, pp. 23, 47). The paper found that 18 sample studies related to RQ#1 (see Table 2, Section#1) and examined how the Foundation amended, in response to constituent demands, the governance, due process, and funding structure since its inception. This section synthesizes the evidence provided in these studies.

##### *4.1. IASB's governance*

At the insistence of the FASB and the US SEC, the IASB was originally modelled after the FASB, and technical expertise was designated as the 'foremost' qualification for IASB membership<sup>16</sup>

---

<sup>16</sup> Street (2006, p. 118) offered a nuanced understanding of how the technical expertise requirement was incorporated into the Constitution. She reported that the G4+1 members had been debating the structure of a new international accounting standard-setting body to replace the International Accounting Standards Committee (IASC) for quite some time. One essential attribute they considered for the proposed standard-setting body was that its members must possess technical expertise. The G4+1 and the US SEC agreed that the emerging international standard-setting body be comprised of full-time members, with technical expertise as the primary

(Botzem, 2014; Camfferman & Zeff, 2015; IASCF, 2001, Section 24; Richardson & Eberlein, 2011; Walton, 2004; Whittington, 2005). This was done presumably on the assumption that a technically skilled IASB could evaluate various accounting requirements and develop accounting standards that would serve the public interest, specifically addressing users' information needs. Technical expertise is necessary for a standard-setter to establish its legitimacy (Gerboth, 1973; Richardson & Eberlein, 2011). However, it became clear that technical expertise was insufficient to gain legitimacy for the IASB in a landscape with competing legitimacy demands (Howieson, 2017; Richardson & Eberlein, 2011).

During the early years of the IASB, there were concerns about its governance, standard-setting process, and funding sources. Many European constituents expressed dissatisfaction with the composition of the IASB, particularly the preponderance of members with Anglo-American backgrounds, the Foundation's oversight of the IASB, the appointment process for the Trustees, and the due process involved (Camfferman & Zeff, 2015, pp. 170-176; Street, 2006). In response to these pressures, the Foundation amended the IASB's governance structure, due process, and funding arrangements.

European constituents called for a relaxation of the qualifications for IASB membership and asked for greater European representation in the standard-setting body. In response, the original Constitution's primary criterion of technical expertise for IASB membership was replaced by "professional competence and practical experience" in the revised 2005 Constitution (Camfferman & Zeff, 2015, pp. 170-172; IASCF, 2005, para. 19). The Trustees did not specify any geographical mix for IASB membership in the 2005 Constitution, believing that "this would be inconsistent with the independence of the standard-setting process" (Camfferman & Zeff, 2015, p. 172; Street, 2006). However, they did include a requirement that the IASB composition not be dominated by "any particular constituency or geographical interest" (IASCF, 2005, Section 20). Later, in 2009, the Trustees modified the Constitution to include a geographical mix for IASB membership (Camfferman & Zeff,

---

basis of membership on the body. The G4+1 was a group of standard-setting representatives of Australia, Canada, New Zealand, the UK, and the US. The IASC participated in the G4+1 meetings as an observer.

2015; IASCF, 2009, Section 26). Additionally, the threshold for approving an ED, IFRS, or final Interpretation was raised from eight members (out of 14) in 2001 to nine members (out of 14) in 2005 (IASCF, 2001, Section 30; 2005, Section 35). The changes specifying the geographical mix and increasing the approval threshold required broader agreement among members from different regions for the IASB to issue an IFRS, making it more difficult for the IASB to pass an IFRS based solely on the votes of a block of members.

European public bodies, such as the European Parliament (EP) and the European Commission (EC), voiced serious concerns about the lack of accountability of the IASB and argued that the Trustees should not have the authority to appoint their own successors (Camfferman & Zeff, 2015, p. 173). In response, the Trustees agreed during the first constitutional review to establish a high-level Trustee Appointments Advisory Group, which would be consulted on nominations before the Trustees made the final appointment decision (Camfferman & Zeff, 2015, p. 174; Street, 2006). However, as a result of intense pressure from the G20<sup>17</sup> and the European public bodies during the Global Financial Crisis (GFC), the Foundation replaced the advisory group with the Monitoring Board in 2009 to link the Trustees to public authorities that normally oversaw accounting standard-setting at national and regional levels (Bengtsson, 2011; Botzem, 2014; Burlaud & Colasse, 2011; Camfferman & Zeff, 2015; Kusano & Sanada, 2019; Richardson & Eberlein, 2011).

During the governance reform debate, it was clear that while European constituents pressed for greater accountability from the IASB, they were not the only constituent group considered by the Trustees. They acknowledged the need for accountability but were also aware of the need for IASB independence. They also considered whether the US SEC, a powerful constituent of the IASB, would accept the proposed changes to the Constitution. The US SEC staff exerted countervailing pressure, emphasizing the need for IASB independence as a prerequisite for eliminating the requirement for Form

---

<sup>17</sup> The G20 is an intergovernmental forum of 19 largest economies and the EU. Its members are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the UK, the US, and the EU. Its objective is to address challenges related to the global economy and financial system. More information about the G20 is available at: <https://www.g20.org/en/about-g20/> (retrieved on February 24, 2023).

20-F reconciliation (Camfferman & Zeff, 2015, pp. 172-173). Additionally, the Trustees garnered support from the Basel Committee on Banking Supervision and user groups, such as the Certified Financial Analysts (CFA) Institute and International Corporate Governance Network (ICGN), for IASB independence (Bengtsson, 2011; Camfferman & Zeff, 2015, p. 173).

The Foundation actively sought to protect its independence in standard-setting. Anticipating that IFRS would be a topic in the G20 meeting of November 2008, the Foundation sent a letter to former US President George W. Bush, explaining the need to maintain independence in setting IFRS (Bengtsson, 2011). Additionally, the Foundation highlighted the support it received from user groups, such as the ICGN and the CFA Institute, as well as certain regulators. Furthermore, the Foundation and the FASB jointly established the Financial Crisis Advisory Group (FCAG), comprising senior leaders in the financial market, which supported the IASB's independence (Bengtsson, 2011).

#### *4.2. The IASB's due process*

The original Constitution, approved in 2000, established only basic due process, which it borrowed from domestic due process models (Camfferman & Zeff, 2015; Richardson & Eberlein, 2011). In response to pressures from European constituents, the due process requirements were strengthened during subsequent constitutional reviews, and a Handbook was published for the first time in 2006 (Camfferman & Zeff, 2015, pp. 289-292; IFRSF, 2020a, Appendix - History and approval). Key due process requirements introduced after constitutional reviews included stronger Trustee oversight of the IASB's performance and the obligation to publish a feedback statement alongside an IFRS, as well as an effects analysis and a PIR (Bengtsson, 2011). Camfferman and Zeff (2015, p. 292) noted that there was some concern within the IASB that these expanded due process requirements would slow down the completion of complex projects. Nevertheless, the IASB considered these requirements essential due to the wider adoption of IFRS and the expanding range of constituents.

#### *4.3. The funding structure of the Foundation*

Historically, regulators and academics stressed the importance of stable funding for the IASB to effectively fulfill its standard-setting role (Larson & Kenny, 2011; US SEC, 2008). They were worried about the potential vulnerability of the IASB to the influence of a small group of constituents due to excessive reliance on their funding (Mattli & Büthe, 2005; Perry & Nölke, 2005). Perry and Nölke (2005) reported that audit firms and financial firms were the primary contributors to the Foundation and overwhelmed other groups of constituents in supplying technical experts to the Foundation, the IASB, the Interpretations Committee, the Advisory Council, and the European Financial Reporting Advisory Group (EFRAG) during the IASB's early years. They argued that this network in the governance of the IASB and the EFRAG facilitated the increasing adoption of fair value in IFRS.

Other researchers echoed similar concerns regarding the imbalance in the supply of technical experts and funds to the Foundation (Wingard et al., 2016). Wingard et al. (2016) observed that representatives from the G20 countries occupied 88% of the governance seats within the Foundation. They also noted that national accounting standard-setters and major international accounting firms regularly seconded technical staff to the IASB (Wingard et al., 2016). Also, Big 4 accounting firms and the G8 countries of Canada, France, Germany, Italy, Japan, Russia, the UK, and the US dominated the Foundation's funding (Wingard et al., 2016). This imbalanced governance structure and funding arrangement created opportunities for a small elite group of constituents to lobby with the IASB.

Larson and Kenny (2011) investigated the financing of the IASC and the IASB from 1990 to 2008 from the perspective of legitimacy. They found that the number of donors, types of donors, and the number of countries represented by donors increased significantly from the IASC era to the IASB era. This suggests that the IASB gained greater legitimacy in the eyes of its constituents. They also observed that the financial contribution of the Big 4 audit firms rose from 20%-25% during 2000-05 to 33% in 2008. The three largest jurisdictional sources of financial contributions in 2008 were the US (15%), Japan (12%), and Germany (8%). As a bloc, the EU contributed 25% of the IASB's funds in that year. Bhimani et al. (2019) provided more recent statistics regarding the financial contributions to

the IASB. The total financial contributions in 2016 to the IASB stood at £24.078 million, with accounting firms contributing 31.75% of that total. However, more recently, the contributions of the US and international accounting firms declined.<sup>18</sup>

#### *4.4. Section summary and future research opportunities*

The evidence presented in this section demonstrates the complex interactions between the Foundation and its diverse constituents, and can be understood through the lens of the private interest theory. Contrary to the assumption of capture theory (Posner, 1974), the Foundation was not a passive entity but instead actively navigated the often-competing demands of European public bodies, the US SEC, and other constituents (Bengtsson, 2011). To enhance the legitimacy of the IASB with European public bodies, the Trustees responded to their demands for more transparency and accountability by altering the IASB's structure and due process procedure. However, initially, they resisted the pressures from their European constituents to reform the governance mechanisms. For example, after the first constitutional review, the Trustees ignored demands and did not specify a geographical mix for IASB membership. Also, in response to European pressures for more accountability, the Trustees initially settled for an advisory body to oversee trustee appointments. It was only after the pressure intensified that they agreed to establish a Monitoring Board. Further, throughout these changes, the Trustees remained conscious of other powerful constituents' demand for IASB independence. This balancing act is natural, given that the survival of the IASB depends critically on the support of its diverse range of constituents, who can be viewed as the IASB's principals (Mattli & Büthe, 2005).

The governance and due process changes were made in response to constituent demands. However, these changes raise important questions about how governance structure and due process

---

<sup>18</sup> To update the results reported in section 4.3, I collected data on the funding structure of the Foundation for the year 2021. In that year, the Foundation received a total contribution of £17.325 million, a 28.05% decline from £24.078 million in 2016 (IFRSF, 2016a, 2021), the last year covered by Bhimani et al. (2019). Notably, US contributions to the Foundation declined from £0.760 million (3.16% of total contributions) in 2016 to £0.376 million (2.17%) in 2021. This decline coincided with the decline in the US interest in IFRS (Camfferman, 2020; Larson et al., 2022). Further, the contribution of international accounting firms declined from £7.645 million (31.75%) in 2016 to £2.193 million (12.66%) in 2021.

affect standard-setting. For example, does the expanded due process make the IASB more responsive to constituent feedback when developing IFRS and result in incorporating more pragmatic compromises and rules in IFRS? Does the expanded due process slow down the standard-setting process? Does the change in the IASB's membership criteria, along with an increase in the threshold to approve a new IFRS, impact the standard-setting process and the final standard, and if so, how? Lastly, do the changes impact the usefulness of accounting numbers? Addressing these issues in the future will require careful research design choices.

The evidence suggests that the funding sources for the IASB have widened over the years, reflecting its growing legitimacy (Larson & Kenny, 2011). Recently, contributions from the U.S. and international accounting firms have declined significantly. Given the concerns in the literature regarding the influence of the US and the accounting firms on IFRS (Bhimani et al., 2019; Gallhofer & Haslam, 2007; Larson & Kenny, 2011; Perry & Nölke, 2005), and the general concern about the potential impact of dependence on a particular group of donors (Larson & Kenny, 2011), these changes in funding raise interesting questions about the implications of these changes for the IASB's standard-setting.

## **5. Agenda-setting**

Dennis R. Beresford, the former Chair of the FASB, noted long ago that the initial decision to add a project to the agenda was one of the most critical decisions in standard-setting (Beresford, 1988). By adding a project to its agenda, the standard-setter signals its intention to explore potential changes to the accounting requirements in that specific area. Therefore, understanding how the standard-setter makes agenda decisions is essential for grasping the standard-setting process (Gipper et al., 2013). However, Howieson (2009) noted that agenda-setting was a relatively underexplored area in the standard-setting literature. In total, 10 sample studies relating to RQ#2 (see Table 2, Section#2) examined how the IASB set its agenda. This section summarizes and synthesizes the evidence.

### *5.1. Five major factors influencing the IASB's agenda*

Camfferman and Zeff (2015, pp. 93-96) identified five major forces that heavily influenced the IASB's agenda during its first decade of operation. These forces were the IASC's recommendations, the DPs issued by the G4+1 group, the recommendations of the International Organization of Securities Commissions (IOSCO), the EU adoption of IFRS, and convergence with US GAAP. The IASC had several ongoing projects when it was replaced by the IASB. The technical staff of the IASB briefed the new board about these projects (Camfferman & Zeff, 2015, p. 94). Before it was disbanded, the IASC recommended in a document the continuation of these projects and suggested new ones for the IASB to undertake. One notable example was the accounting for insurance contracts on which the IASC was working before it was disestablished, and which the IASB worked on in its early years (Camfferman & Zeff, 2015, p. 115). Additionally, the G4+1 produced a series of DPs, aimed at promoting convergence among national standards. The IASC participated in G4+1 meetings as an observer, and four of the IASB's initial members had been active participants in the G4+1. Camfferman and Zeff (2015, p. 95) found it hardly surprising that these DPs provided the IASB with direction in its initial work program. For instance, the IASB's project on share-based payment can be traced back to the G4+1 DP on this topic (Camfferman & Zeff, 2015, pp. 108-109).

During the 1990s, the IASC lobbied the IOSCO to obtain its endorsement of IASs. In 2000, the IOSCO endorsed IASs as the basis for financials in cross-listing situations, but the endorsement came with a list of concerns about IASs that the IASB needed to address (Camfferman & Zeff, 2015, p. 95; Whittington, 2005). In response, the IASB spent its early years improving the existing standards (Camfferman & Zeff, 2015, p. 105). Additionally, the EU decision to require the use of IFRS as the basis for consolidated financial statements of listed companies starting from 2005 necessitated the completion of a 'stable platform' of standards by 2004 (Camfferman & Zeff, 2015, p. 97).

The convergence program primarily originated from the US interest in moving US GAAP toward more principles-based standards (Camfferman & Zeff, 2015, pp. 73-74). Additionally, the

potential to lift the US reconciliation requirement for foreign private issuers<sup>19</sup> provided further impetus for the convergence program<sup>20</sup> (Camfferman & Zeff, 2015, p. 333; Whittington, 2005). After the US SEC lifted the reconciliation requirement, the program was motivated by the US SEC initiative to allow US issuers to use IFRS<sup>21</sup> (Camfferman & Zeff, 2015, pp. 191-194 & 342). Under the convergence program, the IASB and the FASB took up both short-term and long-term convergence projects (Camfferman & Zeff, 2015, Chapter 12.2). The short-term projects focused on minimizing differences between the two sets of standards, while the long-term projects aimed at jointly developing new standards.

### *5.2. Strategic considerations influencing the IASB's agenda*

As noted earlier, the Handbook outlines the formal criteria for adding a project to the work plan. However, evidence suggests that the agenda-setting process is more complex than the formal criteria suggest (Ram & Newberry, 2017). Specifically, the discussion of agenda-setting during the first decade reveals that strategic consideration sometimes informed the IASB's agenda decisions. Similarly, Howieson (2017, p. 139) reported interview evidence that, during its early years, the IASB occasionally used the promise of adding a pressing financial reporting issue to its work plan as a strategy to influence countries to adopt IFRS, referring to this tactic as using "bait "to hook the fish"".

---

<sup>19</sup> In 2005, Donald Nicolaisen, the then Chief Accountant of the US SEC, noted that the progress on convergence between US GAAP and IFRS would facilitate the elimination of the reconciliation requirement (Camfferman & Zeff, 2015, p. 178).

<sup>20</sup> Several events and individuals facilitated the convergence program on the US side. The Enron and other accounting scandals brought the emphasis on rules in US GAAP into sharper focus in the US. The then US SEC Chief Accountant Robert Herdman advocated short-term convergence between US GAAP and IFRS (Camfferman & Zeff, 2015, pp. 72-74). The Sarbanes-Oxley Act 2002 asked the US SEC to study the feasibility of adopting principles-based standards in the US (US Congress, 2002 Sec. 108). The convergence program was further facilitated by the appointment of Robert Herz, then a part-time member of the IASB, as the Chair of the FASB in April 2002.

<sup>21</sup> In 2008, the US SEC proposed a roadmap for the potential use of IFRS by US issuers in 2014 (US SEC, 2008). However, with the appointment of Mary Schapiro as the Chair of the US SEC in 2009, the SEC's interest in the adoption of IFRS in the US waned (Camfferman & Zeff, 2015, p. 506). Nevertheless, the convergence program continued, partly because many US constituents, especially preparers and users, indicated a preference for convergence rather than outright adoption of IFRS in their responses to the roadmap (Camfferman & Zeff, 2015, p. 510). For example, the IASB jointly developed the revenue standard (IFRS 15) and the lease standard (IFRS 16) with the FASB (IASB, 2016 para. BC3; 2018a para. BC2). These two projects were part of the convergence program that emerged from the 2006 Memorandum of Understanding between the FASB and the IASB (Camfferman & Zeff, 2015, p. 339, Table 12.1).

Several agenda decisions appear to have been motivated by strategic considerations. For instance, Ram and Newberry (2013) viewed the IASB's undertaking of the SMEs project as protecting its regulatory turf amidst efforts to develop standards for SMEs outside the IASB. Warren (2023) made a similar observation regarding the adoption of the SMEs project. Similarly, Ramassa and Leoni (2022) argued that the IASB's decision to address the accounting for cryptocurrency through an agenda decision by the Interpretations Committee was an effort to maintain its dominance in the accounting standard-setting space. This was in response to competition from several national standard-setters who had already developed some guidance on cryptocurrency accounting. At the direction of the IASB, the Interpretations Committee issued an agenda decision requiring that cryptocurrency be accounted for as inventories under IAS 2 if it was held for sale and as intangible assets under IAS 38 otherwise. While ASAF members played a crucial role in the IASB's decision not to add a standard-setting project on cryptocurrency assets to its work plan, Ramassa and Leoni (2022) argued that the IASB could have formulated a better solution to the cryptocurrency problem than the aforementioned agenda decision. They suggested that the IASB could have allowed entities to exercise their professional judgments and develop an accounting policy in line with the requirements of IAS 8, thereby quelling constituents' criticism that the agenda decision did not adequately address the accounting for cryptocurrency. Ramassa and Leoni (2022, p. 1617) believed that the motivation of the IASB to maintain its dominance in the standard-setting space led to this standard-setting outcome.

The SMEs project highlights the unequal power dynamics among the IASB members and underscores the critical role of the IASB Chair in agenda-setting. Although there was broader support from the IASB's constituents for developing the SMEs standard, some IASB members opposed it because it was outside the IASB's scope (Ram & Newberry, 2013, 2017; Warren, 2023). To address this, at the initiative of the IASB Chair David Tweedie and Vice-Chair Tom Jones, the Constitution was revised to make the undertaking of the project consistent with the scope of the IASB, and ad hoc staffing arrangements were made to shield the project from internal opposition (Ram & Newberry, 2013, 2017).

Specifically, Tweedie appointed Paul Pacter as the Director of the SMEs Project. Pacter reported directly to Tweedie, bypassing the normal reporting arrangement (Ram & Newberry, 2017, p. 501).

Troshani et al. (2019) reported that the IASB initiated the IFRS Taxonomy project in response to concerns raised by regulators, stock exchanges, and data aggregators regarding the limitations of PDF-based digital reports. They emphasized that this initiative aligned with the Foundation's objective of "developing and promoting globally consistent IFRS Standards to firms and securing the dominance of IFRS Standards against potential future digital competitors"<sup>22</sup> (Troshani et al., 2019, p. 143).

### *5.3. Constituent input influencing the IASB's agenda*

As noted in Section 2, the IASB introduced agenda consultation in 2010. This public consultation requirement may be seen as a way to hold the IASB accountable for its work plan. However, as the early evidence on agenda-setting suggests, the IASB might use public consultation strategically as a tool for legitimizing its actions. Thus, the introduction of the consultation requirement raises an interesting question: how does public consultation affect the IASB's agenda-setting? Pelger and Spiess (2017) explored this question in the context of the IASB's first agenda consultation, conducted in 2011.

Pelger and Spiess (2017) noted an imbalance in CL submissions relating to the agenda consultation. Specifically, users as well as constituents from non-English-speaking and developing countries submitted fewer CLs. Conversely, a small group of constituents that regularly participated in multiple stages of the due process responded, potentially creating an inner circle with this group as a dominant voice in agenda-setting. This small group comprised European and North American participants as well as international preparers, auditors, and national standard-setters. However, preferences may vary even within this small group of constituents. Thus, the impact of this imbalance

---

<sup>22</sup> Several stock exchange regulators took initiatives to develop electronic repositories for accounting data, which required corporate report filers to tag data in corporate reports (Troshani et al., 2019, p. 142).

in constituent participation on agenda formation remains an empirical question and warrants further research.

Constituents generally supported the IASB's work priorities as specified in the agenda consultation paper. However, Pelger and Spiess (2017) speculated that the way the IASB framed the questions in the RFI document might have contributed to constituents' responses being supportive of the IASB's work plan. Notably, the projects finally taken up following the agenda consultation were originally proposed by the Advisory Council, leading Pelger and Spiess (2017) to speculate that the agenda consultation could have been a legitimization exercise.

#### *5.4. Section summary and future research opportunities*

The evidence indicates that several factors have influenced the IASB's agenda decisions. Initially, the IASB focused on improving IASs in line with the suggestion of the IOSCO, developing a stable platform of standards for EU adoption, and converging IFRS toward US GAAP. The then ongoing projects of the IASC before its dissolution, and the DPs issued by G4+1 also provided some initial direction to the IASB's work plan. While the IASB established formal agenda-setting criteria and introduced public agenda consultation, evidence suggests that the agenda-setting process is complex. Specifically, it appears that strategic considerations led to the decisions to add some projects to the IASB work plan.

Despite the above insights, future research can further enhance our understanding of the IASB's agenda-setting process. Prior literature identified several groups that influenced specific agenda items, including external pressures, the IASB Chair and Vice-Chair (Ram & Newberry, 2013), ASAF (Ramassa & Leoni, 2022), and the Advisory Council (Pelger & Spiess, 2017). Evidence from Pelger and Spiess (2017) suggests that the technical staff may have played critical roles in various phases of the public agenda consultation, potentially shaping the agenda-setting process. Future research may explore whose voices matter the most in setting the IASB agenda, particularly focusing on the roles of the IASB advisory and consultative bodies. Additionally, it is important to understand how the questions

in the RFI document are formulated because, as Pelger and Spiess (2017) argued, this might influence constituents' responses. Finally, there is currently no systematic evidence on how the IASB chooses which agenda proposals to accept or reject after consultation.

## **6. Constituent participation: Patterns, determinants, positions, and arguments**

Consultation with constituents is the cornerstone of the IASB's due process requirements (IFRSF, 2020a, para. 3.1). The IASB interacts with its constituents through various means, such as inviting them to comment on consultation documents, meetings with consultative bodies such as the CMAC, the GPF, and the ASAF, outreach events, and field visits. Sometimes, constituents write unsolicited letters and meet with the IASB to influence the standard-setting decisions (Camfferman & Zeff, 2015, p. 372; Zeff, 2002). Since the IASB's constituents are spread throughout the world and not all constituents have the same amount of financial and technical resources to engage with the IASB, the IASB faces challenges in obtaining balanced participation from all groups of constituents in all countries.

Constituent participation in the standard-setting process serves three critical functions. First, constituent feedback alerts the IASB to unintended consequences of proposed requirements in consultation documents (FCAG, 2009), and allows the IASB to modify the requirements so that the issued standards are workable. From this perspective, constituent participation can be viewed as enhancing the quality of IFRS (FCAG, 2009; IFRSF, 2020a). Second, constituent participation is critical to obtaining and sustaining the legitimacy of the IASB (FCAG, 2009; Giner & Arce, 2012; Jorissen et al., 2012, 2013; Richardson & Eberlein, 2011). Relatedly, constituent participation enhances the chance of accepting and complying with IFRS (Larson & Herz, 2013). To survive, the IASB needs its standards to be accepted by its constituents. Third, participation by a diverse range of constituents may protect the IASB from bowing to a single group of constituents and consequently has the potential to foster the independence of the IASB and enhance its chance of survival (Arce et al., 2023).

Several studies have explored various aspects of constituent participation in the IASB's standard-setting process. This section discusses this set of evidence. Specifically, Section 6.1 discusses the evidence on how constituent participation varies across constituent groups, countries, project stages, and projects (RQ#3), Section 6.2 summarizes the evidence on what factors influence constituent participation (RQ#4), Section 6.3 discusses the evidence on the determinants of constituent positions on IASB proposals in consultation documents (RQ#5), and finally, Section 6.4 addresses the question of what arguments and language constituents use in CLs (RQ#6). Section 6.5 summarizes this section and proposes future research opportunities.

### *6.1. Constituent participation patterns*

Among all forms of constituent participation, the submission of CLs received the most attention in studies. This is because most CLs are available on the IFRS website for an extended period of time, whereas data on other modes of participation in standard-setting are not publicly available. Table 2, Section#3 shows that 25 studies examined constituent participation patterns (RQ#3).

Prior research documented an increase in the number of CLs from the IASC period to the IASB period. Studying CL submission on DPs and EDs issued by the IASC and the IASB during 1995-2001 and 2001-2007, respectively, Jorissen et al. (2013, Table 2) reported that the average number of CLs per consultation document increased statistically significantly from 64.67 during 1995-2001 to 100.71 during 2001-2007. Both preparers and non-preparers submitted significantly more CLs to the IASB than to the IASC. Larson and Herz (2013) reported a similar trend. Consistent with these results, Larson (2007, Table 4) reported that the IFRIC received more CLs on DIs than its predecessor, the SIC.

Jorissen et al. (2013, p. 250) attributed this increase in CLs to the transition from the representative model of the IASC to the independent model of the IASB. Another non-mutually exclusive explanation is that many countries adopted IFRS during the IASB period, thereby increasing the cost of non-compliance with IFRS in these countries and igniting constituents' interest in IFRS development (Larson, 2007, p. 218). This is further manifested in the increase in the number of countries

from 58 to 81 from which CLs were submitted during 1995-2001 and 2001-2007, respectively (Jorissen et al., 2013).

Prior studies found unequal participation of constituents in the CL submission phase. Preparers submitted the highest number of CLs, followed by the accounting profession and regulators, including national standard-setters (Arce et al., 2023; Giner & Arce, 2012; Jorissen et al., 2012, 2013; Rey et al., 2020; Stenka & Jaworska, 2019). The lower participation of the accounting profession and regulators needs to be considered in perspective, as the total number of potential respondents from the accounting profession and regulators is much less than other constituent groups, such as preparers and users (Arce et al., 2023; Stenka & Jaworska, 2019). Also, international audit firms tend to submit one CL each for most issues, reflecting the network firm's position on the IASB's consultation documents.

Chapple et al. (2010) observed that the accounting profession, regulators, and preparers submitted a comparable number of CLs on the DI preceding IFRIC 13. However, studying multiple DIs issued by the Interpretations Committee, Larson (2007) found that the accounting profession submitted the highest number of CLs, followed by preparers and regulators. Troshani et al. (2019) reported that preparers did not submit many CLs during the development of the IFRS Taxonomy, possibly because the Taxonomy was developed considering the benefit of regulators rather than preparers. Similarly, Ramassa and Leoni (2022) found that preparers did not show much interest in the tentative decision of the Interpretations Committee on the accounting for cryptocurrencies. National standard-setters submitted the highest number of CLs on that decision.

Prior research consistently documented that users submitted significantly fewer CLs than preparers, the accounting profession, and standard-setters (Arce et al., 2023; Bamber & McMeeking, 2016; Holder et al., 2013; Jorissen et al., 2012, 2013; Kosi & Reither, 2014; Larson et al., 2022; Rey et al., 2020). Larson (2007) reported a similar pattern for DIs. However, CLs probably understate users' participation rates in the IASB's due process. Georgiou (2010) found in the UK that many investment management firms, which were financial statement users, participated in the IASB's due process both

directly and indirectly.<sup>23</sup> Importantly, a substantial percentage of users used other participation methods without submitting CLs. Allini et al. (2018 Table 2a) reported similar survey results in that consultative groups, round-table meetings, and discussion forums were the three most used modes of analyst participation in standard-setting. Further, analysts regularly met with IASB members, IASB staff, and securities market regulators to suggest improvements in standards that were not under review (Allini et al., 2018, p. 220). Thus, user involvement often appears to start before the IASB undertakes a standard-setting project. However, analyst participation frequency in standard-setting varied by analyst type, with sell-side analysts participating more frequently than buy-side and credit analysts (Allini et al., 2018).

Prior research found that not all groups of constituents regularly submitted CLs on IASB consultation documents. For leases, Mellado and Parte (2017) observed that 58% of the sample firms submitted CLs on only one of three consultation documents (i.e., DP, first ED, or second ED). Only 12% of the sample firms submitted CLs on all three documents, with the remaining 30% submitting comments on two documents. For insurance, Kosi and Reither (2014) found that the accounting profession and national standard-setters were more likely than preparers to submit CLs during both due process phases (i.e., DP and ED). Perry and Nölke (2005) observed that during the early years of the IASB, CLs were most regularly submitted by the EFRAG, Big 4 auditors, professional accounting institutes, several banks and associations of banks, the IOSCO, and national standard-setters from Anglo-American countries, Europe, Japan, Korea, Malaysia, Singapore, and South Africa. Wingard et al. (2016) found that national standard-setters and financial institutions submitted CLs more regularly on IFRS 9 consultation documents than other constituents. Similarly, Larson (2007) reported that regular submitters of CLs on DIs were professional accounting bodies from England and Wales, Germany, Hong Kong, South Africa, and Sweden, Big 4 audit firms, national standard-setters from Australia, France, Malaysia, the Netherlands, New Zealand, Singapore, and the UK, the EFRAG, and the Federation of European Accountants (FEE). The resources, including accounting expertise and

---

<sup>23</sup> Direct methods of communication include submitting CLs, sharing the firms' views with IASB members and technical staff through private meetings and telephone conversations, having firm employees work on IASB advisory/working groups, and participating in IASB roundtables (Georgiou, 2010, Table 4). Indirect methods include communicating the firms' views to trade associations and the media (Georgiou, 2010, Table 4).

financial capability, and the net benefit of writing CLs likely drove these results. For example, Big 4 auditors, professional bodies, and national standard-setters are well-resourced to write CLs. Also, due to their role in implementing and monitoring the implementation of IFRS, they are likely to benefit from regular participation in the IASB's due process. Consistent with this cost-benefit-based consideration, studies found that accounting firms and the accounting profession wrote the longest CLs (Bamber & McMeeking, 2016; Giner & Arce, 2012).

Several studies provided evidence on CL submission during each stage of the IASB's due process. Sutton (1984) argued that lobbying was likely to be more effective in the earlier stage of due process than in the later stage, suggesting that constituents were more likely to engage with the standard-setter in the earlier stage (e.g., agenda formation, drafting DP, and DP issuance) of the standard-setting process than in the later stage (e.g., drafting ED, ED issuance, and drafting IFRS). Consistent with the prediction of Sutton (1984), Giner and Arce (2012) found that the DP related to IFRS 2 attracted more CLs than the ED. Similarly, Larson et al. (2022) observed that US constituents submitted more CLs on DPs than on EDs when DPs dealt with new standard-setting issues or major amendments, although the difference was not statistically significant. They also found that US constituents submitted a statistically significantly higher number of CLs on DPs than on EDs that dealt with minor amendments. This suggests that the type of accounting issue addressed in consultation documents affects the timing of CL submission. Consistent with this, when the IASB proposed the recognition of day one losses on financial assets for the first time in a document issued jointly with the FASB, the IASB saw a small spike in CLs (Orthaus & Rugilo, 2023).

Yet, several studies provided evidence contrary to the prediction of Sutton (1984). For example, Jorissen et al. (2012) reported that preparers submitted statistically significantly more CLs on EDs than on DPs, although other groups of constituents submitted more CLs on DPs than on EDs. Further, several studies found that constituents submitted more CLs on EDs than on DPs (Arce et al., 2023; Kosi & Reither, 2014; Mellado & Parte, 2017; Orthaus & Rugilo, 2023; Rey et al., 2020; Wingard et al., 2016). Finally, in a survey of users, Georgiou (2010) found no statistically significant difference in user

perception of the effectiveness of participation across different stages of the standard-setting process. Consistent with this, he found no significant difference in user participation between the earlier and later stages of the standard-setting process.

Prior research reported unequal participation across countries in the CL submission phase. Studies reported a higher number of CLs from Europe, Asia-Oceania, and North America than from Africa and South America (Arce et al., 2023; Holder et al., 2013; Wingard et al., 2016). Wingard et al. (2016) noted that the first group of countries had larger economies and stock markets, provided more funds to the Foundation, and occupied more governance seats on the Foundation than other countries. Larson (2007) reported a slightly different pattern of CL submission on DIs issued by the Interpretations Committee. European constituents were heavily represented in CLs, while North American and developing countries were underrepresented. While the UK constituents submitted the highest percentage (17%) of CLs, non-Anglo EU constituents submitted 32% of the CLs (Larson, 2007, Table 5). However, consistent with IASB studies (Jorissen et al., 2013), constituents from developing countries submitted very few CLs on DIs. Similarly, Chapple et al. (2010) also reported that European constituents were over-represented in the CLs submitted on the DI preceding the issuance of IFRIC 13. Devi and Samujh (2015) observed that constituents from developing countries submitted far fewer CLs than those from developed countries on the DP preceding the IFRS for SMEs.

Some researchers warned that lower participation rates from users and non-English speaking and developing countries might create bias in standard-setting, as their views might not be reflected in the due process stage (Jorissen et al., 2013; Larson, 2007; Larson & Herz, 2013). The lower participation of users in the CL submission stage is a major cause for concern for the IASB because users are the primary group of constituents whose interests the IASB seeks to serve through writing IFRS (Bhimani et al., 2019). However, Kabir and Rahman (2018) reported that, despite the lower participation of users in the CL submission stage, the IASB staff members emphasized the users' views when they summarized the constituent feedback during the development of IFRS 16. Similarly, Pelger and Spiess (2017) reported interview evidence suggesting that the IASB placed more weight on users. Conversely,

there is some evidence suggesting that IASB staff and members often ignored users' feedback on the grounds that they lacked expertise (Bhimani et al., 2019; Pelger & Spiess, 2017). Instead, the IASB staff and members considered users' interests on their behalf when deliberating accounting requirements (Bhimani et al., 2019). Confirming this, two IASB standard-setters admitted that they sometimes talked past investors in meetings with them because users focused on practicality, but the IASB focused on conceptual arguments (Georgiou, 2018, p. 1311). These results suggest that while the IASB obtains feedback from actual users, the staff sometimes focuses not on what information users want but on what information users should want (Dennis, 2014, p. 50; Young, 2006). Given the tension on how users' feedback is incorporated into IASB decisions, future research may further investigate this issue.

Acknowledging the lower participation rate of users, the IASB actively attempts to obtain users' feedback through their representatives being appointed on the IASB, establishing a standing consultative body of users (i.e., the CMAC), organizing outreach events, and establishing contacts with them through informal means (Bhimani et al., 2019). Notably, the IASB typically organizes significantly more outreach events for users than for other constituent groups. Additionally, to enhance the participation of emerging economies in the development of IFRS, the IASB established the Emerging Economies Group, a standing consultative body. While these may be viewed as mere legitimation strategies, the results of Allini et al. (2018) suggest that these initiatives successfully enhanced user involvement in the standard-setting process. Specifically, they found that analysts participated in the IASB's standard-setting mainly through consultative groups, roundtable meetings, and discussion forums (Allini et al., 2018, Table 2a).

## *6.2. Determinants of constituent participation*

Sutton (1984) predicted differential rates of participation in the standard-setting process based on differential costs and benefits of participation across constituent groups. More specifically, preparers are likely to obtain higher net benefits from participation than users (Giner & Arce, 2012). Preparers

are directly affected by IFRS since they must comply with these standards. Also, IFRS affects the financial statement numbers, and, consequently, the contracting and stock market outcomes (e.g., bonus, debt covenants, stock issuance, and cost of capital). Further, preparers in countries with stricter enforcement are penalized for non-compliance with the standards. Finally, they have greater resources and expertise for participation in standard-setting. The higher participation rate from preparers discussed in Section 6.1 is consistent with this prediction by Sutton (1984). Table 2, Section#4 reveals that 22 studies shed light on factors associated with constituent participation (RQ#4).

Georgiou (2010) presented evidence suggesting that cost rather than benefit was the most important deterrent to users' direct participation in the standard-setting process. One factor that causes this cost for users is their lack of expertise (Georgiou, 2010). Confirming this, Georgiou (2018, pp. 1311-1312) provided evidence that the conceptual nature of the IASB deliberation acted as a deterrent to investor participation in the due process, as they were more interested in practical accounting rules. He also reported that investors did not want their voices to dominate those of preparers, although they did not always agree with proposed IFRS requirements. He explained this "quietness" using the concept of dissonance (Georgiou, 2018, p. 1314). However, the evidence in Durocher and Fortin (2021) disputes the notion that users lack accounting expertise. They found that users employed conceptual arguments in their CLs on consultation documents. Relatedly, Cascino et al. (2021) provided survey evidence from an international sample of investment professionals that confirmed their familiarity with CF concepts. This tension warrants further research on the role of technical expertise in user participation. Allini et al. (2018) reported that the taken-for-grantedness of the standard-setting expertise of accountants and standard-setters negatively affected the motivation of analysts to participate in standard-setting. They further found that when analysts granted pragmatic legitimacy to standard-setting, they were motivated to participate in standard-setting.

Prior research uncovered factors that could explain the variation in CL submission intensity across countries. Holder et al. (2013) argued that the requirement or permission to use IFRS was a potential motivator for constituents to submit CLs and found that most CL writers were from countries

that either adopted or permitted IFRS. Larson and Herz (2013) reported that membership in G4+1 countries and stock market development were positively associated with CL submission. Consistent with this, several studies found that constituents from countries with similar Anglo-American institutions submitted more CLs than those from countries with other institutional settings (Jorissen et al., 2013; Okamoto, 2017; Pelger & Spiess, 2017; Rey et al., 2020). Countries with stricter financial reporting enforcement mechanisms as well as countries with greater familiarity with the accounting values embedded in IFRS, the private sector standard-setting, and the English language contributed more CLs to the IASB than other countries (Jorissen et al., 2013; Rey et al., 2020). For example, Rey et al. (2020) reported that constituents from the UK submitted 184 CLs on consultation documents preceding the issuance of IFRS 16. In contrast, far fewer CLs were submitted by constituents from similar-sized economies such as France (44 CLs), Germany (57 CLs), and Japan (32 CLs). These countries submitted fewer CLs than smaller economies with Anglo-American institutions, such as Australia (59 CLs) and Canada (81 CLs). Complementing these results, Orens et al. (2011) found that Belgian preparers participated in the IASB's due process more indirectly by communicating their feedback to auditors and industry organizations, considered lobbying with the IASB less effective in influencing the IASB position, and viewed participation in the due process as costly.

Larson et al. (2022) provided evidence on the factors associated with US constituents' CL submission intensity. They found that CL submission intensity from the US coincided with the level of the US SEC interest in IFRS adoption in the US. More specifically, CL submission from the US to the IASB peaked during 2007-10 when the US SEC actively considered the adoption of IFRS in the US, but declined thereafter when it became clear that the US was not adopting IFRS in the near term. They also reported that US constituents submitted more CLs on an IASB proposal if the same was also on the FASB agenda in the same year.<sup>24</sup> This suggests savings in CL writing costs when the same topic is on the agenda of both standard-setters. Further, US constituents submitted fewer CLs on DIs than on

---

<sup>24</sup> Orthaus and Rugilo (2023) provided corroborating evidence from IASB consultation documents on the expected credit loss (ECL) model. They found that US constituents submitted fewer CLs on two consultation documents issued by the IASB alone compared to the document issued jointly by the IASB and the FASB.

IFRS (Larson et al., 2022). Finally, US constituents wrote fewer CLs when the IASB project was an amendment, a PIR, or a due process matter than when it was a DP or an ED addressing a substantive issue (Larson et al., 2022). These results are consistent with Interpretations being likely to impact constituents less than IFRS, and amendments, due process matters, and PIR affecting constituents less than substantive issues addressed in DPs and EDs.

Jorissen et al. (2012) reported that preparers and the accounting profession submitted more CLs when the consultation documents addressed significant recognition and measurement issues that affected financial statement numbers (Jorissen et al., 2012, Table 6). Conversely, preparers, users, and stock exchanges submitted more CLs when the documents addressed disclosures (Jorissen et al., 2012, Table 6). This result is consistent with users and stock exchanges preferring enhanced disclosures and preparers being concerned with the disclosure of proprietary information (Jorissen et al., 2012). Finally, both corporate preparers and users submitted more CLs when the proposed standard intended to supersede an extant standard (Jorissen et al., 2012, Table 6). Chircop and Kiosse (2015) found that signaling, proxied by the pension fund size and the percentage of shares available for trading, influenced the preparers' decision to submit CLs on the proposed amendments to IAS 19.

Prior research suggests that the participation of some constituents in the IASB's due process depends on the issues addressed in consultation documents and the potential economic consequences of these issues for them. For example, actuaries submitted CLs when the IASB amended the accounting for the defined benefit obligations in IAS 19 (Chircop & Kiosse, 2015), legal practitioners submitted CLs when the IASB attempted to amend the recognition of loss contingencies in IAS 37 (Holder et al., 2013), financial firms submitted CLs on IFRS 9 and IFRS 13 consultation documents (Hewa et al., 2020; Orthaus & Rugilo, 2023; Shields et al., 2019; Wingard et al., 2016), lessees submitted CLs when the IASB developed IFRS 16 (Kabir & Rahman, 2018), insurance companies wrote more CLs than other financial firms on consultation documents issued before developing insurance standards (Arce et al., 2023; Kosi & Reither, 2014). Finally, Kosi and Reither (2014) found that financial firms with

financial constraints (proxied by free cash flow) and dispersed ownership were more likely than other firms to respond to consultation documents issued to replace IFRS 4.

Focusing on non-financial listed firms that submitted CLs on consultation documents issued before the release of IFRS 16, Mellado and Parte (2017) found that the frequency of CL submission on IFRS 16 consultation documents was positively associated with firm size, firm profitability, firm age, and industries in which firms tended to use operating leases before the issuance of IFRS 16. The frequency was negatively associated with managerial ownership. Similarly, Larson et al. (2022) found that listed US preparers writing CLs to the IASB were larger than listed non-submitters and wrote more frequently than smaller listed preparers. Jorissen et al. (2012) also reported that larger and more profitable preparers submitted more CLs than smaller and less profitable preparers. Further, preparers who submitted more CLs came from regulated industries than those who only submitted CLs occasionally. Finally, Kosi and Reither (2014) found that preparers who submitted CLs on the DP were more likely than others to submit CLs on the ED.

### *6.3. Constituent positions on IASB proposals and their determinants*

Constituents differ not only in their level of participation in the CL submission stage, but also in their positions on IASB proposals. Six sample studies (Table 2, Section#5) provided evidence of constituent positions on IASB proposals in consultation documents and their determinants (RQ#5). In a study of CLs on the ED to amend IAS 37, Holder et al. (2013, Table 3) found that while most constituents opposed the proposal to remove the probability recognition criterion from IAS 37, accounting professionals, legal practitioners, and financial preparers were statistically significantly more likely than users to respond favorably to the proposal. However, their sample was small, some did not respond to that specific part of the ED, and very few users and legal practitioners responded. Chapple et al. (2010) also observed variation in constituent positions in CLs on the DI preceding the issuance of IFRIC 13. While the accounting profession and regulators were evenly split on the three

alternative accounting treatments<sup>25</sup> of customer loyalty programs, most preparers preferred the provision approach.

Giner and Arce (2012) found that regulators and users held similar views on the IASB proposal on expensing stock options and agreed with the proposal. However, preparers and compensation consultants who work with preparers took similar views and disagreed with the recognition proposal. Consistent with the argument of Sutton (1984), they also found that respondents' positions on the IASB proposal shifted over time.

One clear pattern in these results is that preparers often take positions different from those of users. This can be understood by considering the differing costs and benefits of preparers and users. Preparers consider how the IASB proposals affect the financial statements and contracts that are written in terms of financial statement numbers (Kabir & Rahman, 2018; Watts & Zimmerman, 1978; Zeff, 1978). They are also concerned about the costs of disclosing proprietary information and the consequent competitive disadvantage (Berger & Hann, 2007; Botosan & Stanford, 2005; Edwards & Smith, 1996; Ellis et al., 2012). In contrast, most users benefit from enhanced transparency and disclosures in terms of better resource allocation decisions.

Relying on the private interest theory, Chircop and Kiosse (2015) explicitly modeled the determinants of preparers' positions on the IASB proposals in the ED to amend IAS 19. They observed that businesses with large unrecognized net actuarial losses were statistically significantly more likely to oppose the proposed abolition of the corridor approach<sup>26</sup>. They further found that firms with a large spread between the expected rate of return on plan assets and the discount rate were significantly less

---

<sup>25</sup> The three alternative accounting treatments are the deferred revenue approach, the provision approach, and the mixed approach (Chapple et al., 2010). Under the deferred revenue approach, the transaction amount is allocated to the transaction and the award arising from the customer loyalty program. The amount allocated to the award is deferred until it is redeemed. Under the provision approach, the full amount of the transaction is recognized as revenue at the time of sale, and a provision is created for the estimated cost of supplying the award. Under the mixed approach, the entity is required to choose the approach that faithfully reflects the economics of the transaction.

<sup>26</sup> Before the amendment, IAS 19 allowed entities to leave unrecognized actuarial gains or losses that fell within a range (i.e., corridor). The ED proposed to abolish this option and instead require the entity to recognize all changes in the present value of the pension obligation and the fair value of the plan assets when they occurred (Chircop & Kiosse, 2015).

likely to support replacing the expected rate of return with the discount rate. The results are consistent with the notion that self-interest drives the preparers' positions on the proposed IAS 19 amendments.

Hashim et al. (2022) found that both CF and non-CF concepts shaped constituents' rejection of ECL proposals in consultation documents issued before the issuance of IFRS 9. They found that negative views on practicality, usefulness, objectivity, allowance adequacy, and allowance overstatement were statistically significantly associated with constituents' rejection of the proposals. While there was some commonality of factors between preparers and non-preparers for the rejection of the ECL proposals, there was also some divergence between these two groups. Specifically, preparers tended to emphasize practicality, objectivity, usefulness, and allowance overstatement, but non-preparers emphasized usefulness.

Orthaus and Rugilo (2023) provided evidence confirming those in Hashim et al. (2022). Orthaus and Rugilo (2023) found that constituents held divergent opinions on the ECL methods. While they did not report any statistical tests, they found that constituents invoked both CF and non-CF concepts to support their positions. The CF concepts invoked in CLs included decision-usefulness, faithful representation, neutrality, matching principle, inconsistency with the write-down and impairment requirements in other IFRS, and prudence. The non-CF concepts included operational simplicity, volatility in reported income, negative impacts on lending decisions, procyclicality, and convergence with US GAAP. The results are consistent with both CF and non-CF concepts shaping constituents' opinions on the ECL methods. Note also that the non-CF concepts invoked by constituents were related to costs, especially for preparers. Orthaus and Rugilo (2023) further observed that constituents who opposed the day-one impairment loss model relied more on conceptual arguments than on other arguments such as economic consequences. Conversely, constituents who supported the model relied more on non-conceptual arguments.

#### *6.4. CL attributes, arguments, and language*

Eight sample studies (Table 2, Section#6) reported evidence on the attributes of CLs submitted to the IASB, including the arguments and language used (RQ#6). Bamber and McMeeking (2016) found that accounting firms submitted the longest CLs and the largest number of comments per letter. Giner and Arce (2012) found that for CLs on IFRS 2, the accounting profession and academics submitted the longest, while preparers submitted the shortest. They found that preparers mostly responded to the question regarding the recognition of stock option expenses and opposed expensing them. Those who opposed recognition did not respond to the other questions about measurement and reference date. Consequently, the shortest CLs were by preparers opposing IFRS 2. The methodological implication of this result is that CL length is not always a valid proxy for CL strength, especially when not all respondents respond to all questions in the consultation documents.

Several papers reported that constituents invoked both CF and non-CF concepts in their arguments (Chapple et al., 2010; Giner & Arce, 2012; Holder et al., 2013; Kabir & Rahman, 2018; Orthaus & Rugilo, 2023). Holder et al. (2013) found that reliability and relevance were the most invoked CF concepts, followed by timeliness and conservatism. Some constituents argued using non-CF concepts, such as the cost of compliance and litigation. Studying CL submission on IFRS 2, Giner and Arce (2012) found that conceptual arguments were the most common type of arguments offered by respondents. However, economic consequences arguments were also offered, especially by preparers. They also observed that preparers turned more to conceptual arguments as the standard-setting project progressed because economic consequences arguments could be seen by the IASB as self-serving and not credible. They also found that respondents often did not provide any supporting arguments when they agreed with the IASB proposal, but provided arguments when they disagreed with the proposal. Similarly, Orthaus and Rugilo (2023) observed that while constituents focused on CF concepts in their opposition to the ECL model, they acknowledged in the last round of consultation the pragmatic compromise between conceptual purity and operational simplification and, albeit with concerns, they accepted the day-one loss model. Constituents also recognized that the model was motivated by

prudential considerations and raised concerns about the shift away from the IASB's mission of serving the information needs of investors.

Stenka and Jaworska (2019) examined how key constituent groups in international accounting standard-setting operationalized the notion of 'made-up user.'<sup>27</sup> They found that the IASB's constituents operationalized the notion of 'made-up user' mostly as passive, generalized, and economically rational investors. However, they reported that users and regulators operationalized the notion slightly differently than preparers and the accounting profession. In contrast to other constituent groups, real users considered the 'user' as active rather than passive, although the difference was not significant. Further, regulators considered the 'user' as someone to be protected.

Durocher and Fortin (2021) investigated the institutional logic as expressed in CLs submitted by users. They found ten dimensions in these CLs: economics and substance, due process issues, measurement, readiness and relevance for use, conceptual foundations, clarity, presentation and disclosure, cost-benefit issues, comparability and consistency, and financial statement manipulation. While analysts attached more importance to some dimensions than to others, the importance varied with their positions on the IASB proposals.

### *6.5. Section summary and future research opportunities*

To summarize this section, CL submission increased from the IASC period to the IASB period, reflecting wider interest in the IASB's standard-setting process following the widespread adoption of IFRS. However, in line with differential costs and benefits, CL submission intensity varies among different constituent groups and countries. Preparers tend to submit more CLs on consultation documents than the accounting profession and national standard-setters. However, a different pattern was observed for DIs. Further, the accounting profession and national standard-setters from some countries are among the most regular submitters of CLs. Users tend to submit the lowest number of

---

<sup>27</sup>Young (2006) argues that the notion of users as used in conceptual frameworks and similar documents is an abstract, constructed category. Therefore, she uses the term 'made-up user' to indicate this category. These users are rational economic decision-makers with specific information needs, which do not always align with the characteristics of the messy real-world users.

CLs. While this is surprising given the IASB's mission to serve the users' information needs, CLs understate the participation intensity of users in the IASB's standard-setting process because they also participate through other means. Research also finds that constituents from Europe, Asia-Oceania, and North America submit more CLs than those from Africa and South America. Finally, prior research provides mixed evidence on the timing of CL submission, with some studies finding that constituents submit more CLs in the earlier stage than in the later stage of the standard-setting process, and some other studies reporting opposite results.

The evidence suggests that constituents' propensity to submit CLs on IASB consultation documents is associated with: 1) the type of accounting issues, such as recognition and measurement vs. disclosure, and the topics addressed in consultation documents; 2) constituents' attributes, including lack of technical expertise of users, firm size, profitability, and industry; and 3) country-related features, such as the pre-IFRS norm of private standard-setting, adoption of IFRS, stringent enforcement, and the probability of the US adopting IFRS. Although these results are consistent with Sutton (1984), who argued that the costs and benefits of lobbying drove participants' decisions to lobby with the standard-setter, the evidence provides richer insights into factors that affect the costs and benefits of lobbying.

Constituent groups differ in their views on various IASB proposals outlined in consultation documents. Evidence also suggests that both conceptual and self-interest factors shape constituents' views on IASB proposals. However, given that only a few studies addressed the determinants of constituents' opinions on IASB proposals, ample opportunities exist for future research in this space.

The private interest theory provides a rich set of predictions that were tested in the context of national standard-setting (Puro, 1984; Ramanna, 2008; Watts & Zimmerman, 1978). The international context in which the IASB operates offers an interesting setting for testing these predictions because the institutional contexts vary across countries. The international accounting literature documents systematic variation in financial reporting quality across institutional settings (Isidro & Raonic, 2012; Soderstrom & Sun, 2007). Jorissen et al. (2013) reported that some institutional factors influenced the propensity of submitting CLs from different geographic regions. This suggests that constituents'

positions on IASB proposals may also vary with the variation in the institutional contexts. In this context, future research may further examine whether determinants of constituent positions found significant in national contexts are moderated by country-level factors.

The results suggest that despite constituents coming from varied pre-IFRS financial reporting traditions (US SEC 2008), they use mostly conceptual arguments in CLs, although preparers also frequently use economic consequences arguments. The balance between these two types of arguments shifts with the progress of the IASB project. It also depends on the constituents' positions on IASB proposals. Finally, users draw on different institutional logics in CLs, with the weight placed on the logics varying with their positions on IASB proposals.

Prior research documents that constituents draw on CF concepts. However, it is unclear whether the CF concepts invoked by constituents vary by jurisdiction. Prior research finds that constituents have differing epistemic commitments to CF concepts (Durocher & Gendron, 2014). The international accounting literature documents diversity in national accounting systems in the pre-IFRS era (Doupnik & Perera, 2015). In line with the pre-IFRS international accounting diversity, prior research finds the continuity of national accounting patterns even after IFRS was adopted (Kvaal & Nobes, 2012; Nobes, 2011, 2013). This suggests that constituents from the same jurisdiction may have a shared commitment to some CF concepts than to others, and constituents from different countries may have divergent commitments to the concepts.

## **7. Internal process at the IASB**

The formal standard-setting process highlights the critical roles of IASB staff and members in the standard-setting process. How they fulfill these roles significantly impacts the legitimacy and survival of the IASB. For example, how does the staff use the constituent feedback in the staff agenda papers? Do the staff and IASB members utilize the CF concepts when analyzing and deliberating alternative financial reporting requirements? Do the staff and IASB members have different conceptual orientations that lead them to prioritize some CF concepts over others? Are certain members more

influential than others in shaping the standard-setting outcomes? Do some members form groups within the IASB to influence the standard-setting outcome? Additionally, how does the project staff collaborate with IASB members, and how does this interaction shape the development of consultation documents, standard-setting deliberations, and final decisions? Nine studies (Table 2, Section#7) explored these questions. This section discusses the findings from these studies, providing insights into RQ#7.

Klein and Fülbier (2019) examined the IASB deliberations in meetings when amending IAS 19 *Employee Benefits*. They found that the technical staff and IASB members considered the CLs based on their content, disregarding the identity of the respondents who submitted them. IASB members and staff discussed them mostly in conceptual terms, but they also deployed specialized arguments. In contrast, Pelger (2016) found that IASB members interpreted constituent feedback differently depending on their views regarding decision-usefulness versus stewardship as the objective of financial reporting.

Studies found that the staff acted as gatekeepers in relaying the constituent feedback to IASB members, thereby influencing deliberations (Klein & Fülbier, 2019; Morley, 2016; Pelger, 2016). Staff agenda papers set the tone for IASB deliberations by proposing and analyzing alternative solutions and specifying questions for IASB members to vote on. However, IASB members are not always restricted by staff agenda papers, and the members sometimes base their arguments on different perspectives and examples (Klein & Fülbier, 2019). Further, IASB members frequently disagree with recommendations in staff agenda papers (Klein & Fülbier, 2019). Morley (2016) found that while some staff members were hired based on their perspectives on fair value, the staff still sometimes opposed the view of the dominant fair value group within the IASB. Pelger (2016) observed that the staff played an active role in the Framework project. Specifically, the staff edited the objective of the financial reporting in the final stage of the project, reversing the concession accorded to constituent demands in the ED stage. However, the role of IASB members in the last-minute change is unclear, as it is they who vote on consultation documents and IFRS.

As noted in an earlier section, two studies documented unequal power dynamics among IASB members during the debate on whether to include the IFRS for SMEs project in the IASB agenda (Ram & Newberry, 2013, 2017). Notably, IASB Chair David Tweedie and Vice-Chair Tom Jones played key roles in advancing this project, despite resistance from some members and staff. Warren et al. (2020, p. 127) noted tensions within the IASB when defining the scope and title of the IFRS for SMEs. Similarly, Ramassa and Leoni (2022) observed disagreements among IASB members regarding the decision not to include a standard-setting project on cryptocurrency in its work plan, by instead directing the Interpretations Committee to issue an agenda decision. Citing concerns about relevance, some members expressed their disagreement with the majority view within the IASB.

Relatedly, Morley (2016) identified a dominant fair value group within the IASB that supported proposed changes in the recognition and measurement requirements for non-financial liabilities under IAS 37 as part of the Liabilities Project. This group, composed of members from Anglo-American countries, had previously collaborated within the G4+1 framework and shared a common understanding of what constituted high-quality financial reporting. Morley (2016) noted that affiliation with this group shaped the standard-setting decisions. Erb and Pelger (2015) noted a group of IASB members who successfully established 'faithful representation' in place of 'reliability' in the updated CF. While Pelger (2016) did not specifically study group effects in decision-making, he also acknowledged the existence of a dominant group that championed decision-usefulness as the sole objective of financial reporting in the CF updated in 2010. However, research indicated a split within the Anglo-American group, with the UK members preferring stewardship as a separate objective rather than subsuming it under the decision-usefulness objective (Pelger, 2016). Moreover, members outside the Anglo-American group concurred with those within it who supported integrating stewardship into decision-usefulness.

Baudot (2018) found that IASB members exhibited varying degrees of commitment to knowledge templates regarding the concepts of fair value and historical cost. These differing commitments influenced their positions on measurement in the revenue project. Specifically, members who were more committed to fair value emphasized the importance of relevance, while those who

prioritized historical cost stressed the significance of reliability and expressed concerns that constituents had regarding fair value. Additionally, Baudot (2018) found that IASB members with an academic background tended to emphasize relevance over reliability. In contrast, members with a preparer background prioritized reliability over relevance. Members with an auditor background were divided in their commitments towards relevance and reliability.

*Section summary and future research opportunities.* In summary, prior research reveals that IASB staff and members discuss constituent feedback based on arguments rather than the identities of the constituents. Furthermore, research indicates that IASB staff agenda papers influence the tone of IASB deliberations. However, they do not determine members' positions. The results also indicate that IASB members may differently prioritize competing financial reporting objectives, such as decision-usefulness versus stewardship, and qualitative characteristics (QCs), such as relevance versus verifiability and prudence. These studies show that these different priorities lead to varied positions on alternative accounting proposals. However, more research is needed in this area. Although existing literature suggests that competing reporting objectives and concepts impact financial reporting requirements, there are significant overlaps in financial reporting requirements emanating from these objectives and QCs (Chambers, 1966; EFRAG et al., 2013a; 2013b, 2013c; Ijiri, 1975; Lennard, 2007; Pelger, 2016; Whittington, 2008b). Further, previous studies that categorized groups based on conceptual orientations examined IASB projects from the first decade of its operation (Erb & Pelger, 2015; Morley, 2016; Pelger, 2016). Since then, the IASB membership has become more diverse, creating the need for further research on the existence of groups within the IASB. Finally, there is limited knowledge about the interactions between project staff and specific IASB members, as well as how these interactions influence the staff analyses in agenda papers and consultation documents.

## **8. Constituent influence**

This section discusses the evidence relating to RQ#8, which investigates whether constituents influence IASB's decisions. The influence of constituents on the IASB's standard-setting process is

constrained by two key factors. First, the IASB must conduct its standard-setting function without being *captured* by any particular constituent or group of constituents (FCAG, 2009; US SEC, 2008; Véron, 2007). Second, it must listen to its constituents and address their legitimate concerns when establishing IFRS to fulfill its public interest mission and maintain legitimacy (FCAG, 2009; Jorissen et al., 2013; Richardson & Eberlein, 2011; Véron, 2007).

Concerns have been raised by some constituents regarding the independence of the IASB (Perry & Noëlke, 2005; 2000; US SEC, 2008). Conversely, some constituents, especially from Europe, feel that the IASB does not adequately listen to their feedback (Camfferman & Zeff, 2015; Walton, 2004). Consequently, how the IASB incorporates constituent feedback into its standard-setting decisions has significant implications for the IASB's independence, legitimacy, and long-term viability (Durocher et al., 2019).

As previously discussed, the sources of funding and the governance structure of the Foundation led to concerns about the potential undue influence on the standard-setting process (Larson & Kenny, 2011; Perry & Noëlke, 2005; US SEC, 2008; Wingard et al., 2016). Historically, auditors contributed a significant portion of the Foundation's funds, and former partners or staff of these auditors either served on the IASB or worked as technical staff (Camfferman & Zeff, 2015; Larson & Kenny, 2011; Perry & Noëlke, 2005). Additionally, several technical staff members and IASB members previously worked with national standard-setters before joining the IASB (Camfferman & Zeff, 2015, pp. 46-47 & 301-306). National regulators have ceded most of their authority to the IASB to set accounting standards for their jurisdictions by adopting and enforcing IFRS. Furthermore, the EU instituted an endorsement process for IFRS before its adoption in its member countries (Walton, 2020). These factors provide constituents with ample opportunities to influence the IASB's standard-setting process.

Table 2, Section#8 shows that 35 studies offer evidence regarding the influence of constituents on the IASB's standard-setting process. Section 8.1 reviews how political and regulatory pressures have shaped the IASB's standard-setting activities, while Section 8.2 examines whether constituent feedback

obtained through the regular due process has significantly influenced the IASB's standard-setting decisions.

### *8.1. Political and regulatory pressures on the IASB*

Several studies examined the political and regulatory events surrounding the development of IFRS and the amendments made to it. Camfferman (2015) described how the IASB balanced the needs of securities regulators, who aimed to curb earnings management, with the needs of prudential regulators, who required earlier recognition of loan loss for financial stability, when amending the impairment loss model for financial assets in IAS 39 during 2002-2003. The impairment loss model proposed in the ED on IAS 39 in 2002 incorporated aspects of the expected loss model, particularly for impairment loss testing at the portfolio level, and was welcomed by prudential regulators (Camfferman, 2015). However, influenced by the anti-abuse perspective and the need for convergence with US GAAP, the IASB ultimately shifted towards the incurred loss model in the revised IAS 39 in 2003 (Camfferman, 2015). Nevertheless, the IASB accommodated the prudential regulators by specifying that financial assets that individually were not deemed impaired could still be included in the impairment test at the portfolio level (Camfferman, 2015).

The events surrounding the IAS 39 carve-out in Europe in 2004 and the subsequent amendments to the standard in response to European pressures in 2008 received intense scrutiny in the literature (Camfferman & Zeff, 2015). In 2004, responding to intense European pressures, the IASB amended IAS 39 to allow the application of macro hedge accounting and to limit the use of the fair value option (Camfferman & Zeff, 2015, pp. 148-149, 156-157; Walton, 2004). This decision contrasts with the IASB's earlier rejection of concerns raised by the Accounting Standards Board of Japan (ASBJ) regarding the fair value option (Camfferman & Zeff, 2015, p. 157; Walton, 2004, p. 10). The concession made to Europe can be understood in light of the EU's threat not to endorse IAS 39 and the economic significance of the EU as a major IFRS-adopting bloc<sup>28</sup> (Camfferman & Zeff, 2015, pp. 147, 157;

---

<sup>28</sup> Tatsumi Yamada, an IASB member from Japan, expressed the ASBJ's opinion that it was unacceptable that the IASB addressed the EU's concerns regarding the fair value option by restricting its application while previously rejecting a similar concern raised by the ASBJ. In response, then IASB deputy Chair Tom Jones highlighted the differences between the EU and Japan (Camfferman & Zeff, 2015, p. 157; Walton, 2004). The EU

Walton, 2004, p. 10). However, allowing macro hedge accounting may also be seen as the IASB's response to genuine concerns from constituents, as banks typically hedge on a portfolio basis (Whittington, 2005, p. 142). This suggests that macro hedge accounting enabled banks to represent their hedging practices more faithfully. Importantly, the IASB did not accede to all European demands regarding IAS 39. A notable example is that despite requests from European banks, the IASB declined to allow fair value hedge accounting for core deposits. The IASB maintained the principle that the fair value of a liability with a demand feature could not be less than the amount payable on demand (Camfferman & Zeff, 2015, p. 150). Consequently, this led to the IAS 39 carve-out in Europe (Camfferman & Zeff, 2015, pp. 157-160; Véron, 2007).

In 2008, the Foundation and the IASB faced intense pressure from European public bodies. To avert a second European carve-out, the Trustees suspended the usual due process, which led the IASB to pass an amendment to IAS 39. This amendment allowed banks to re-classify financial assets out of the held-for-trading category (André et al., 2009; Bengtsson, 2011; Botzem, 2014; Burlaud & Colasse, 2011; Camfferman & Zeff, 2015, pp. 407-413; Kusano & Sanada, 2019). As a result, banks could avoid recognizing unrealized losses on reclassified trading book assets (Bengtsson, 2011). However, the IASB required entities to disclose the impact of this reclassification (Camfferman & Zeff, 2015). Botzem (2014) viewed this compromise on re-classification as enabling the IASB to continue its expertise-based standard-setting mechanism. One significant outcome of this episode was that both the FASB and the IASB realized the importance of collaborating to shield themselves from political pressures. Consequently, both boards began working together to develop a common solution to the accounting for financial instruments (André et al., 2009).

Hashim et al. (2019) explored how pressures from the G20, the Financial Stability Forum, and the Basel Committee on Banking Supervision during and after the GFC of 2007-08, along with the need for convergence with US GAAP, influenced the accounting for credit losses under IFRS 9. The GFC

---

was committed to adopting IFRS and represented 95% of the IASB's constituents, whereas Japan did not commit to IFRS at that time (Walton, 2004, p. 10). Relatedly, the IASB did not accommodate the Australian request to allow the revaluation of intangible assets, which were revalued prior to adopting IFRS in Australia (Walton, 2004, p. 9).

created a demand for the IASB to revise the incurred loss model for financial assets in IAS 39, ensuring that impairment losses were recognized more promptly and that global financial stability was preserved (Camfferman, 2015; Hashim et al., 2019; Pucci & Skærbæk, 2020). In response to these pressures, the IASB decided to require the recognition of ECL. However, it initially did not propose recognizing impairment loss on financial assets on day one. Instead, the IASB initially suggested spreading the ECL over the entire contractual life of the financial asset (Hashim et al., 2019; Pucci & Skærbæk, 2020). The IASB, drawing on the CF, argued that this approach would reflect more faithfully the underlying economics of lending (Pucci & Skærbæk, 2020). Nevertheless, in its efforts to converge with US GAAP, the IASB ultimately adopted an ECL model that allowed for the recognition of only a portion of the total ECL on day one.

Di Fabio (2020) examined how the Foundation responded to the Maystadt (2013) Report, which aimed to clarify the concept of ‘European public good’ as one of EU’s IFRS adoption criteria. The Maystadt Report stated that “the accounting standards adopted should not endanger financial stability and they must not hinder the economic development of the Union” (Maystadt, 2013, p. 10). In its response, the Foundation emphasized the importance of financial reporting transparency within capital markets, particularly in the context of moral hazard, and rejected any responsibility regarding financial stability (Di Fabio, 2020, pp. 348-349). Consistent with its focus on reporting transparency, the Foundation outlined its objectives in its 2020 Constitution in a manner similar to those outlined in its 2013 Constitution. It emphasized the need to produce accounting standards that would “require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world’s capital markets” (IFRSF, 2014, Section 2; 2020b, Section 2). However, as Di Fabio (2020) noted, the Foundation did not completely overlook financial stability, and instead argued that transparent reporting would ultimately support financial stability in the long run. Furthermore, the Foundation acknowledged the connection between reporting transparency and financial stability when proposing amendments to the Handbook in 2019 (Di Fabio, 2020, p. 350). It also incorporated considerations of financial stability into the 2020 Handbook as part

of the effects analysis of new financial reporting requirements (Di Fabio, 2020; IFRSF, 2020a, para. 3.80).

Crawford et al. (2014) described how European constituents, especially the EP and the EC, challenged the standard-setting process when the IASB developed IFRS 8. IFRS 8 is nearly identical to the US Statement of Financial Accounting Standards (SFAS) 131 on segmental reporting. The EP conducted its consultation on IFRS 8, and the EC was tasked with performing an impact analysis. Notably, IFRS 8 was the first standard on which the EP held such a consultation. After the consultation, the EC recommended adopting IFRS 8, and the EP subsequently enacted it into law. Although there were several concerns regarding the content of IFRS 8, Crawford et al. (2014, p. 313) presented interview evidence suggesting that the European concerns centered not on the content itself but rather on the process and the perception of the standard as a manifestation of “American essentialism.”

### *8.2. Influence through the regular due process*

Constituents have several ways to provide feedback, including CLs, private meetings with IASB staff and members, participation in IASB consultative and advisory bodies, and feedback during IASB outreach events (Georgiou, 2010; Kohler et al., 2021; Orens et al., 2011). However, since most CLs are publicly available, previous studies focused primarily on whether the feedback in these letters influenced the IASB to modify its proposed requirements (Bamber & McMeeking, 2016; Giner & Arce, 2012; Hansen, 2011; Kabir & Rahman, 2018).

Two papers conjectured that the extractive industries captured the process for establishing IFRS 6 (Cortese & Irvine, 2010; Cortese et al., 2010). This conjecture was based on an examination of the relationships among the extractive industries, the industry lobbying groups, the IASC/IASB, and the auditors, as well as an analysis of the CLs on the Extractive Industries Issues Paper developed by an IASC Steering Committee in 2000. The Steering Committee expressed its preference for the successful effort method in the Issues Paper, which was supported by most respondents, including firms within the extractive industry. Yet, IFRS 6 allows firms to maintain their existing accounting policies for

exploration and evaluation expenditures. Cortese and Irvine (2010) referred to this situation as a ‘black box’, and both Cortese et al. (2010) and Cortese and Irvine (2010) speculated that the extractive industries might have covertly influenced the IASB to preserve the status quo.

It remains unclear whether the overt and covert positions of extractive firms differed and, if they did, the reasons for those differences. Walton (2020) discusses various covert ways of influencing IFRSs. However, previous research has shown that CLs faithfully reflect the positions of their constituents. For example, Kohler et al. (2021) reported that auditors of telecommunications firms took clear conceptual positions in their CLs on consultation documents issued before IFRS 15, and they successfully persuaded their clients in private to abandon their non-conceptual arguments. Additionally, Hewa et al. (2020) found no evidence to support the claim that the IASB’s standard-setting process was captured during the promulgation of the ECL model in IFRS 9 and argued that the IASB remained independent in its model development.

Several papers examined how constituents influenced the IASB’s financial reporting proposals by analyzing the relationship between the respondents’ positions in the CLs regarding a consultation document and the IASB proposals in later issued consultation documents and IFRS (Arce et al., 2023; Giner & Arce, 2012; Hansen, 2011; Hewa et al., 2020). However, noting agreements between the constituent position on an initially proposed requirement and the IASB proposal in subsequent documents may exaggerate constituent influence. This is especially true if constituents support the initial IASB proposal and the IASB uses it in later documents. A more rigorous approach is to focus on instances where constituents disagreed with the initial IASB proposal and to see whether the IASB adjusted its proposals in line with the feedback from these constituents (Hansen, 2011; Shields et al., 2019).

Crawford et al. (2016) examined the development of IFRS 8 and reported that constituents were dissatisfied with this standard’s adoption of the US approach to segmental disclosures. They noted a misalignment between the IFRS 8 approach and the accounting models prevalent in Europe, as well as

a potential inconsistency with the qualitative characteristic of comparability in the CF. In response to these concerns, the IASB agreed to a PIR of IFRS 8 (Crawford et al., 2016).

Ram and Newberry (2013) assessed the due process followed in developing the IFRS for SMEs. They highlighted that the IASB developed the DP before initiating the public consultation phase and emphasized its strong commitment to keeping all the recognition and measurement requirements of full IFRS applicable to SMEs. However, they criticized the IASB for not adequately considering the feedback gathered during the public consultation process, concluding that the due process lacked substance. Similarly, Devi and Samujh (2015) noted criticism regarding the IASB's failure to include representatives from the SMEs community during the standard's development. Hewa et al. (2020) found no significant constituent influence on the IASB decisions regarding the ECL model in IFRS 9, except in terms of making the model more operational and less complex. In contrast, Arce et al. (2023) documented some changes in the consultation documents preceding IFRS 17 that aligned with the preferences of the majority of respondents, particularly among preparers and European constituents.

Troshani et al. (2019) explored the challenges associated with the development and diffusion of the IFRS Taxonomy, as well as how the IASB addressed these challenges. The identified issues included technical difficulties in understanding and using the Taxonomy, as well as concerns about the faithful representation of IFRS. To address the first concern, the IASB made the Taxonomy technology-neutral, de-coupling its human-readable format from its machine-readable version. For the second concern, the IASB improved collaboration between its technical staff and the Taxonomy team by integrating the Taxonomy team into the IASB's standard-setting process. Despite these efforts, Troshani et al. (2019) noted that challenges persisted, particularly among the smaller preparers who did not see significant benefits from the Taxonomy. They speculated that this tension would likely continue in the future.

In addition to using the traditional measure of 'accepted,' Bamber and McMeeking (2016) extended the literature on constituent influence by introducing 'discussed' as another measure of lobbying success. By analyzing CLs, IASB meeting minutes, and notes from technical working groups,

they found that US proposals were both discussed and accepted more frequently than proposals from other regions. In contrast, moderate UK proposals were rejected more often than those from other regions. These results could raise questions about the legitimacy of the IASB's standard-setting (Bamber & McMeeking, 2016; Durocher et al., 2019). Shields et al. (2019) corroborated these findings by showing that Anglo-American constituents, including those from the UK, were not more successful in lobbying the IASB during its financial instrument projects compared to constituents from other regions. In fact, Anglo-American constituents were less likely to succeed in lobbying on classification and measurement issues within these projects. Prior research indicated that constituents from Anglo-American countries participated at higher rates than those from other countries in the CL stage. This imbalanced participation raised concerns about the legitimacy of the IASB. However, the results from Bamber and McMeeking (2016) and Shields et al. (2019) suggest that higher participation from Anglo-American countries does not correlate with greater lobbying success, thereby alleviating some concerns regarding the IASB's independence and legitimacy. It is possible that the IASB proposals in consultation documents often reflect a strong Anglo-American bias due to the significant Anglo-American representation on the IASB, and therefore, the IASB considers strong opposition from non-UK European constituents when amending the proposals to satisfy both groups.

Shields et al. (2019) found that regulators who expressed dissent were more successful in lobbying the IASB in financial instruments projects. They also reported that constituent influence was primarily observed in classification and measurement issues within these projects, especially when the constituents were from countries with IASB members. Similarly, Rey et al. (2020) reported comparable results in the lease accounting project. However, it remains unclear how to reconcile these findings with the observation that constituents from Anglo-American countries tend to have less lobbying success compared to those from other countries. Notably, Anglo-American countries have historically provided the largest number of IASB members (Camfferman & Zeff, 2015).

Bamber and McMeeking (2016) found that proposals from accounting firms were discussed, but their moderate and major proposals were rejected more frequently than those from other constituent

groups. Given that accounting firms were significant donors to the Foundation, this finding suggests that the IASB operates independently from audit firms. This aligns with the results of Hansen (2011), which indicated that the level of financial contribution was not significantly associated with lobbying success. In contrast, Rey et al. (2020) reported that constituent influence was positively associated with the size of the financial contribution to the Foundation. Shields et al. (2019) also found that financial contributors achieved more lobbying success than non-contributors in financial instrument projects, but noted that financial institutions were less successful in these projects after the GFC. This result is consistent with the idea that the political climate and macro-economic conditions shape the relative power and lobbying success of certain constituents (Bengtsson, 2011; Camfferman & Zeff, 2015, p. 110).

Klein and Fülbier (2019) found that IASB staff and members based their consideration of constituent feedback on the arguments presented, rather than the identity of the constituents providing that feedback. Supporting this finding, Giner and Arce (2012) documented that conceptual arguments were the most influential in prompting the change in the measurement date from the vesting date to the grant date in IFRS 2. Additionally, Shields et al. (2019) reported that negative tones, rather than explicit disagreements in CLs, were linked to changes in IASB positions in the final standard. Hansen (2011) found that lobbying success was related to the quality of information within the CLs and the credibility of the respondents. However, Shields et al. (2019) found that the impact of information quality varied depending on the specific standard-setting issues being addressed, such as classification and measurement versus disclosure and other matters.

Giner and Arce (2012) observed that the IASB did not modify its proposal regarding the recognition of employee stock option expenses, despite significant disagreement from most CLs, particularly those submitted by preparers and consultants. The IASB also maintained its stance on measuring employee stock options at fair value (Giner & Arce, 2012). Although the IASB changed the measurement date from the vesting date to the grant date, the alteration was made in response to feedback from the majority of constituents, indicating that no constituent group exerted a dominant

influence on that decision (Giner & Arce, 2012). Relatedly, as it embarked on the share-based payment project aimed at recognizing expenses for stock options granted to employees, the IASB faced pressures from various parties, including the Financial Executives International, the US Congress, European multinational companies, and the EC (Camfferman & Zeff, 2015, pp. 108-109; Zeff, 2002). During this process, the IASB engaged with ‘sympathizers’ in the US, where analysts and investors were “mounting a campaign to improve the accounting for stock options” (Camfferman & Zeff, 2015). This ultimately led to the issuance of IFRS 2. While some regarded this as a major success for the IASB in the first decade, Camfferman and Zeff (2015, p. 110) attributed the success to the changed political climate following the collapse of Enron and other US firms. The political climate had turned less sympathetic towards “anything that could be construed as corporate pleading against improved transparency”.

Kabir and Rahman (2018) reported that the IASB incorporated its primary proposal as outlined in the DP and EDs in the final lease accounting standard of IFRS 16, which, despite opposition from lessees and their associations, called for the capitalization of all leases. However, the IASB responded to other feedback by modifying the wording and incorporating an explicit exemption for short-term and small-value leases (Kabir & Rahman, 2018). Similarly, Kohler et al. (2021) noted that the IASB adhered to its proposal in the consultation documents preceding IFRS 15 regarding the allocation of the transaction price of multiple-element contracts, despite pushback from the telecommunications industry. To address the industry’s concerns about implementation costs, the IASB allowed a portfolio approach to revenue recognition. In a similar vein, studies indicated that the IASB revised its initial proposal for ECL to make it more practical based on feedback from constituents (Hashim et al., 2019; Orthaus & Rugilo, 2023).

Additionally, Moscariello and Pizzo (2021) reported that the IASB granted an exemption from lease modification requirements of IFRS 16 for rent concessions related to COVID-19, thereby ameliorating the implementation cost during the pandemic. Okamoto (2017) observed that concerted actions by the Japanese CL writers, the ASBJ, and the Japanese representative on the IASB, along with

their arguments, led to the IASB incorporating in IFRS 9 the Japanese preference on the presentation of dividends from strategic equity investments in profit or loss. Lastly, Ram and Newberry (2013) observed that pressures from the EFRAG and the FEE compelled the IASB to allow goodwill amortization for SMEs and to develop the IFRS for SMEs as a stand-alone document.

To obtain a balanced understanding of the constituent influence on the IASB's standard-setting process, it is important to examine projects that the IASB undertook but paused or scaled back due to opposition from constituents. Two notable examples of such projects are the financial performance project (Camfferman & Zeff, 2015) and the project to amend IAS 37 (Morley, 2016). In the early years of the IASB, the organization embarked on a joint project concerning performance reporting with the UK Accounting Standards Board. But in 2003 the IASB paused the project, only to restart it in 2004 in collaboration with the FASB under the title 'financial statement presentation'. The IASB favored a single statement of performance and tentatively decided against the recycling of Other Comprehensive Income (OCI) items upon their realization. The IASB believed that all income and expense items, including those in OCI, should be categorized functionally as either business or financing items. However, the ASBJ and its constituents were uneasy about the project's direction. They particularly objected to the elimination of 'net income' as a sub-total in the statement of performance (Camfferman & Zeff, 2015, pp. 123-124). Constituents in other countries also expressed concerns about the potential abolition of net income. When the IASB resumed the project with the FASB, opposition to the elimination of 'net income' as a sub-total continued<sup>29</sup> (Camfferman & Zeff, 2015, p. 372). Acknowledging this feedback, the IASB decided to retain net income, OCI, and the concept of recycling for the time being, excluding the consideration of OCI from the project's scope<sup>30</sup> (Camfferman & Zeff, 2015, pp. 376-378).

---

<sup>29</sup> According to Camfferman and Zeff (2015, p. 372), the finance director of Nestlé organized a letter-writing campaign in which companies from Europe, North America, and Japan wrote to the IASB and the FASB. These companies strongly endorsed the retention of net income as a performance measure. He also helped form a group of European finance directors, who met several times with IASB members to discuss these issues.

<sup>30</sup> As part of the first phase of the project, the IASB issued an amended IAS 1 in 2008. This amendment required the presentation of a statement of comprehensive income and a sub-total for net income in the statement but allowed a choice between a single statement format and a two-statement format for presenting comprehensive income and its components (IASB, 2008, paras. 10&81). More recently, the IASB issued an ED, proposing the

The IASB aimed to amend the recognition and measurement requirements of IAS 37 to converge with US GAAP. To this end, it issued two EDs that proposed abolishing the requirement of cash flow probability for recognizing a liability and instead requiring the use of expected value as the measurement basis for all provisions, including one-off items<sup>31</sup> (Morley, 2016). However, due to opposition from constituents, the IASB shelved the project in 2010 (Camfferman & Zeff, 2015, p. 355; Morley, 2016).

### *8.3. Section summary and future research opportunities*

In summary, the IASB demonstrated resilience in its decision-making processes, apart from yielding to European pressures to amend IAS 39 in 2008 without following the usual due process. The evidence indicates that the nature of comments received and the credibility of the constituents can significantly impact the IASB's standard-setting decisions. Furthermore, it appears that the IASB largely incorporated its key proposals outlined in consultation documents into IFRS, despite pressures from constituents, while addressing concerns related to complexity, impracticality, and implementation costs. This approach aligns with the cost constraint outlined in the CF. However, it is important to note that the evidence discussed pertains mostly to completed projects, where the IASB was able either to gather sufficient support from constituents for major standard-setting proposals, as seen in the case of the lease standard (Kabir & Rahman, 2018), or to overcome constituent opposition, as in the case of accounting for share-based payments (Camfferman & Zeff, 2015).

The evidence suggests that constituent influence may vary depending on the specific project, as well as the prevailing political climate and macroeconomic environment. Research on financial

---

classification of items in the profit or loss section of the statement of financial performance into one of six categories: operating, integral associates and joint ventures, investing, financing, income tax, and discontinued operations, and presentation of additional sub-totals (IASB, 2019, para. 45). However, it proposed to retain the requirements for the presentation of net income as a sub-total, the separate presentation of OCI in the statement of financial performance and recycling (IASB, 2019, paras. 60, 73-4). These features were retained in the recently issued final standard of IFRS 18 (IASB, 2025).

<sup>31</sup> To appreciate this requirement, it is important to note that IAS 37 specifies that cash outflow must be probable for a provision to be recognized (IASB, 2023, para. 14). Further, IAS 37 specifies the expected value for provisions involving a large population of obligations and the most likely outcome for provisions involving single obligations (IASB, 2023, paras. 39-40).

performance projects and proposed amendments to IAS 37 also suggests that the IASB was aware of the radical nature of these proposals (Camfferman & Zeff, 2015). While some IASB members supported moving forward with these proposals, a majority expressed concerns about the potential backlash from constituents. Although there is no accepted benchmark for assessing whether the IASB adequately listens to its constituents, the evidence reviewed in this section challenges the view held by some constituents that the IASB does not pay attention to their concerns.

This section highlights that the evidence regarding the lobbying success of financial contributors and constituents from the IASB members' countries is mixed, indicating a need for further research. Additionally, prior research did not explore the relative influence of national standard-setters on the standards jointly developed by the IASB, nor the impact of national standard-setters whose staff contributed to IASB projects. Since many national standard-setters have surrendered most of their authority to establish standards for their jurisdictions, their feedback is likely to carry significant weight with the IASB. Also, some national standard-setters are members of the ASAF and present research papers on standard-setting issues to the IASB. Therefore, investigating the influence of national standard-setters on the IASB's standard-setting decisions could enhance our understanding of the IASB's processes.

## **9. Arguments and language choices in IFRS and consultation documents**

The IASB developed the CF to guide its development and revision of IFRS. According to the Constitution, IASB members must refer to the CF when developing or amending IFRS (IFRSF, 2020b, section 28). The CF is considered instrumental in supporting the IASB's mission to serve the public interest (IASB, 2018b, para. SP1.5). Further, the Constitution expects the IASB to publish a BC for each IFRS and ED (IFRSF, 2020b, section 36(i)). Therefore, examining the arguments and language used by the IASB in consultation documents and IFRS can enhance our understanding of the IASB's standard-setting process. However, only two studies (Table 2, Section#9) examined this issue, thereby shedding some light on RQ#9.

Kabir and Rahman (2018) explored how the IASB utilized the CF concepts in the development of IFRS 16. They found that the IASB relied on these concepts to justify its standard-setting decisions related to IFRS 16. However, they also identified instances where the IASB did not adhere to the CF concepts. A notable example is that the IASB exempted certain types of leases from the recognition requirements of IFRS 16, rather than following the CF concept of materiality. It remains unclear whether this departure from materiality in IFRS 16 is an isolated incident or if it is indicative of a broader trend across other IFRS. Given that the IASB developed the CF with the public interest in mind, its application of CF concepts in setting IFRS 16 could be seen as a demonstration of the IASB's commitment to serving the public interest<sup>32</sup> (cf. Moscariello & Pizzo, 2021, p. 5).

Stenka (2022) examined how language is used to legitimize accounting solutions in consultation documents and IFRS. She found that the IASB employed abstract concepts such as 'users,' 'many,' 'wide demand,' 'feedback received,' and 'accounting research' to justify standard-setting decisions. Additionally, the IASB attributed human agency to inanimate objects and economic events to rationalize its development of the new IFRS. Similar to Kabir and Rahman (2018), Stenka (2022) also noted that the CF concepts were prominently featured in the consultation documents and IFRS. However, she contended that these language choices were not purely deliberate. Instead, the choices "reflect and enact patterns of understanding and rationalizing that are considered acceptable within the IASB and the wider accounting regulatory field" (Stenka, 2022, p. 16). In other words, a shared understanding of what constituted a good accounting solution generated rationalization and linguistic styles that were "both common sense and taken-for-granted in the context of standard setting" (Stenka, 2022, p. 16). This conclusion contrasts with prior research that indicated a lack of cognitive disunity among the IASB's constituents (Durocher & Gendron, 2014) and the IASB members (Baudot, 2018), suggesting that at times a shared understanding of what constitutes a good accounting solution does not exist.

---

<sup>32</sup> Georgiou (2018, pp. 1311-1312) reported that some investors questioned the usefulness of conceptual purity in IFRS regarding fair value measurement, although they acknowledged that the IASB based IFRS on the CF concepts.

*Section summary and future research opportunities.* Extant studies document that the IASB primarily refers to CF concepts to rationalize its standard-setting decisions. However, there is a lack of research on exactly how the IASB uses the CF to justify its standard-setting decisions. Given the recent updates to the CF, further research in this area is needed.

The IASB updated its CF in 2010 and again in 2018. In the 2010 update, the IASB subsumed the stewardship objective within the decision-usefulness objective (IASB, 2011). Additionally, it replaced the QC of reliability with faithful representation as a fundamental QC and downgraded verifiability to the status of an enhancing QC (IASB, 2011). These changes sparked controversy among academics and standard-setters alike (EFRAG et al., 2013a, 2013c; Pro-Active Accounting Activities in Europe, 2007; Whittington, 2008a). In the 2018 update, the IASB made several modifications, including revising the definitions of financial statement elements (such as ‘asset’), altering the recognition criteria, and providing new criteria for selecting the measurement attributes (IASB, 2018b). Despite these updates and the accompanying criticisms, our understanding of how the IASB applies the CF in its standard-setting decisions remains limited.

## **10. Impacts of PIR on IFRS**

As noted in Section #10 of Table 2, only one study examined the PIR process of the IASB (RQ#10). Moldovan (2014) compared the PIR processes applied to the segmental disclosure standards of IFRS 8 and SFAS 131 by the IASB and the FASB. Her findings indicated that the PIR processes of both standard-setting boards aimed at similar objectives but differed significantly in how they gathered and reported constituent feedback. However, she did not explore whether the PIR impacted IFRS and, if so, how this occurs. This leaves room for future studies to investigate this issue further.

## **11. Summary and Conclusion**

The paper summarizes and synthesizes the IASB’s standard-setting literature. The evidence regarding the IASB’s standard-setting practices and constituent participation behavior aligns with the

tenets of the private interest theory. Overall, the picture that emerges of the IASB is one of a standard-setting body that considers constituent feedback primarily through the lens of the CF concepts. The IASB deliberates accounting issues predominantly based on the CF concepts and justifies its standard-setting decisions by referring to the CF. In this process, the IASB accepts some feedback to facilitate implementation but rejects others. There were occasions when it paused certain projects, such as the financial performance project and the initiative to amend the recognition and measurement requirements in IAS 37. At times, the IASB appears to act strategically, as seen in the convergence project with US GAAP, which aimed to have IFRS accepted as the basis for financial statement filing by foreign private issuers. Similarly, the IFRS for SMEs project was initiated to protect its regulatory turf. The IASB occasionally yields to external pressures, especially when its survival is perceived to be threatened. A notable example is the amendment to IAS 39 in 2008, when it bypassed the usual due process to avert a second European carve-out. There is some evidence that IASB members exhibit differing degrees of commitment to financial reporting objectives and various QCs. Finally, the Trustees amended its governance structure and strengthened the due process mechanism to satisfy European constituents' demands for greater accountability. However, they were also aware of the need to maintain the IASB's independence during these governance reforms.

Constituents are primarily driven by the costs and benefits when deciding whether to submit CLs on consultation documents, as well as what arguments to include in their CLs and which positions to adopt. For example, preparers tend to submit the most CLs due to their significant stake in IFRS. They are directly affected by IFRS and possess the expertise necessary for writing CLs. Auditors, professional accounting institutes, and regulators also participate regularly in the CL submission process, as they are responsible for enforcing and monitoring the implementation of IFRS and have the resources required to draft CLs. Certain groups of preparers write CLs when the proposals in the consultation documents interest them. Additionally, constituents from countries that adopted IFRS submit the most CLs, given that IFRS significantly impacts them. Interestingly, within these IFRS-

adopting countries, those with pre-IFRS standard-setting traditions and practices similar to those of the IASB tend to submit more CLs compared to other countries.

Evidence indicates that constituents advance economic consequence arguments in CLs. Furthermore, there is clear evidence that, particularly in the later stages of IASB projects, constituents frame their arguments in terms of the CF concepts. This is likely done to make the arguments more persuasive to the IASB. Supporting this, studies find that the IASB is more inclined to accept CF-based arguments than those based on non-CF concepts. Additionally, evidence suggests that self-interest often influences constituents' positions on proposals found in consultation documents.

Except for the amendments to IAS 39 that the IASB made in 2008 without following the due process in response to European pressures, prior research did not find any evidence of systematic undue influence by constituents on the IASB's standard-setting process. For instance, although Anglo-American constituents and accounting firms contribute significant amounts of funds to the Foundation and participate regularly in the IASB's due process, their feedback is no more likely to be accepted than that from other groups. Lobbying success is associated with the quality of feedback in the CLs and the credibility of the respondents. There were also occasions when the IASB resisted pressures from European and other powerful constituents, such as the G20 and prudential regulators. The European carve-out in 2004 is a testament to the IASB's resilience in the face of pressures from powerful constituents (Street, 2014).

IFRS-adopting countries had diverse pre-IFRS accounting and standard-setting traditions, along with differing accounting values (Doupnik & Perera, 2015; Doupnik & Salter, 1993; Gallhofer & Haslam, 2007; Nobes, 1998). Further, the IASB develops a particular type of accounting standards. Therefore, it is natural for tensions to arise around the IASB and its standard-setting processes. One notable example of these tensions is the debate over the subsumption of stewardship into the decision-usefulness objective and the downgraded status of verifiability as merely an enhancing QC (Erb & Pelger, 2015; Pelger, 2016, 2019; Whittington, 2008a).

Despite these tensions, the evidence suggests that the IASB was able to obtain a certain level of legitimacy as an international accounting standard-setter. The reformed governance and strengthened due process of the IASB likely contribute to its legitimacy (Durocher et al., 2019; Richardson & Eberlein, 2011). The IASB's independence, especially in evaluating constituent feedback based on the CF and without considering constituent identity, and in modifying proposed requirements in consultation documents to address concerns about practicality and implementation costs, likely strengthens its legitimacy.

There were occasions when the legitimacy of the IASB had been called into question (André et al., 2009; Crawford et al., 2014; Crawford et al., 2016). Some constituents may not view the IASB as legitimate, especially if their feedback on specific projects is not accepted (Bamber & McMeeking, 2016). However, Suchman (1995, p. 574) views legitimacy as a generalized perception that remains resilient despite specific negative events. He argues that legitimacy relies on the collective views of constituents but is independent of individual opinions. Thus, despite individual instances that may challenge the IASB's legitimacy, the organization continues to receive funding from various countries and organizations. Its standards have been adopted or are permitted in many countries. Furthermore, a greater number of constituents submitted CLs to the IASB compared to the IASC. All these factors indicate a certain level of legitimacy for the IASB and its standard-setting efforts.

One limitation of this paper is that the sample selection process may not capture all quantitative and qualitative studies related to the IASB's standard-setting process. However, the selected studies cover a wide array of IFRS and consultation documents, addressing the entire standard-setting process. Therefore, I believe that these sample studies provide a comprehensive picture of the IASB's standard-setting practices and constituent participation behavior. Another limitation is that the evidence reported in the selected papers is informed by various theoretical lenses. As a result, the evidence used in this paper to answer the RQs may be incomplete. However, this limitation applies to all review papers.

## References

- Ahmed, K., Chalmers, K., & Khelif, H. (2013). A meta-analysis of IFRS adoption effects. *The International Journal of Accounting*, 48(2), 173-217. <https://doi.org/10.1016/j.intacc.2013.04.002>
- Allen, A., & Ramanna, K. (2014). Towards an understanding of the role of standard setters in standard setting. *Journal of Accounting and Economics*, 55, 66-90. <https://doi.org/10.1016/j.jacceco.2012.05.003>
- Allini, A., Aria, M., Macchioni, R., & Zagaria, C. (2018). Motivations behind users' participation in the standard-setting process: Focus on financial analysts. *Journal of Accounting and Public Policy*, 37(3), 207-225. <https://doi.org/10.1016/j.jaccpubpol.2018.04.002>
- Amel-Zadeh, A., Glaum, M., & Sellhorn, T. (2023). Empirical goodwill research: insights, issues, and implications for standard setting and future research. *European Accounting Review*, 32(2), 415-446. <https://doi.org/10.1080/09638180.2021.1983854>
- André, P., Cazavan-Jeny, A., Dick, W., Richard, C., & Walton, P. (2009). Fair value accounting and the banking crisis in 2008: Shooting the messenger. *Accounting in Europe*, 6(1), 3-24. <https://doi.org/10.1080/17449480902896346>
- Arce, M., Giner, B., & Taleb, M. A. (2023). Due process as a legitimating mechanism: Participation and responsiveness in the development of IFRS 17: Insurance contracts. *Journal of Accounting and Public Policy*, 42(6), Article 107150. <https://doi.org/10.1016/j.jaccpubpol.2023.107150>
- Bamber, M., & McMeeking, K. (2016). An examination of international accounting standard-setting due process and the implications for legitimacy. *The British Accounting Review*, 48(1), 59-73. <https://doi.org/10.1016/j.bar.2015.03.003>
- Baudot, L. (2018). On commitment toward knowledge templates in global standard setting: The case of the FASB-IASB revenue project. *Contemporary Accounting Research*, 35(2), 657-695. <https://doi.org/10.1111/1911-3846.12396>
- Bengtsson, E. (2011). Repoliticalization of accounting standard setting—The IASB, the EU and the global financial crisis. *Critical Perspectives on Accounting*, 22(6), 567-580. <https://doi.org/10.1016/j.cpa.2011.04.001>
- Beresford, D. R. (1988). The 'balancing act' in setting accounting standards. *Accounting Horizons*, 2(1), 1-7.
- Berger, P. G., & Hann, R. N. (2007). Segment profitability and the proprietary and agency costs of disclosure. *The Accounting Review*, 82(4), 869-906. <https://doi.org/10.2308/accr.2007.82.4.869>
- Bhimani, A., Bond, D., & Sivabalan, P. (2019). Does greater user representation lead to more user focused standards? An empirical investigation of IASB's approach to standard setting. *Journal of Accounting and Public Policy*, 38(2), 65-88. <https://doi.org/10.1016/j.jaccpubpol.2019.02.004>
- Botosan, C. A., & Stanford, M. (2005). Managers' motives to withhold segment disclosures and the effect of SFAS No. 131 on analysts' information environment. *The Accounting Review*, 80(3), 751-771. <https://doi.org/10.2308/accr.2005.80.3.751>
- Botzem, S. (2014). Transnational standard setting in accounting: Organizing expertise-based self-regulation in times of crises. *Accounting, Auditing & Accountability Journal*, 27(6), 933-955. <https://doi.org/10.1108/AAAJ-04-2013-1301>
- Bradbury, M. (2007). An anatomy of an IFRIC interpretation. *Accounting in Europe*, 4(2), 109-122. <https://doi.org/10.1080/17449480701727890>
- Brown, P. (2011). International Financial Reporting Standards: What are the benefits? *Accounting and Business Research*, 41(3), 269-285. <https://doi.org/10.1080/00014788.2011.569054>
- Brown, P. (2013). Some observations on research on the benefits to nations of adopting IFRS. *The Japanese Accounting Review*, 3(2013), 1-19. <https://doi.org/10.11640/tjar.3.2013.01>
- Burlaud, A., & Colasse, B. (2011). International accounting standardisation: Is politics back? *Accounting in Europe*, 8(1), 23-47. <https://doi.org/10.1080/17449480.2011.574412>

- Camfferman, K. (2015). The emergence of the ‘incurred-loss’ model for credit losses in IAS 39. *Accounting in Europe*, 12(1), 1-35. <https://doi.org/10.1080/17449480.2015.1012526>
- Camfferman, K. (2020). International accounting standard setting and geopolitics. *Accounting in Europe*, 17(3), 243-263. <https://doi.org/10.1080/17449480.2020.1795214>
- Camfferman, K., & Zeff, S. A. (2015). *Aiming for global accounting standards: The International Accounting Standards Board, 2001-2011*. Oxford University Press.
- Cascino, S., Clatworthy, M. A., García Osma, B., Gassen, J., & Imam, S. (2021). The usefulness of financial accounting information: Evidence from the field. *The Accounting Review*, 96(6), 73-102. <https://doi.org/10.2308/TAR-2019-1030>
- Chambers, R. J. (1966). *Accounting, evaluation and economic behavior*. Prentice-Hall.
- Chapple, S., Moerman, L., & Rudkin, K. (2010). IFRIC 13: Accounting for “customer loyalty programmes”. *Accounting Research Journal*, 23, 124-145. <https://doi.org/10.1108/10309611011073232>
- Chircop, J., & Kiosse, P. V. (2015). Why did preparers lobby to the IASB's pension accounting proposals? *Accounting Forum*, 39(4), 268-280. <https://doi.org/10.1016/j.accfor.2015.09.002>
- Cortese, C., & Irvine, H. (2010). Investigating international accounting standard setting: The black box of IFRS 6. *Research in Accounting Regulation*, 22(2), 87-95. <https://doi.org/10.1016/j.racreg.2010.07.003>
- Cortese, C., Irvine, H., & Kaidonis, M. (2010). Powerful players: How constituents captured the setting of IFRS 6, an accounting standard for the extractive industries. *Accounting Forum*, 34(2), 76-88. <https://doi.org/10.1016/j.accfor.2008.11.003>
- Crawford, L., Ferguson, J., Helliard, C., & Power, D. (2014). Control over accounting standards within the European Union: The political controversy surrounding the adoption of IFRS 8. *Critical Perspectives on Accounting*, 25(4-5), 304-318. <https://doi.org/10.1016/j.cpa.2013.03.001>
- Crawford, L., Helliard, C., & Power, D. (2016). The temporal nature of legitimation: the case of IFRS8. *Accounting in Europe*, 13(1), 43-64. <https://doi.org/10.1080/17449480.2016.1160136>
- d'Arcy, A., & Tarca, A. (2018). Reviewing IFRS goodwill accounting research: Implementation effects and cross-country differences. *The International Journal of Accounting*, 53(3), 203-226. <https://doi.org/10.1016/j.intacc.2018.07.004>
- Dennis, I. (2014). *The nature of accounting regulation*. Routledge. <https://doi.org/10.4324/9780203796030>
- Devi, S., & Samujh, H. (2015). The political economy of convergence: the case of IFRS for SMEs. *Australian Accounting Review*, 25(2), 124-138. <https://doi.org/10.1111/auar.12048>
- Di Fabio, C. (2020). The use of public interest arguments in the European Accounting field. *Accounting in Europe*, 17(3), 334-366. <https://doi.org/10.1080/17449480.2020.1841904>
- Doupnik, T., & Perera, H. (2015). *International accounting* (Fourth ed.). McGraw Hill Education.
- Doupnik, T., & Salter, S. (1993). An empirical test of a judgemental international classification of financial reporting practices. *Journal of International Business Studies*, 24, 41-60.
- Downs, A. (1957). *An Economic theory of democracy*. Harper & Row.
- Durocher, S., & Fortin, A. (2021). Financial statement users’ institutional logic. *Journal of Accounting and Public Policy*, 40(2), Article 106819, Article 106819. <https://doi.org/10.1016/j.jaccpubpol.2021.106819>
- Durocher, S., Fortin, A., Allini, A., & Zagaria, C. (2019). Users’ legitimacy perceptions about standard-setting processes. *Accounting and Business Research*, 49(2), 206-243. <https://doi.org/10.1080/00014788.2018.1526664>
- Durocher, S., & Gendron, Y. (2014). Epistemic commitment and cognitive disunity toward fair-value accounting. *Accounting and Business Research*, 44(6), 630-655. <https://doi.org/10.1080/00014788.2014.938012>
- Durocher, S., & Georgiou, O. (2022). Framing accounting for goodwill: Intractable controversies between users and standard setters. *Critical Perspectives on Accounting*, 89, Article 102357, Article 102357. <https://doi.org/10.1016/j.cpa.2021.102357>

- Edwards, P., & Smith, R. A. (1996). Competitive disadvantage and voluntary disclosures: The case of segmental reporting. *British Accounting Review*, 28, 155-172. <https://doi.org/10.1006/bare.1996.0012>
- Ellis, J. A., Fee, C. E., & Thomas, S. E. (2012). Proprietary costs and the disclosure of information about customers. *Journal of Accounting Research*, 50(3), 685-727. <https://doi.org/10.1111/j.1475-679X.2012.00441.x>
- Erb, C., & Pelger, C. (2015). "Twisting words"? A study of the construction and reconstruction of reliability in financial reporting standard-setting. *Accounting, Organizations and Society*, 40, 13-40. <https://doi.org/10.1016/j.aos.2014.11.001>
- European Financial Reporting Advisory Group, French Autorité des Normes Comptables, Accounting Standards Committee of Germany, Organismo Italiano di Contabilità, & UK Financial Reporting Council. (2013a). *Getting a Better Framework: Accountability and the Objective of Financial Reporting*. <https://www.efrag.org/sites/default/files/2023-11/Bulletin%20Getting%20a%20Better%20Framework%20-%20Accountability%20and%20the%20Objective%20of%20Financial%20Reporting.pdf>
- European Financial Reporting Advisory Group, French Autorité des Normes Comptables, Accounting Standards Committee of Germany, Organismo Italiano di Contabilità, & UK Financial Reporting Council. (2013b). *Getting a Better Framework: Prudence*. <https://www.efrag.org/sites/default/files/2023-11/Bulletin%20Prudence.pdf>
- European Financial Reporting Advisory Group, French Autorité des Normes Comptables, Accounting Standards Committee of Germany, Organismo Italiano di Contabilità, & UK Financial Reporting Council. (2013c). *Getting a Better Framework: Reliability of Financial Information*. <https://www.efrag.org/sites/default/files/2023-11/Bulletin%20Getting%20a%20Better%20Framework%20-%20Reliability%20of%20Financial%20Information.pdf>
- Financial Crisis Advisory Group. (2009). *Report of the Financial Crisis Advisory Group*. <https://www.ifrs.org/content/dam/ifrs/groups/fcag/report-of-the-fcag.pdf>
- Financial Stability Forum. (2008). *Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience*. [https://www.fsb.org/wp-content/uploads/r\\_0804.pdf](https://www.fsb.org/wp-content/uploads/r_0804.pdf)
- Flyvbjerg, B. (1998). *Rationality and power: Democracy in practice*. University of Chicago Press.
- Gallhofer, S., & Haslam, J. (2007). Exploring social, political and economic dimensions of accounting in the global context: The International Accounting Standards Board and accounting disaggregation. *Socio-Economic Review*, 5(4), 633-664. <https://doi.org/10.1093/ser/mwm012>
- Georgiou, G. (2010). The IASB standard-setting process: Participation and perceptions of financial statement users. *The British Accounting Review*, 42(2), 103-118. <https://doi.org/10.1016/j.bar.2010.02.003>
- Georgiou, O. (2018). The worth of fair value accounting: Dissonance between users and standard setters. *Contemporary Accounting Research*, 35(3), 1297-1331. <https://doi.org/10.1111/1911-3846.12342>
- Gerboth, D. L. (1973). Research, intuition, and politics in accounting inquiry. *The Accounting Review*, 48(3), 475-482.
- Giner, B., & Arce, M. (2012). Lobbying on accounting standards: Evidence from IFRS 2 on share-based payments. *European Accounting Review*, 21(4), 655-691. <https://doi.org/10.1080/09638180.2012.701796>
- Gipper, B., Lombardi, B. J., & Skinner, D. J. (2013). The politics of accounting standard-setting: A review of empirical research. *Australian Journal of Management*, 38(3), 523-551. <https://doi.org/10.1177/0312896213510713>
- Godfrey, J. M., Hodgson, A., Tarca, A., Hamilton, J., & Holmes, S. (2010). *Accounting theory* (7 ed.). Wiley & Sons.
- Habib, A., & Hasan, M. M. (2019). Corporate life cycle research in accounting, finance and corporate governance: A survey, and directions for future research. *International Review of Financial Analysis*, 61, 188-201. <https://doi.org/10.1016/j.irfa.2018.12.004>

- Hansen, T. B. (2011). Lobbying of the IASB: An empirical investigation. *Journal of International Accounting Research*, 10(2), 57-75. <https://doi.org/10.2308/jiar-10078>
- Hashim, N., Li, W., & O'Hanlon, J. (2019). Reflections on the development of the FASB's and IASB's expected-loss methods of accounting for credit losses. *Accounting and Business Research*, 49(6), 682-725. <https://doi.org/10.1080/00014788.2018.1526665>
- Hashim, N., Li, W., & O'Hanlon, J. (2022). The development of expected-loss methods of accounting for credit losses: A review with analysis of comment letters. *Accounting Horizons*, 36(3), 71-102. <https://doi.org/10.2308/HORIZONS-19-117>
- Hewa, S. I., Mala, R., & Chen, J. (2020). IASB's independence in the due process: An examination of interest groups' influence on the development of IFRS 9. *Accounting & Finance*, 60(3), 2585-2615. <https://doi.org/10.1111/acfi.12426>
- Himick, D., & Brivot, M. (2018). Carriers of ideas in accounting standard-setting and financialization: The role of epistemic communities. *Accounting, Organizations and Society*, 66, 29-44. <https://doi.org/10.1016/j.aos.2017.12.003>
- Hoffmann, S. (2025). The role and power of technical staff in international accounting standard setting. *Journal of International Accounting, Auditing and Taxation*, 58, Article 100671.
- Holder, A. D., Karim, K. E., Lin, K. J., & Woods, M. (2013). A content analysis of the comment letters to the FASB and IASB: Accounting for contingencies. *Advances in Accounting*, 29(1), 134-153. <https://doi.org/10.1016/j.adiac.2013.03.005>
- Howieson, B. (2009). Agenda formation and accounting standards setting: Lessons from the standards setters. *Accounting & Finance*, 49(3), 577-598. <https://doi.org/10.1111/j.1467-629X.2009.00299.x>
- Howieson, B. (2017). The phoenix rises: The Australian Accounting Standards Board and IFRS adoption. *Journal of International Accounting Research*, 16(2), 127-154. <https://doi.org/10.2308/jiar-51825>
- IASC Foundation (IASCF). (2001). IASC Constitution *IASC Standards 2001*.
- IASCF. (2005). IASC Foundation Constitution *Issued Standards 2005*.
- IASCF. (2009). IASC Foundation Constitution *Issued Standards 2009*.
- IFRS Foundation (IFRSF). (2011). IFRS Foundation Constitution *Issued Standards 2011*.
- IFRSF. (2014). IFRS Foundation Constitution *Issued Standards 2014*.
- IFRSF. (2016a). *Annual Report 2016*. <https://www.ifrs.org/about-us/who-we-are/#annual-reports>
- IFRSF. (2016b). *IFRS Foundation Constitution*. [https://www.iosco.org/about/monitoring\\_board/pdf/IFRS-Foundation-Constitution-December-2016.pdf](https://www.iosco.org/about/monitoring_board/pdf/IFRS-Foundation-Constitution-December-2016.pdf)
- IFRSF. (2020a). *Due Process Handbook Issued Standards 2020*.
- IFRSF. (2020b). IFRS Foundation Constitution *Issued Standards 2000*.
- IFRSF. (2021). *Annual Report 2021*. <https://www.ifrs.org/about-us/who-we-are/#annual-report>
- Ijiri, Y. (1975). *Theory of accounting measurement*. American Accounting Association.
- International Accounting Standards Board. (2008). International Accounting Standard 1 Presentation of Financial Statements *Issued Standards 2008*. IASCF.
- International Accounting Standards Board. (2011). The Conceptual Framework for Financial Reporting *Issued Standards 2011*. IFRSF.
- International Accounting Standards Board. (2016). Basis for Conclusions IFRS 16 Leases *Issued Standards 2016*. IFRSF.
- International Accounting Standards Board. (2018a). Basis for Conclusions on IFRS 15 Revenue from Contracts with Customers *Issued Standards 2018*. IFRS Foundation.
- International Accounting Standards Board. (2018b). *Conceptual Framework for Financial Reporting*. IFRSF. <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2021/issued/part-a/conceptual-framework-for-financial-reporting.pdf>
- International Accounting Standards Board. (2019). *Exposure Draft ED/2019/7 General Presentation and Disclosures*. <https://www.ifrs.org/content/dam/ifrs/project/primary-financial-statements/exposure-draft/ed-general-presentation-disclosures.pdf>

- International Accounting Standards Board. (2023). IAS 37 Provisions, Contingent Liabilities and Contingent Assets *Issued Standards 2023*. IFRSF.
- International Accounting Standards Board. (2025). IFRS 18 Presentation and Disclosure in Financial Statements *Issued Standards 2025*. IFRSF.
- Isidro, H., & Raonic, I. (2012). Firm incentives, institutional complexity and the quality of “harmonized” accounting numbers. *The International Journal of Accounting*, 47(4), 407-436. <https://doi.org/10.1016/j.intacc.2012.10.007>
- Jorissen, A., Lybaert, N., Orens, R., & Van Der Tas, L. (2012). Formal participation in the IASB's due process of standard setting: a multi-issue/multi-period analysis. *European Accounting Review*, 21(4), 693-729. <https://doi.org/10.1080/09638180.2010.522775>
- Jorissen, A., Lybaert, N., Orens, R., & Van der Tas, L. (2013). A geographic analysis of constituents' formal participation in the process of international accounting standard setting: Do we have a level playing field? *Journal of Accounting and Public Policy*, 32(4), 237-270. <https://doi.org/10.1016/j.jaccpubpol.2013.04.005>
- Kabir, H., & Rahman, A. (2018). How Does the IASB Use the Conceptual Framework in Developing IFRSs? An Examination of the Development of IFRS 16 Leases. *Journal of Financial Reporting*, 3(1), 93-116. <https://doi.org/10.2308/jfir-52232>
- Klein, M., & Fülbier, R. U. (2019). Inside the black box of IASB standard setting: Evidence from board meeting audio playbacks on the amendment of IAS 19 (2011). *Accounting in Europe*, 16(1), 1-43. <https://doi.org/10.1080/17449480.2018.1501502>
- Kohler, H., Pochet, C., & Le Manh, A. (2021). Auditors as intermediaries in the endogenization of an accounting standard: The case of IFRS 15 within the telecom industry. *Accounting, Organizations and Society*, 91, Article 101227. <https://doi.org/10.1016/j.aos.2021.101227>
- Kosi, U., & Reither, A. (2014). Determinants of corporate participation in the IFRS 4 (insurance contracts) replacement process. *Accounting in Europe*, 11(1), 89-112. <https://doi.org/10.1080/17449480.2014.897459>
- Kusano, M., & Sanada, M. (2019). Crisis and organizational change: IASB's response to the financial crisis. *Journal of Accounting & Organizational Change*, 15(2), 278-301. <https://doi.org/10.1108/JAOC-02-2018-0019>
- Kvaal, E., & Nobes, C. (2012). IFRS policy changes and the continuation of national patterns of IFRS practice. *European Accounting Review*, 21(2), 343-371. <https://doi.org/10.1080/09638180.2011.611236>
- Larson, R. (2007). Constituent participation and the IASB's International Financial Reporting Interpretations Committee. *Accounting in Europe*, 4(2), 207-254. <https://doi.org/10.1080/17449480701727981>
- Larson, R., & Herz, P. (2013). A multi-issue/multi-period analysis of the geographic diversity of IASB comment letter participation. *Accounting in Europe*, 10(1), 99-151. <https://doi.org/10.1080/17449480.2013.772716>
- Larson, R., & Kenny, S. (2011). The financing of the IASB: An analysis of donor diversity. *Journal of International Accounting, Auditing and Taxation*, 20(1), 1-19. <https://doi.org/10.1016/j.intaccaudtax.2010.12.003>
- Larson, R., Myring, M., & Orens, R. (2022). US comment letter writing to the IASB and evolving SEC views on the use of IFRS. *Accounting in Europe*, 19(2), 1-32. <https://doi.org/10.1080/17449480.2022.2046281>
- Lennard, A. (2007). Stewardship and the objectives of financial statements: A comment on IASB's preliminary views on an improved conceptual framework for financial reporting: The objective of financial reporting and qualitative characteristics of decision-useful financial reporting information. *Accounting in Europe*, 4(1), 51-66. <https://doi.org/10.1080/17449480701308774>
- Luthardt, U., & Zimmermann, J. (2009). A European view on the legitimacy of accounting procedures: Towards a deliberative-accountability framework for analysis. *Research in Accounting Regulation*, 21(2), 79-88. <https://doi.org/10.1016/j.racreg.2009.06.001>

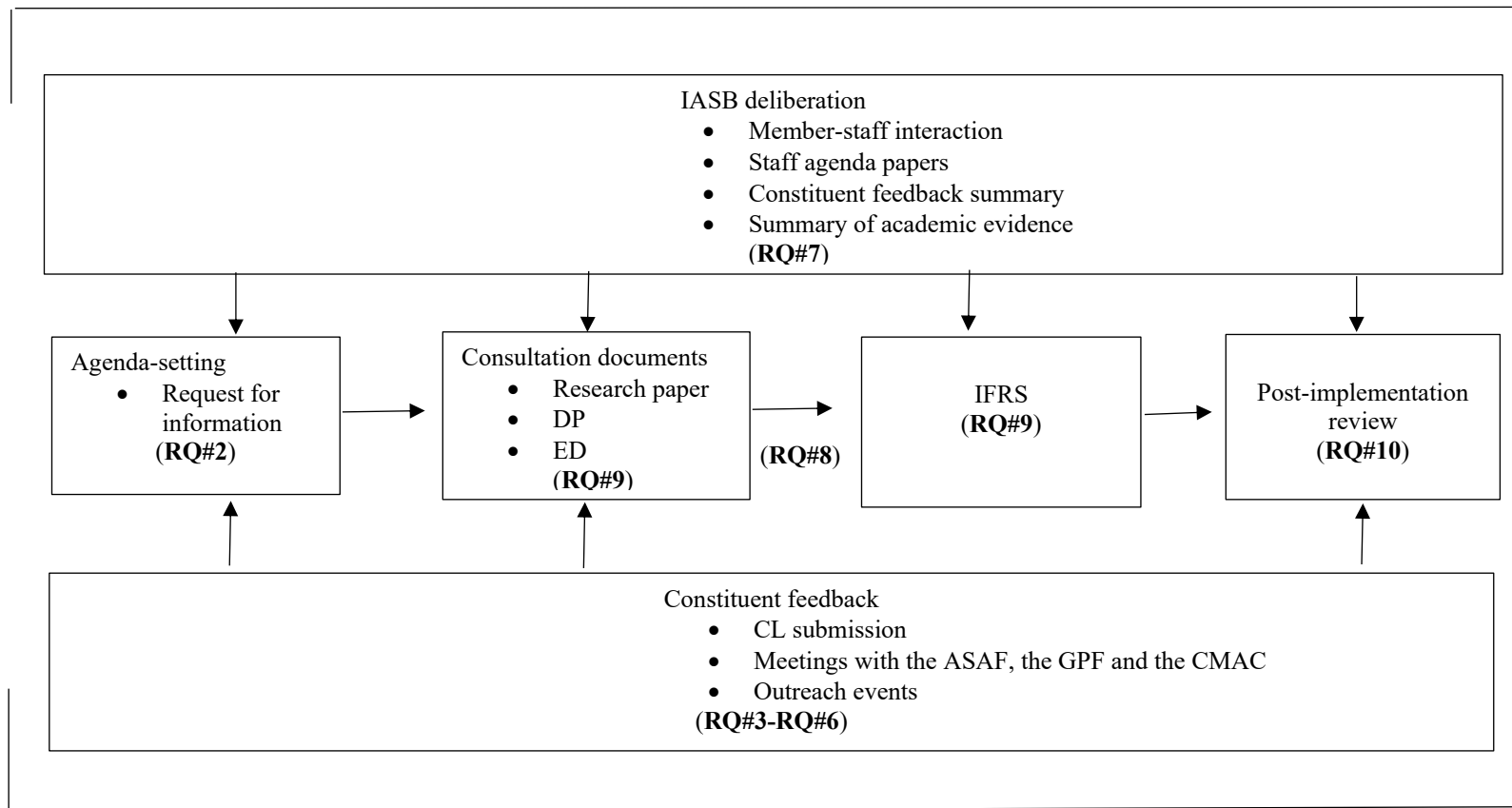
- Mattli, W., & Büthe, T. (2005). Global private governance: Lessons from a national model of setting standards in accounting. *Law and Contemporary Problems*, 68(3/4), 225-262.
- Maystadt, P. (2013). *Should IFRS Standards be More "European"?* <https://www.cnmv.es/webservices/verdocumento/ver?e=mY1PoP7XXIGe0FNd3h%2BMcq5dehIxSu4zahhfYaOkxql%2F%2BXFbzz6QA%2BQJn4fn3Rdg>
- Mellado, L., & Parte, L. (2017). Determinants of corporate lobbying intensity in the lease standard-setting process. *Spanish Accounting Review*, 20(2), 131-142. <https://doi.org/10.1016/j.rcsar.2016.09.001>
- Moldovan, R. (2014). Post-implementation reviews for IASB and FASB standards: A comparison of the process and findings for the operating segments standards. *Accounting in Europe*, 11(1), 113-137. <https://doi.org/10.1080/17449480.2014.901588>
- Morley, J. (2016). Internal lobbying at the IASB. *Journal of Accounting and Public Policy*, 35(3), 224-255. <https://doi.org/10.1016/j.jaccpubpol.2015.12.003>
- Moscariello, N., & Pizzo, M. (2021). Practical expedients and theoretical flaws: the IASB's legitimacy strategy during the COVID-19 pandemic. *Accounting, Auditing & Accountability Journal*, 35(1), 158-168. <https://doi.org/10.1108/AAAJ-08-2020-4876>
- Nobes, C. (1998). Towards a general model of the reasons for international differences in financial reporting. *Abacus*, 34(2), 162-187. <https://doi.org/10.1111/1467-6281.00028>
- Nobes, C. (2011). IFRS practices and the persistence of accounting system classification. *Abacus*, 47(3), 267-283. <https://doi.org/10.1111/j.1467-6281.2011.00341.x>
- Nobes, C. (2013). The continued survival of international differences under IFRS. *Accounting and Business Research*, 43(2), 83-111. <https://doi.org/10.1080/00014788.2013.770644>
- Okamoto, N. (2017). Norm entrepreneur lobbying and persuasion: A case study involving the IASB's modification of an exposure draft. *Research in Accounting Regulation*, 29(2), 129-138. <https://doi.org/10.1016/j.racreg.2017.09.004>
- Orens, R., Jorissen, A., Lybaert, N., & Van Der Tas, L. (2011). Corporate lobbying in private accounting standard setting: does the IASB have to reckon with national differences? *Accounting in Europe*, 8(2), 211-234. <https://doi.org/10.1080/17449480.2011.621672>
- Orthaus, S., & Rugilo, D. (2023). Revisiting constituents' reflections on the incorporation of day-one losses into IFRS 9. *Accounting in Europe*, 93-119. <https://doi.org/10.1080/17449480.2022.2130703>
- Pelger, C. (2016). Practices of standard-setting—An analysis of the IASB's and FASB's process of identifying the objective of financial reporting. *Accounting, Organizations and Society*, 50, 51-73. <https://doi.org/10.1016/j.aos.2015.10.001>
- Pelger, C. (2019). The return of stewardship, reliability and prudence—A commentary on the IASB's new conceptual framework. *Accounting in Europe*, 1-19. <https://doi.org/10.1080/17449480.2019.1645960>
- Pelger, C., & Spiess, N. (2017). On the IASB's construction of legitimacy—The case of the agenda consultation project. *Accounting and Business Research*, 47(1), 64-90. <https://doi.org/10.1080/00014788.2016.1198684>
- Perry, J., & Nölke, A. (2005). International accounting standard setting: A network approach. *Business and Politics*, 7(3), 1-32. <https://doi.org/10.2202/1469-3569.1136>
- Perry, J., & Nölke, A. (2006). The political economy of international accounting standards. *Review of International Political Economy*, 13(4), 559-586. <https://doi.org/10.1080/09692290600839790>
- Pope, P. F., & McLeay, S. J. (2011). The European IFRS experiment: Objectives, research challenges and some early evidence. *Accounting and Business Research*, 41(3), 233-266. <https://doi.org/10.1080/00014788.2011.575002>
- Posner, R. A. (1974). Theories of economic regulation. *Bell Journal of Economics and Management Science*, 5(2), 335-358. <https://doi.org/10.3386/w0041>
- Pro-Active Accounting Activities in Europe. (2007). *Stewardship/Accountability as an Objective of Financial Reporting: A Comment on the IASB/FASB Conceptual Framework Project*. <https://efrag->

[website.azurewebsites.net/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2F070823%2520%2520PAAinE%2520Stewardship%2520paper%2520final%2520version.pdf&AspxAutoDetectCookieSupport=1](https://www.azurewebsites.net/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2F070823%2520%2520PAAinE%2520Stewardship%2520paper%2520final%2520version.pdf&AspxAutoDetectCookieSupport=1)

- Pucci, R., & Skærbæk, P. (2020). The co-performance of financial economics in accounting standard-setting: A study of the translation of the expected credit loss model in IFRS 9. *Accounting, Organizations and Society*, 81, Article 101076. <https://doi.org/10.1016/j.aos.2019.101076>
- Puro, M. (1984). Audit firm lobbying before the Financial Accounting Standards Board: An empirical study. *Journal of Accounting Research*, 22(2), 624-646. <https://doi.org/10.2307/2490668>
- Ram, R., & Newberry, S. (2013). IFRS for SMEs: the IASB's due process. *Australian Accounting Review*, 23(1), 3-17. <https://doi.org/10.1111/j.1835-2561.2012.00174.x>
- Ram, R., & Newberry, S. (2017). Agenda entrance complexity in international accounting standard setting: The case of IFRS for SMEs. *Abacus*, 53(4), 485-512. <https://doi.org/10.1111/abac.12122>
- Ramanna, K. (2008). The implications of unverifiable fair-value accounting: Evidence from the political economy of goodwill accounting. *Journal of Accounting and Economics*, 45(2-3), 253-281. <https://doi.org/10.1016/j.jacceco.2007.11.006>
- Ramanna, K. (2015). *Political standards: Corporate interest, ideology, and leadership in the shaping of accounting rules for the market economy*. University of Chicago Press.
- Ramassa, P., & Leoni, G. (2022). Standard setting in times of technological change: Accounting for cryptocurrency holdings. *Accounting, Auditing & Accountability Journal*, 35(7), 1598-1624. <https://doi.org/10.1108/AAAJ-10-2020-4968>
- Rey, A., Maglio, R., & Rapone, V. (2020). Lobbying during IASB and FASB convergence due processes: Evidence from the IFRS 16 project on leases. *Journal of International Accounting, Auditing and Taxation*, 41(December), Article 100348. <https://doi.org/10.1016/j.intaccudtax.2020.100348>
- Richardson, A. J., & Eberlein, B. (2011). Legitimizing transnational standard-setting: The case of the International Accounting Standards Board. *Journal of Business Ethics*, 98(2), 217-245. <https://doi.org/10.1007/s10551-010-0543-9>
- Sanada, M. (2020). Legitimacy of private accounting standard setters: Literature review and suggestions for future research. *Accounting in Europe*, 17(3), 264-302. <https://doi.org/10.1080/17449480.2020.1837889>
- Shields, K., Clacher, I., & Zhang, Q. (2019). Negative tone in lobbying the international accounting standards board. *The International Journal of Accounting*, 54(03), 1950010. <https://doi.org/10.1142/S1094406019500100>
- Soderstrom, N. S., & Sun, K. J. (2007). IFRS adoption and accounting quality: A review. *European Accounting Review*, 16(4), 675-702. <https://doi.org/10.1080/09638180701706732>
- Stenka, R. (2022). Beyond intentionality in accounting regulation: Habitual strategizing by the IASB. *Critical Perspectives on Accounting*, 88, Article 102294. <https://doi.org/10.1016/j.cpa.2021.102294>
- Stenka, R., & Jaworska, S. (2019). The use of made-up users. *Accounting, Organizations and Society*, 78, Article 101055. <https://doi.org/10.1016/j.aos.2019.07.001>
- Street, D. L. (2006). The G4's role in the evolution of the international accounting standard setting process and partnership with the IASB. *Journal of International Accounting, Auditing and Taxation*, 15(1), 109-126. <https://doi.org/10.1016/j.intaccudtax.2006.01.007>
- Street, D. L. (2014). An interview with Sir David Tweedie: Reflections on ten years as the IASB's first chair. *Journal of International Financial Management and Accounting*, 25(3), 305-327. <https://doi.org/10.1111/jifm.12019>
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571-610. <https://doi.org/10.5465/amr.1995.9508080331>
- Sunder, S. (2011). IFRS monopoly: The pied piper of financial reporting. *Accounting and Business Research*, 41(3), 291-306. <https://doi.org/10.1080/00014788.2011.569055>

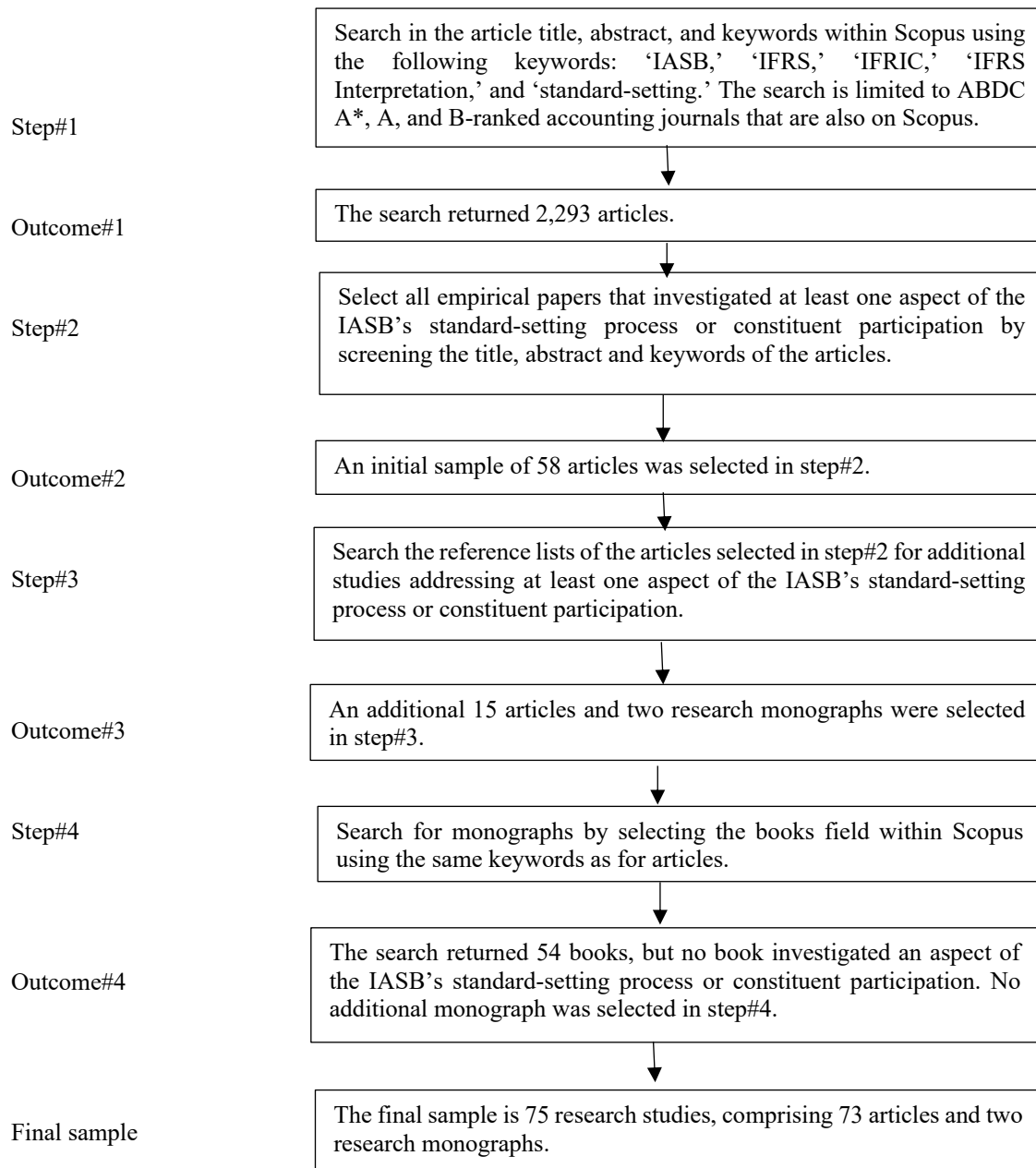
- Sutton, T. G. (1984). Lobbying of accounting standard-setting bodies in the UK and the USA: A Downsian analysis. *Accounting, Organizations and Society*, 9(1), 81-95. [https://doi.org/10.1016/0361-3682\(84\)90031-X](https://doi.org/10.1016/0361-3682(84)90031-X)
- Troshani, I., Locke, J., & Rowbottom, N. (2019). Transformation of accounting through digital standardisation: Tracing the construction of the IFRS taxonomy. *Accounting, Auditing & Accountability Journal*, 32(1), 133-162. <https://doi.org/10.1108/AAAJ-11-2016-2794>
- Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat.746 Stat. (2002). <https://www.congress.gov/bill/107th-congress/house-bill/3763/text>
- United States Securities and Exchange Commission (US SEC). (2000). *SEC Concept Release: International Accounting Standards*. <https://iasplus.com/content/d30246fd-70d1-4464-9c48-39b9c165db1f>
- US SEC. (2007). *Acceptance from Foreign Private Issuers of Financial Statements Prepared in Accordance With International Financial Reporting Standards without Reconciliation to U.S. GAAP* <https://www.sec.gov/rules/final/2007/33-8879.pdf>
- US SEC. (2008). *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers*. <https://www.sec.gov/files/rules/proposed/2008/33-8982.pdf>
- Véron, N. (2007). *The global accounting experiment* (Vol. 2). Bruegel.
- Walton, P. (2004). IAS 39: Where different accounting models collide. *Accounting in Europe*, 1(1), 5-16. <https://doi.org/10.1080/0963818042000262711>
- Walton, P. (2020). Accounting and politics in Europe: Influencing the standard. *Accounting in Europe*, 17(3), 303-313. <https://doi.org/10.1080/17449480.2020.1714065>
- Warren, R. (2023). Maintaining and extending hegemony: The politics of accounting standard setting. *Critical Perspectives on Accounting*, Article 102686. <https://doi.org/10.1016/j.cpa.2023.102686>
- Warren, R., Carter, D. B., & Napier, C. J. (2020). Opening up the politics of standard setting through discourse theory: the case of IFRS for SMEs. *Accounting, Auditing & Accountability Journal*, 33(1), 124-152. <https://doi.org/10.1108/AAAJ-04-2018-3464>
- Watts, R. L., & Zimmerman, J. L. (1978). Towards a positive theory of the determination of accounting standards. *The Accounting Review*, LIII(1), 112-134.
- Watts, R. L., & Zimmerman, J. L. (1979). The demand for and supply of accounting theories: the market for excuses. *The Accounting review*, 54(2), 273-305.
- Watts, R. L., & Zimmerman, J. L. (1986). *Positive accounting theory*. Prentice-Hall.
- Whittington, G. (2005). The adoption of international accounting standards in the European Union. *European Accounting Review*, 14(1), 127-153. <https://doi.org/10.1080/0963818042000338022>
- Whittington, G. (2008a). Fair value and the IASB/FASB conceptual framework project: an alternative view. *Abacus*, 44(2), 139-168. <https://doi.org/10.1111/j.1467-6281.2008.00255.x>
- Whittington, G. (2008b). Harmonisation or discord? The critical role of the IASB conceptual framework review. *Journal of Accounting and Public Policy*, 27(6), 495-502. <https://doi.org/10.1016/j.jaccpubpol.2008.09.006>
- Wingard, C., Bosman, J., & Amisi, B. (2016). The legitimacy of IFRS: An assessment of the influences on the due process of standard-setting. *Meditari Accountancy Research*, 24(1), 134-156. <https://doi.org/10.1108/MEDAR-02-2014-0032>
- Young, J. J. (2006). Making up users. *Accounting, Organizations and Society*, 31(6), 579-600. <https://doi.org/10.1016/j.aos.2005.12.005>
- Zeff, S. A. (1978). The rise of "economic consequences". *The Journal of Accountancy*(December), 56-63.
- Zeff, S. A. (2002). "Political" lobbying on proposed standards: A challenge to the IASB. *Accounting Horizons*, 16(1), 43-54. <https://doi.org/10.2308/acch.2002.16.1.43>

The IASB Conceptual Framework



The IASB's governance, due process, and funding structure (RQ#1)

Fig. 1. The IASB's standard-setting process and the location of the RQs within the process: A simplified representation



**Fig. 2.** The sample selection process

**Table 1**

## Sample studies

## Panel A: Sample studies by journals and monographs

Journals and monographs	Number of studies (ABDC ranking)	Sample studies	
		Qualitative studies	Quantitative studies
Accounting in Europe	15 (A)	(André et al., 2009; Bradbury, 2007; Burlaud & Colasse, 2011; Camfferman, 2015; Crawford et al., 2016; Di Fabio, 2020; Klein & Fülbier, 2019; Moldovan, 2014; Orthaus & Rugilo, 2023; Walton, 2004)	(Kosi & Reither, 2014; Larson, 2007; Larson & Herz, 2013; Larson et al., 2022; Orens et al., 2011)
Journal of Accounting and Public Policy	6 (A)	(Bhimani et al., 2019; Morley, 2016)	(Allini et al., 2018; Arce et al., 2023; Durocher & Fortin, 2021; Jorissen et al., 2013)
Accounting, Auditing & Accountability Journal	5 (A*)	(Botzem, 2014; Moscarillo & Pizzo, 2021; Ramassa & Leoni, 2022; Troshani et al., 2019; Warren et al., 2020)	
Accounting, Organizations and Society	5 (A*)	(Erb & Pelger, 2015; Kohler et al., 2021; Pelger, 2016; Pucci & Skærbæk, 2020; Stenka & Jaworska, 2019)	
Critical Perspectives on Accounting	5 (A)	(Bengtsson, 2011; Crawford et al., 2014; Durocher & Georgiou, 2022; Stenka, 2022; Warren, 2023)	
Accounting and Business Research	3 (A)	(Hashim et al., 2019; Pelger & Spiess, 2017)	(Durocher et al., 2019)
European Accounting Review	3 (A*)	(Whittington, 2005)	(Giner & Arce, 2012; Jorissen et al., 2012)
Journal of International Accounting, Auditing and Taxation	3 (B)	(Street, 2006)	(Larson & Kenny, 2011; Rey et al., 2020)
Accounting & Finance	2 (A)	(Howieson, 2009)	(Hewa et al., 2020)
Accounting Forum	2 (B)	(Cortese et al., 2010)	(Chircop & Kiosse, 2015)
Accounting Horizons	2 (A)	(Zeff, 2002)	(Hashim et al., 2022)
Australian Accounting Review	2 (B)	(Devi & Samujh, 2015; Ram & Newberry, 2013)	
Contemporary Accounting Research	2 (A*)	(Baudot, 2018; Georgiou, 2018)	
Journal of International Accounting Research	2 (A)	(Howieson, 2017)	(Hansen, 2011)
Research in Accounting Regulation	2 (B)	(Cortese & Irvine, 2010; Okamoto, 2017)	
Research monograph	2 (NL)	(Camfferman & Zeff, 2015; Véron, 2007)	
The British Accounting Review	2 (A*)		(Bamber & McMeeking, 2016; Georgiou, 2010)
Abacus	1 (A)	(Ram & Newberry, 2017)	
Accounting Research Journal	1 (B)	(Chapple et al., 2010)	
Advances in Accounting Business and Politics	1 (A)		(Holder et al., 2013)
	1 (A)	(Perry & Noëlke, 2005)	

Journal of Accounting & Organizational Change	1 (B)	(Kusano & Sanada, 2019)	
Journal of Business Ethics	1 (A)	(Richardson & Eberlein, 2011)	
Journal of Financial Reporting	1 (A)	(Kabir & Rahman, 2018)	
Law and Contemporary Problems	1 (NL)	(Mattli & Büthe, 2005)	
Meditari Accounting Research	1 (A)	(Wingard et al., 2016)	
Socio-Economic Review	1 (A)	(Gallhofer & Haslam, 2007)	
Spanish Accounting Review	1 (B)		(Mellado & Parte, 2017)
The International Journal of Accounting	1 (A)		(Shields et al., 2019)
Total number of studies	75		

Panel B: Sample studies by publication year

Publication year	Number of studies
2002	1
2004	1
2005	3
2006	1
2007	4
2009	2
2010	4
2011	6
2012	3
2013	3
2014	4
2015	5
2016	4
2017	5
2018	4
2019	8
2020	5
2021	2
2022	6
2023	4
Total	75

Panel C: Citations of sample studies on 4 January 2024

Statistics	Citations
Mean	79.05
Median	40
Min	0
Max	432

Panel D: IFRS covered in the studies

IFRS	Number of studies	Sample studies
Conceptual Framework	2	(Erb & Pelger, 2015; Pelger, 2016)
IAS 19	2	(Chircop & Kiosse, 2015; Klein & Fülbier, 2019)
IAS 37	2	(Holder et al., 2013; Morley, 2016)
IAS 39	4	(André et al., 2009; Burlaud & Colasse, 2011; Camfferman, 2015; Walton, 2004)
IFRS 2	2	(Giner & Arce, 2012; Zeff, 2002)
IFRS 4	1	(Kosi & Reither, 2014)

IFRS 6	2	(Cortese & Irvine, 2010; Cortese et al., 2010)
IFRS 7	1	(Bamber & McMeeking, 2016)
IFRS 8	3	(Crawford et al., 2014; Crawford et al., 2016; Moldovan, 2014)
IFRS 9	6	(Hashim et al., 2019, 2022; Hewa et al., 2020; Okamoto, 2017; Orthaus & Rugilo, 2023; Pucci & Skærbæk, 2020)
IFRS 15	2	(Baudot, 2018; Kohler et al., 2021)
IFRS 16	5	(Durocher & Fortin, 2021; Kabir & Rahman, 2018; Mellado & Parte, 2017; Moscardiello & Pizzo, 2021; Rey et al., 2020)
IFRS 17	1	(Arce et al., 2023)
IFRIC 13	1	(Chapple et al., 2010)
IFRS for SMEs	5	(Devi & Samujh, 2015; Ram & Newberry, 2013, 2017; Warren, 2023; Warren et al., 2020)
IFRS Taxonomy	1	(Troshani et al., 2019)
Multiple IFRS	15	(Bengtsson, 2011; Bradbury, 2007; Durocher & Georgiou, 2022; Gallhofer & Haslam, 2007; Hansen, 2011; Jorissen et al., 2012, 2013; Larson, 2007; Larson & Herz, 2013; Larson et al., 2022; Shields et al., 2019; Stenka, 2022; Stenka & Jaworska, 2019; Whittington, 2005; Wingard et al., 2016);
Other (agenda-setting, due process, governance, & surveys)	20	(Allini et al., 2018; Bhimani et al., 2019; Botzem, 2014; Camfferman & Zeff, 2015; Di Fabio, 2020; Durocher et al., 2019; Georgiou, 2010; Georgiou, 2018; Howieson, 2009, 2017; Kusano & Sanada, 2019; Larson & Kenny, 2011; Mattli & Büthe, 2005; Orens et al., 2011; Pelger & Spiess, 2017; Perry & Nöelke, 2005; Ramassa & Leoni, 2022; Richardson & Eberlein, 2011; Street, 2006; Véron, 2007)
Total	75	

Panel E: Theoretical lenses used in the standard-setting literature

Theoretical lens*	Number (%) of sample studies
Legitimacy theory	20 (27%)
Private interest theory	11 (15%)
Sutton (1984)	9 (12%)
Institutional theory	6 (8%)
Capture theory	5 (7%)
Actor network theory	2 (3%)
Discourse theory	2 (3%)
Other theories	15 (20%)
Not mentioned explicitly	10 (13%)

Notes: \*Some studies used multiple theoretical lenses. Therefore, the total number in Panel E exceeds the sample size of 75. Other theories included the regulatory space theory, the concept of dissonance, the social identity theory, the regulator-intermediate-target model, the concept of norm entrepreneur, the framing theory, the Flyvbjerg (1998) model on rationality and power, and the concept of epistemic commitment.

**Table 2**

Sample studies according to the issues investigated

Section number	Issues (RQ#)	Number of studies	Sample studies
1	IASBs' governance and due process (RQ#1)	18	(Bengtsson, 2011; Bhimani et al., 2019; Botzem, 2014; Bradbury, 2007; Burlaud & Colasse, 2011; Camfferman & Zeff, 2015; Gallhofer & Haslam, 2007; Howieson, 2017; Kusano & Sanada, 2019; Larson & Kenny, 2011; Mattli & Bütthe, 2005; Perry & Noëlke, 2005; Richardson & Eberlein, 2011; Street, 2006; Véron, 2007; Walton, 2004; Whittington, 2005; Wingard et al., 2016)
2	Agenda-setting (RQ#2)	10	(Camfferman & Zeff, 2015; Howieson, 2009, 2017; Pelger & Spiess, 2017; Ram & Newberry, 2013, 2017; Ramassa & Leoni, 2022; Troshani et al., 2019; Warren, 2023; Whittington, 2005)
3	Constituent participation pattern (RQ#3)	25	(Allini et al., 2018; Arce et al., 2023; Bamber & McMeeking, 2016; Bhimani et al., 2019; Chapple et al., 2010; Devi & Samujh, 2015; Georgiou, 2010; Giner & Arce, 2012; Holder et al., 2013; Jorissen et al., 2012, 2013; Kabir & Rahman, 2018; Kosi & Reither, 2014; Larson, 2007; Larson & Herz, 2013; Larson et al., 2022; Mellado & Parte, 2017; Orthaus & Rugilo, 2023; Pelger & Spiess, 2017; Perry & Noëlke, 2005; Ramassa & Leoni, 2022; Rey et al., 2020; Stenka & Jaworska, 2019; Troshani et al., 2019; Wingard et al., 2016)
4	Constituent participation determinants (RQ#4)	22	(Allini et al., 2018; Arce et al., 2023; Chircop & Kiosse, 2015; Georgiou, 2010; Georgiou, 2018; Giner & Arce, 2012; Hewa et al., 2020; Holder et al., 2013; Jorissen et al., 2012, 2013; Kabir & Rahman, 2018; Kosi & Reither, 2014; Larson & Herz, 2013; Larson et al., 2022; Mellado & Parte, 2017; Okamoto, 2017; Orens et al., 2011; Orthaus & Rugilo, 2023; Pelger & Spiess, 2017; Rey et al., 2020; Shields et al., 2019; Wingard et al., 2016)
5	Constituent positions and their determinants (RQ#5)	6	(Chapple et al., 2010; Chircop & Kiosse, 2015; Giner & Arce, 2012; Hashim et al., 2022; Holder et al., 2013; Orthaus & Rugilo, 2023)
6	CL attributes, arguments, and language (RQ#6)	8	(Bamber & McMeeking, 2016; Chapple et al., 2010; Durocher & Fortin, 2021; Giner & Arce, 2012; Holder et al., 2013; Kabir & Rahman, 2018; Orthaus & Rugilo, 2023; Stenka & Jaworska, 2019)
7	IASB's internal process (RQ#7)	9	(Baudot, 2018; Erb & Pelger, 2015; Klein & Fülbier, 2019; Morley, 2016; Pelger, 2016; Ram & Newberry, 2013, 2017; Ramassa & Leoni, 2022; Warren et al., 2020)
8	Constituent influence (RQ#8)	35	(André et al., 2009; Arce et al., 2023; Bamber & McMeeking, 2016; Bengtsson, 2011; Botzem, 2014; Burlaud & Colasse, 2011; Camfferman, 2015; Camfferman & Zeff, 2015; Cortese & Irvine, 2010; Cortese et al., 2010; Crawford et al., 2016; Devi & Samujh, 2015; Di Fabio, 2020; Durocher et al., 2019; Giner & Arce, 2012; Hansen, 2011; Hashim et al., 2019; Hewa et al., 2020; Kabir & Rahman, 2018; Klein & Fülbier, 2019; Kohler et al., 2021; Kusano & Sanada, 2019; Morley, 2016; Moscariello & Pizzo, 2021; Okamoto, 2017; Orthaus & Rugilo, 2023; Pucci & Skærbæk, 2020; Ram & Newberry, 2013; Rey et al., 2020; Shields et al., 2019; Troshani et al., 2019; Véron, 2007; Walton, 2004; Whittington, 2005; Zeff, 2002)

9	Arguments and language choices in IFRS and consultation documents (RQ#9)	2	(Kabir & Rahman, 2018; Stenka, 2022)
10	Impacts of PIR on IFRS (RQ#10)	1	(Moldovan, 2014)
Total*		136	

---

Note: \*The total exceeds the sample size of 75 because many studies addressed multiple issues.