

Botzem, Sebastian

Article — Published Version

Transnational standard setting in accounting: Organizing expertise-based self-regulation in times of crises

Accounting, Auditing & Accountability Journal

Provided in Cooperation with:

WZB Berlin Social Science Center

Suggested Citation: Botzem, Sebastian (2014) : Transnational standard setting in accounting: Organizing expertise-based self-regulation in times of crises, Accounting, Auditing & Accountability Journal, ISSN 0951-3574, Emerald, Bingley, Vol. 27, Iss. 6, pp. 933-955, <https://doi.org/10.1108/AAAJ-04-2013-1301>

This Version is available at:

<https://hdl.handle.net/10419/190827>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



Transnational standard setting in accounting

Organizing expertise-based self-regulation in times of crises

Transnational
standard setting
in accounting

933

Sebastian Botzem

*Institute for Intercultural and International Studies (InIIS),
University of Bremen, Bremen, Germany*

Abstract

Purpose – The last four decades have seen the rise of the International Accounting Standards Board (IASB) as the core locus of transnational accounting regulation. Initial steps of associational cooperation were superseded by establishing a standard setting organization that heavily draws on consultation procedures. The purpose of this paper is to focus on recent changes in governance and accountability of IASB in the aftermath of the financial crisis. Emphasis is given to the organizational configuration, the ambivalence of consultation procedures and reactions to mounting criticism after the crisis. The paper proposes that IASB is the heart of a new transnational regulatory constellation in accounting.

Design/methodology/approach – The material and analysis presented in the paper derives from an extensive review of official reports, consultation documents and related responses and a range of additional information available on IASB's web page.

Findings – The paper analyzes how IASB uses legitimation strategies to defend its position as a transnational standard setter. From analysis of recent changes, the paper reveals a growing reliance on – and domination through – consultation procedures. The paper also shows the IASB'S swift action to counter substantial criticism emerging with the financial crisis.

Practical implications – By highlighting developments surrounding IASB, its governance structure and the emphasis on consultation, the paper establishes the importance for public policy of further study and debate the operation of IASB. It could also contribute to re-politicize accounting regulation at the transnational level.

Originality/value – IASB is an integral player in global financial governance processes and is only recently receiving substantial academic accounting research. This paper seeks to provide an introduction and critical account of the organization's development.

Keywords Legitimacy, Financial crisis, Due process, IASB, Transnational regulatory constellation

Paper type Research paper

Introduction: transnational accounting regulation under stress

During the financial crisis, accounting standards have become the object of substantial criticism. Private and public actors, most notably the G20 leaders, have addressed shortcomings regarding the content of rules and the governance structures of transnational accounting regulation. Immediate action was suggested, in particular the reviewing of standards for securities and of disclosure requirements for off-balance sheet vehicles. Moreover, the governance arrangements of international accounting standard-setting were criticized and a lack of transparency and accountability was lamented (G20, 2008). Up to that point, such overt and substantial critique from the highest political ranks was unheard of in international accounting.

Accounting and auditing stand out amongst the 12 “Key Standards for Sound Financial Systems” defined by the Financial Stability Board as international guidelines to secure financial stability. While all 12 standards are deemed important for “sound,



Accounting, Auditing &
Accountability Journal
Vol. 27 No. 6, 2014
pp. 933-955

© Emerald Group Publishing Limited
0951-3574
DOI 10.1108/AAAJ-04-2013-1301

stable and well-functioning financial systems" (FSB, 2013), accounting constitutes a notable exception: it is the only field where standards are set by a private organization. All other fields, whether macroeconomic policy, data transparency or financial regulation and supervision, are dominated by international organizations in which states or public entities are central actors.

However, in accounting things are different: The International Accounting Standards Board (IASB), a private non-profit organization, is tasked with the exclusive right to set international standards for financial reporting[1]. The singularity of accounting standardization raises important questions concerning the institutional setting of accounting regulation, the involvement of stakeholders and the quest for authority to issue global rules. In particular, this paper investigates how cross-border standard-setting in accounting is organized and who is involved in setting *de facto* global standards today. The dynamics are explained by analyzing the IASB's development, focussing on how the organization draws on professionalism.

Addressing these issues makes it possible to understand the diffusion of International Financial Reporting Standards (IFRS) that are already mandatory in more than 100 countries. Consequently, the paper takes a historical and organizational perspective to describe and explain the dynamics surrounding the IASB. Legitimacy is a core element of explaining the organization's development and persistence, both empirically and conceptually. A legitimacy perspective provides insights into the importance of organizational capacities and actor constellations driving the transnationalization of accounting regulation. Conceptually, the paper seeks to contribute to discussions on how and under which conditions private organizations in the field of accounting effectively manage to become recognized as appropriate entities for standard setting (cf. Suchman, 1995).

More concretely, the emphasis of this paper lies in unraveling dynamics of acquiring legitimacy not only through organizational competences and procedural rules, but also through the inclusion of selected groups of actors. The framing and definition of the professional knowledge base emerges as a key aspect of social closure. I therefore propose to conceptualize cross-border accounting regulation and the IASB's position as an emergent transnational accounting constellation (cf. Botzem, 2012). Such a constellation contains actors and institutions which interact in networks of social relations and unfold in organizational practices. While initially conceptualized as a field of interactions at the national level (Burchell *et al.*, 1985, p. 400), the transnational accounting constellation unfolding around IASB is characterized by a high degree of density of interaction, involving both public and private actors and a multitude of activities spanning across both national and organizational boundaries.

The IASB has become the prime organization for the development of standards, creating and revising IFRS and related authoritative pronouncements. One of the organization's main sources of effectiveness and power is its ability to define the relevant body of knowledge and to translate it into normative prescriptions that guide both the financial reporting of corporations and the development of accounting standards at the national level. It does so by drawing on notions of professionalism, which constitute the claim for a singular position in transnational accounting standardization. With regard to the organizational set-up, consultation procedures are particularly relevant as modes of legitimation. At the same time, consultation remains a powerful tool for exerting control over the definition of standards. Instead of participation, as sometimes invoked by the IASB, the organization's due process is

predominantly an instrument for engaging with certain actors, such as large and globally active financial services firms.

Given this background, I have organized the paper as follows: First, I provide an overview of the literature explaining the emergence of the IASB as a global standard-setter drawing on approaches in accounting studies, political economy and sociology. Second, I explain the organization's current structure, the importance of core actor groups and recent changes in dealing with the interested public. Third, I take an in-depth look at one of IASB's consultation procedures as a specific approach to enhance the organization's legitimacy, both in practical terms and as a rhetorical strategy, and thereby shaping accounting professionalism internationally. Fourth, I discuss the IASB's reaction to calls for the organization to change course in the aftermath of the financial crisis. This section shows how the IASB managed to defend its unique position by renewing organizational structures and including relevant third parties. A fifth section summarizes and concludes the paper.

The paper makes two principal arguments to explain transnational standard setting. First, it discusses the importance of legitimation for cross-border private self-regulation. In particular, the paper shows that global diffusion of standards is not a function of the normative content of IFRS. Instead, throughput legitimacy represents the core pillar of international standards-setting in accounting – and a tool for reconceptualizing professionalism. Second, the paper points at the IASB's ability to address legitimacy issues and to uphold self-regulation in the face of criticism. Notably, the combination of constant organizational adaptation and of framing activities undertaken by the IASB ensures private self-regulation in times of crises.

Theoretical approaches to transnational standard setting and voids of legitimacy

Cross-border accounting standardization is receiving increasing attention, both by accounting academics and neighboring disciplines. In part, this echoes the IASB's central position in financial governance and underlines the importance of financial reporting as a core aspect of cross-border institution-building. In this review I consider different approaches explaining the IASB's development in accounting studies, political science and sociology all of which contribute insights to understanding transnational standards-setting in accounting.

While accounting studies' engagement with the normative content of national and transnational standards is almost limitless, in-depth analysis of rule-setting procedures is comparatively rare. Positivist approaches often derive a need for standardization from cross border cooperation while functionalist views mainly suggest interpreting standards as tools for the reduction of transaction and agency costs (cf. Cooper and Robson, 2006, p. 429). In much of the institutional economics literature, processes of standardization take a back seat to the discussion of authoritative rules themselves (see Baker and Barbu, 2007 for an overview). When discussing international harmonization, the IASB and its standards-setting procedures have for a long time only played a marginal role (see, e.g. Nobes and Parker, 2004). More recently, however, the debate has been enriched by contributions that have described the historical developments of international standardization and which have focussed on the IASB and its predecessor, the International Accounting Standards Committee (IASC) (see, e.g. Biondi and Suzuki, 2007; Kirsch, 2007; Camfferman and Zeff, 2007).

Initially, international standards were often discussed as a tool for bridging national differences and thereby overcoming variation between different accounting systems.

However, national comparison has been criticized early on as an overly simplified heuristic of stable and somewhat artificial accounting systems (Hopwood, 1987). Nevertheless, even critical accounting studies have turned to transnational actors and institutions of rule development rather late. While emphasizing the social practices of bookkeeping and reporting (Hopwood and Miller, 1994; Vollmer, 2007; Chapman *et al.*, 2009), transnational standardization has only recently become an object of intensified study. One point of departure has been offered by studies of national interest-group politics (Larson, 1997; McLeay *et al.*, 2000). Nevertheless, as early as 1997 Anthony Hopwood criticized in an editorial that accounting research tended to focus on national context while “accounting in action” was already embedded in multi-national enterprises and global auditing firms, and increasingly influenced by transnational regulation (Hopwood, 1997, p. iii).

The political nature of standard setting is also reflected upon in accounting studies where the attention the IASB is enjoying has largely been due to the global diffusion of its standards (Gallhofer and Haslam, 2006; Cooper and Robson, 2006; Power, 2009). This has sparked interest in understanding its organizational and procedural characteristics (Gallhofer and Haslam, 2007; Suddaby *et al.*, 2007). More generally, accounting standardization is seen as a multilevel activity with distributed agency (Cooper and Robson, 2006, p. 431). Such a perspective relates to older work that conceptualized practices of accounting as embedded in a social and organizational space equally considering actors, rules and institutions. As early as 1985, Burchell, Clubb and Hopwood proposed the concept of an “accounting constellation” which is comprised of a particular field of relations existing “between certain institutions, economic and administrative processes, bodies of knowledge, systems of norms and measurement, and classification techniques” (Burchell *et al.*, 1985, p. 400).

Regarding the content of IFRS, discussions of fair value accounting (FVA) play an important role when considering IASB's output and epitomize the perhaps single most important feature of current accounting regulation. In essence, FVA moves the information needs of capital market actors to the center, subjecting other addressees of financial statements to a logic of decision-usefulness attributed to financial investors. At the same time, historically informed work shows that the institutionalization of fair value has a long history, albeit always having been contested (Georgiou and Jack, 2011). A stakeholder perspective indicates that FVA strongly affects the rights of societal stakeholders, such as creditors, tax authorities, employees. Specifically, continental European actors seem to be more directly affected by FVA than interests represented in the Anglo-American part of the world (cf. Boyer, 2007). While initially FVA was mainly an accounting measuring practice primarily directed at providing more timely information to indicate a firm's current market value, today it has become – in part thanks to the IASB – a universally recognized principle allowing to account for projected profits that have not yet been realized (cf. Bromwich, 2007). This does not mean, however, that academic debates on fair value have been settled. In fact, many issues are still under discussion (Walton, 2004; Power, 2010) and the complexity of fair value provisions are recognized even by its proponents (Financial Crisis Advisory Group (FCAG), 2009). FVA remains controversial and has not led to the elimination of all other accounting principles. However, FVA is a firmly established accounting principle, particularly for financial instruments, and contributes to a reconfiguration of actor constellations by favoring the information needs of capital market actors. However, in the aftermath of the financial crisis, FVA has become a battleground and

the IASB needed to defend its legitimacy, an issue intensely debated in the field of International Political Economy.

For political economists, much of the fascination with transnational accounting standardization lies in the IASB's capacity to establish effective and long-lasting rule-setting capacity. The successful effort to acquire authority to publish *de facto* binding standards has made accounting a favorite example of private cross-border regulation. IASB's autonomy and the strong position of experts, professions and commercial actors challenge approaches that emphasize the role of public actors and national politics in accounting regulation (De Lange and Howieson, 2006; Posner, 2009). Work that has centered on private authority has highlighted the role of expertise in re-establishing and defending "technical" authority (Porter, 2005). Bütte and Mattli (2011) explicitly refer to professional associations and their organizational capacity in explaining the IASB's role. However, the influence of private business, most notably that of globally active auditing firms, is viewed critically as these actors cater predominantly for the needs of preparers and users of financial statements (Perry and Nölke, 2005, 2006; Botzem, 2008). Furthermore, the IASB is considered a driver of the financialization of the global economy, with FVA acting not only as an indicator of financialized global capitalism, but as a mechanism for redirecting corporate surplus toward the financial sector (Perry and Nölke, 2006; Nölke, 2009).

Scholars have also taken an interest in analyzing actor constellations and institutional linkages. Historical explanations focus on sequential developments in international accounting regulation between the USA and the EU, essentially interpreting accounting regulation as an aspect of transatlantic relations (Posner, 2010). Organizational approaches unravel the capacity built up around the IASB over more than four decades. The complementarity of rules, procedures and actor-constellations is seen as a case of effective transnational institution-building, allowing the IASB to establish itself as an independent standards-setter of quasi-binding rules (Botzem, 2012). Richardson and Eberlein (2011) focus specifically on consultation procedures used by the IASB to fend off criticism of weak accountability, whereas concerns with the body's legitimacy are also addressed in sociological works that discuss cross-border accounting regulation.

The sociology of professions has devoted much attention to accounting and auditing, in particular to professional associations and accounting firms. One of the core findings of this stream of literature is the practitioners' emphasis on self-regulation and organizational capacity, which are deemed central in determining a professional knowledge base (Reed, 1996). Knowledge systems are a core element and power resource of professional influence even though organizational expressions of professionalism in accounting are changing. Initially, social closure was predominantly organized at the level of national professional associations setting rules for individuals, providing training and granting certificates (Macdonald, 1995; Sugarman, 1995; Covalesski *et al.*, 2003). In accounting, influential communities might be small, but they are able to diffuse ideas globally (Christensen *et al.*, 2010). In fact, professionals work strategically at establishing and reconfiguring rules using their expertise to challenge an existing order (Suddaby and Viale, 2011).

Today's knowledge base is substantially influenced by large auditing firms. The internationalization of audit firms and the concentration of auditing markets have given rise to a small group of large professional services firms. The Big Four auditing firms (PwC, Deloitte, KPMG and Ernst & Young) offer a wide array of services, including audit, tax, consulting, advisory, actuarial, corporate finance and legal services.

This puts them in a strong position to have an impact on knowledge systems that are becoming more international (Reed, 1996; Suddaby *et al.*, 2007). Initial differences in the structure of auditing markets in Europe and North America have largely disappeared (Ramirez, 2007), and today's globally operating accounting firms make up an oligopoly of just four firms. The multitude of services and the complexity resulting from cross-border business activities lead to the emergence of internationalized and heterogeneous enterprises (Suddaby *et al.*, 2007, p. 339). Professional service-firms are therefore characterized by competing rationalities with regard to the distribution of fees and payment systems. Coordination across borders remains crucial to manage and exchange knowledge even within the networks of the Big Four (cf. Boussebaa, 2009). Their manifold activities equip the big firms with substantial "technical" knowledge within their networks making them central players in standards-setting and for involvement with the IASB. When considering representation patterns of the wider IASB ambit, the Big Four make up the very core of the global standards-setting network (Botzem, 2012, p. 150ff).

The firms' in-depth knowledge of accounting practices in various jurisdictions also makes them attractive for well-qualified individuals pursuing their career in auditing. The Big Four are excellent training grounds as they facilitate the gathering of experiences, soft skills and "technical" knowledge that are difficult to acquire elsewhere. Working for a big firm delivers practical insights, providing individuals with high social status (cf. Ramirez, 2010). In addition, much of the firms' influence in accounting standardization is attributed to the substantial material resources they control (Cooper and Robson, 2006, p. 431). For years, the four firms contributed a third of the IASB's budget (Botzem, 2012, p. 147). However, the degree of internal coordination within the Big Four remains unclear. Further research is needed to determine the degree to which the Big Four have concentrated technical staff in London alongside the IASB, and to assess the strategic impulse with which they engage in standards-setting practices.

The rise of the Big Four – together with the emergence of the IASB as global standards-setter – challenges national professions as loci of expertise in accountancy. While firms assemble much of the practical expertise, the IASB has built-up substantial standards-setting abilities, mainly through its staff. Therefore, big firms and the IASB challenge national professional associations as loci of accounting knowledge (Suddaby *et al.*, 2007). For Canada, Greenwood *et al.* (2002) have shown how big auditing firms are increasingly dominating the national context of professional self-organization, in particular with regard to the practical expertise of accounting and auditing.

Well-versed individuals who engage in commercial services, professional activities and standard setting take on very different roles in these activities. While they often interpret standard setting as an a-political activity searching for and developing best-practice solutions, conflicts are evident. In part, such conflict of interest is a core element of expertise-based rule-setting. Previous research has shown the complexities of transnational standards-setting for the individuals involved (Tamm Hallström, 2004). However, conflict is not only a matter of identity or conviction. More fundamentally, contestation of rules and procedures is a core element of standardization, as it implies the submission of diverse actors (Timmermans and Epstein, 2010, p. 84). Conflicts unfold over relevant expertise, definition of regulatory content and recognition of appropriate procedures where the IASB appears as an arena as well as an actor. To ease conflict and mediate between different agendas and

viewpoints, the IASB emphasizes transparency and orderly procedures of standard setting. Over time, the IASB's consultative mechanism, called "due process," has developed into a "commonly accepted procedural framework" both to incorporate varying ideas and to mediate conflict (Botzem and Quack, 2006, p. 268).

At the more abstract level, the IASB seeks to ensure that the organization and its standards are deemed to be desirable, proper and appropriate (cf. Suchman, 1995, p. 574). At the transnational level, such attempts to establish legitimacy are even more challenging than for national organizations, as the IASB needs to acquire "the rightfulness and appropriateness of authority" (Quack, 2010, p. 8) to issue global standards in accounting. The IASB therefore seeks legitimacy from various sources, seeking "input," "throughput" and "output" legitimacy (Tamm Hallström and Boström, 2010; Botzem and Dobusch, 2012).

Input legitimacy aims at including stakeholders and third parties that have an interest in the setting of standards. Throughput or procedural legitimacy seeks acceptance for the organization's activities through transparent and reliable procedures of consultation. Output legitimacy, which is acknowledged as particularly important in expertise-based rule-setting, concerns the adoption and diffusion of IFRS by preparers, auditors and regulators. Particularly strong sources of output legitimacy are contractual recognition by third parties and legal recognition through law.

As the IASB is embedded in a wider field of social relations, attempts to attain legitimacy are also contested. A dynamic perspective therefore considers different historical phases in which different forms of legitimacy are established and drawn upon. This points to the strategic dimension of legitimation (Suchman, 1995), but indicates also the complex relation of input, throughput and output legitimacy in transnational accounting regulation (Botzem and Dobusch, 2012). Strategies of legitimation refer both to the practices of standard setting but also to the rhetorical engagement of individuals and organizations (cf. Suddaby and Greenwood, 2005; Halliday *et al.*, 2010). Strategies of legitimation surrounding the IASB are a central aspect of understanding the emergence of a private self-regulatory arrangement in transnational accounting that have not yet received much attention in interdisciplinary accounting research.

Organizing legitimacy in transnational accounting standardization: structural reform

An organizational perspective on transnational standard setting allows for an analytical perspective that equally considers institutional aspects as well as activities of actors involved. The most notable change has been a transformation of the standards-setting organization from a federation of national professional associations to a free-floating self-regulated standards-setting organization (Camfferman and Zeff, 2007; Botzem, 2012). An organizational perspective includes formal sets of rules and rhetorical strategies. Combining the analysis of organizational elements with the construction of legitimacy makes it possible to study the emerging field of transnational accounting regulation, in particular its demarcations, meaning, identity and power (Suddaby *et al.*, 2007, p. 355). Linking organizational dynamics with professionalism unravels the significance of knowledge and expertise as core elements for securing legitimacy with respect to organizational activity and rhetorical skills.

For the better part of its 40-year history, accounting regulation under the IASB had been the business of practitioners and experts[2]. In 1973, the IASB's predecessor started as a federation of national professional associations with minimal administrative support from the small London office. In contrast, today the IASB is

a well-established and widely recognized private standards-setting body with more than 120 employees and an annual budget of around £20 million sterling. Half of its staff is exclusively dedicated to the development of standards (IFRS Foundation, 2012).

Standards-setting activity rests with the organization's board, a body currently comprising 14 men and two women from all continents. Members are selected on the basis of professional competence and practical experience (IFRS Foundation, 2013a, section 25). The board meets monthly and has complete responsibility for all matters concerning the preparation and issuing of standards (IFRS Foundation, 2013a, section 37a). A community of "accounting policy bureaucrats" (Power, 2009, p. 329) has emerged and fends off unwanted outsiders, namely national governments, by explicitly referring to a professional knowledge base. The board's independence is considered vital to preserve expertise-based global standard setting. The IASB epitomizes an anti-statist understanding of professional identity particularly pronounced in many Anglo-American countries and engages in defining the relevant body of knowledge in this way.

During its 40-year history, IASB has undergone many changes and has substantially altered its normative rules and its governance. The most radical organizational change took place in 2001, when the organizational structure was transformed from a loosely knit federation of national professional associations into an increasingly complex standards-setting organization – operating independently from public oversight and with no statutory organizational membership (Botzem, 2012, p. 95). Over the years, an array of advisory groups has been established to tie in organizations relevant for the adoption and diffusion of IFRS. Predominantly, these are private organizations (users and preparers of financial statements) and some public organizations. The advisory bodies set up by the IASB include the IFRS Advisory Council, the Capital Markets Advisory Committee (CMAC), the Emerging Economies Group, the Global Preparers Forum and the SME Implementation Group. After the financial crisis, IASB and the US-American standard setter Financial Accounting Standards Board (FASB) commonly established the Financial Crisis Advisory Group (FCAG) (which has concluded its work in the meantime (IFRS, 2013a)).

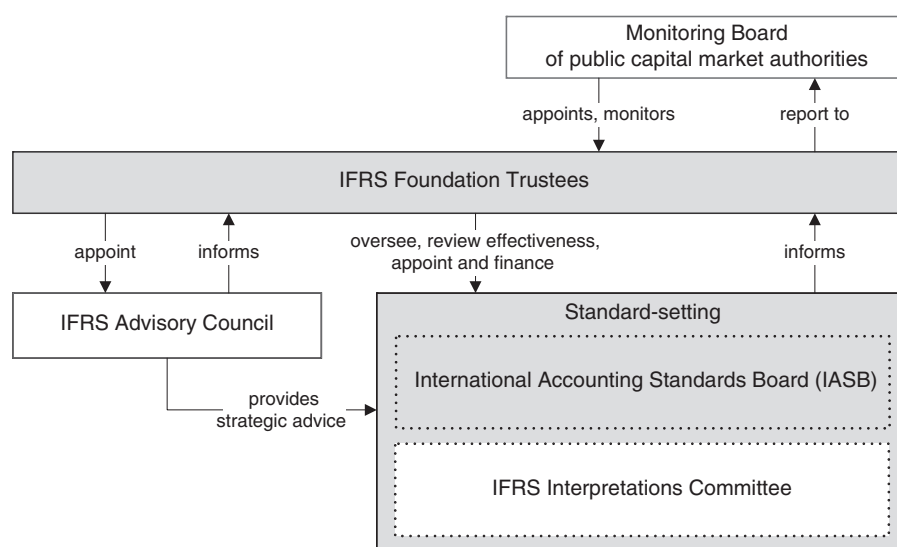
Attempts to increase linkages to public organizations has also intensified. Most recently the Accounting Standards Advisory Forum has been added, to which the foundation's Trustees have named 12 national standards-setters including the EU. With this reform the IASB has sought to replace a number of memoranda of understanding it had signed with various national standard setters (IFRS, 2013b). With its new advisory forum the IASB is also aspiring to coordinate more closely with national standards-setters with a view to increase their commitment toward IFRS and their global diffusion. The IASB's intensification of direct cooperation with standards-setters sends a clear signal that the organization is not simply developing best-practice standards, but is eager to ensure one set of globally harmonized *de facto* binding standards. This allows the IASB to frame and co-define the relevant expertise for international standard setting.

Organizationally, today's IASB resembles the principles of US-American standard setting, giving much leeway to practical expertise and professional knowledge (Botzem, 2012, p. 96ff). This was a condition imposed by the SEC during the 2000 constitutional change (Camfferman and Zeff, 2007). But while the US-American standard setter FASB is accountable to the Securities and Exchange Commission and ultimately to Congress, IASB is not subordinated to any external authority. No formal accountability relations have been established so far. Only more recently have the

activities of Trustees been somewhat scrutinized by international organizations and national standards-setters through the establishing of a Monitoring Board; the Trustees' most important task continues to be the recruitment of board members. The Monitoring Board represents both national and international regulatory bodies, but so far it has exercised predominantly a ceremonial oversight (Botzem, 2013). Figure 1 gives an overview of IASB's organigram including the core bodies.

The IASB's board is the organization's core decision-making body. It has been slightly expanded from 14 to 16 current members, three of which might be part-time. In 2010 the IASB introduced geographical criteria to ensure equal representation of world regions in the board (four members from North America, four from Europe and four from Asia/Oceania, one from South America, one from Africa and two from any of these areas) (IFRS Foundation, 2013a, section 26). Formalizing geographical representation is an indication of IASB's desire to promote IFRS outside advanced industrialized economies. The subtle shift toward newly industrialized countries, in particular in Asia, also shows in the biographies of today's board members.

While trained accountants remain important for board composition, three characteristics of change are noteworthy. Over time, the IASB intensified efforts to integrate individuals with more specific knowledge about the information needs of the users of financial statements, such as analysts and investors (Botzem, 2012, p. 136ff). More recently, individuals with a personal background from emerging markets, namely China, India and Brazil, have been added to the board (Zeff, 2012). Finally, the dominance of well-networked Anglo-American men with auditing experience is somewhat decreasing. Many of the initial board members have spent years in national and international standardization activities effectively constituting the core of the standards-setting activities (Street, 2006). An era came to an end in 2011 when both the long-serving Chairman, Sir David Tweedie and Vice Chairman, Thomas Jones,



Source: Adapted from IFRS Foundation (2013b, p.3)

Figure 1.
IASB's organizational
structure as of 2013

ended their term in office after ten years of heading the IASB. Due to the retirement of other long-serving members, average tenure of board members declined from roughly ten years to less than four years, indicating a major generational shift (Botzem, 2013). The old guard's last achievement was to steer IASB through dire straits immediately after the financial crisis (Lagneau-Ymonet and Quack, 2012; Bengtsson, 2011).

Throughout history, the IASB has experienced substantial organizational growth and diversification firmly embedding expertise-based self-regulation in the Anglo-American tradition. The most recent change has been the establishment of the Monitoring Board scrutinizing the recruitment of Trustees. In addition to formal advisory and oversight bodies, the IASB has been seeking the involvement of an increasing number of temporary and informal consultative and advisory committees. One such case is the Analysts Representatives Group founded in 2003, whose mission has been to fill the "representational gap and advance the integration of users, i.e. financial analysts and investor representatives in particular" (Botzem, 2012, p. 162). Renamed the CMAC, the group continues to maintain close contact with the community of users of financial statements. CMAC continues to provide exclusive access to the IASB board even though meetings' material is publicly available today (IFRS, 2013c).

By trying to become a globally accepted standards-setter issuing *de facto* binding rules free from public oversight, the IASB effectively attempts to square the circle. It claims to act in the public interest, issuing rules of quasi-public nature, but insist to so autonomously by shielding itself from any external influence not deemed appropriate. This leads to an exclusion of civil society and national governments alike and protects the expertise-based self-regulatory regime. By evoking the notion of issuing a-political, problem-oriented and practical solutions for cross-border investment, the IASB strengthens its role as the prime site for defining practical and professional expertise. Accordingly, outreach to relevant stakeholders is carefully administered by the IASB through inclusion and cooptation, and through consultation procedures that are used to counter criticism of insufficient accountability. Therefore, throughput legitimacy has become a key source of legitimizing transnational accounting standardization (Richardson and Eberlein, 2011).

Throughput legitimacy rescuing expertise-based standards-setting through consultation

The IASB is unique amongst global core standards-setters, not only because of its private nature, but also because of its sophisticated consultation procedures which are a core aspect of ensuring its legitimacy. The organization's due process is key to acquiring credibility and preserving self-regulation in accounting. Consultation has proven vital to maintaining expertise-based standards-setting as it complements self-regulation without weakening it. In the IASB's constitutional revision of 2005, "technical expertise" was defined as the single most important recruitment characteristic for board membership (Botzem, 2012, p. 103). By maintaining such an image of engineers trying to optimize pipes and tubes, rather than deciding over the authoritative rules for corporate surplus distribution, consultation has ensured that information flows to standards-setters free from outsiders' interference. Expertise therefore remains a prime source of the IASB's authority when developing and setting accounting standards. Such an orientation echoes anti-statist rhetoric and a strong belief in *laissez-faire* approaches advocating professional self-regulation (Willmott, 2000).

According to the IASB, it considers consulting with the interested public “essential to developing high quality IFRSs that serve investors and other users of financial information” (IFRS Foundation, 2013c, section 1.2). Interestingly, this rhetorical claim of the IASB in its Due Process Handbook is not reflected in the organization’s constitution: Section 37 clearly states that the board “shall have full discretion in developing and pursuing its technical agenda” subject to establishing “procedures for reviewing comments made within a reasonable period on documents published for comment” (IFRS Foundation, 2013a, section 37). While the IASB characterizes its due process as a tool to ensure “independent decision-making,” in its constitution, the assigned purpose is more modest: “The IASB uses these procedures to gain a better understanding of different accounting alternatives and the potential effect of the proposals on affected parties” (IFRS Foundation, 2013a, section 1.2). Subsequently, on its web site the due process listed as just one of four cornerstones of public accountability (IFRS, 2013e).

The mismatch between the due process relevance for the board in setting standards on the one hand, and the rhetorical display of the process’s role on the other, indicate the delicate balance the IASB needs to strike between opening up to the outside and maintaining social closure. As the term due process is borrowed from judicial review procedures, it raises the questions of procedural rights attached to taking part in consultation – and it merits a closer look at the historical attempts to organize consultation in accounting standardization. Refined rhetorical strategies are employed to vest the due process with a greater contribution to the organization’s accountability than is actually the case (cf. Suddaby and Viale, 2011).

During its first 25 years, the IASC relied substantially on national professions as well as on individuals willing to engage in standardization activities to develop International Accounting Standards (IAS). National professions were the formal founding organizations of the IASC back in 1973, but from the beginning auditing firms provided substantial material and intellectual resources (Botzem and Quack, 2009, p. 995). After transforming the IASC in 2000 and ridding the organization of all its formal members, which caused it to lose its input legitimacy, new means of legitimacy were sought. To close accountability gaps, the IASB strongly emphasized the role of transparent, orderly and documented procedures of standard setting. The IASB’s due process became the cornerstone of the organization’s strategy both to fend off stakeholder requests – deemed partisan and inappropriate by powerful insiders – and to legitimize private expertise-based standards-setting (cf. Reed, 1996). To acquire accountability as the world’s global standards’ setter, throughput legitimacy grew in importance (Richardson and Eberlein, 2011), appealing to more general notions of transparent and proper decision making.

In contrast, output legitimacy is more closely tied to the idea of professionalism. Recognition of IFRS by the users, preparers and auditors is an important element of output legitimacy. Their diffusion and adoption is vital, as formal recognition of IFRS by regulators and overseers becomes increasingly important to the organization. This is reflected in the cooptation between national and international standard setters in different IASB bodies (Botzem, 2012, p. 153). The IASB uses its core position and its framing capacities to influence accounting professionalism at the international level. Its power derives from combining the expertise assembled internally with an ideology of self-regulation making the IASB successful in developing rules with the potential of global diffusion (Suddaby and Viale, 2011).

The broader inclusion of participants (input legitimacy) into the IASB's advisory bodies fortifies the status quo of accounting standardization with private business (users, preparers, auditors), academics and selected regulators making up the organization's core interest groups. Other societal stakeholders, such as NGOs, trade unions and also governments or parliaments, only rarely appear among the IASB's inner circles. This reflects the main challenge of transnational non-state standards-setters that seek not only to define standards, but also the relevant constituents (Richardson and Eberlein, 2011, p. 223). Private transnational standard setters need to establish additional sources of legitimacy if they want to enjoy public recognition without needing to be accountable to public authorities. Consequently, procedural legitimacy becomes central to bridging this divide, both formally and rhetorically, by using specific institutional vocabulary (Suddaby and Greenwood, 2005).

One indicative example of outside recognition is the 2007 Global Accountability Report. The report is issued by One World Trust, an NGO and UK-registered charity seeking to promote advances in the accountability of globally operating institutions. The NGO saw the IASB among the high-performers in transparency and participation (One World Trust, 2008, p. 18). Specifically, it hailed the IASB's due process as exemplary, emphasizing the high degree of external stakeholder engagement (One World Trust, 2008, p. 37). In its press statement, after the report was issued, the Chairman of the IASC Foundation took the opportunity to reaffirm the NGO's favorable interpretation of the due process. As he put it:

Transparency and accountability have been cornerstones of the standard-setting process since we started in 2001 and recent enhancements to our due process have further strengthened this commitment. We welcome this independent assessment of our progress to date (IFRS, 2007).

One World Trust's positive assessment of the IASB's consultation process reflects the effectiveness of the IASB organizational rhetoric of inclusion and engagement. The report's conclusion that, the "Trustees have consistently emphasized accountability as a central value of the organization that is crucial to the organization's success as a standard setter" (One World Trust, 2008, p. 64), recognizes the IASB's intentions to make standard setting accessible. Much more problematic is of course that One World Trust deems it sufficient to have a transparent outreach mechanism in a case where the distribution of corporate surplus is codetermined. These are fundamental issues of societal concern, but the NGO takes a rather narrow, functionalist approach and legitimizes global expertise-based self-regulation. It can only be speculated if the downgrading of representation of stakeholder interests based on democratic reasoning is intentional or unintentional. Either way, the IASB took the opportunity to congratulate itself with taking accountability seriously, even though in its official documents it has assigned a much more modest role to its due process.

Reforming consultation procedures is an ongoing process. Over the years, the IASB has refined its due process and turned it into a continuing endeavor now overseen by a standing committee of Trustees (Due Process Oversight Committee, DPOC). The most recent modification in 2013 has combined previously coexisting due processes for the IASB board and the IFRS Interpretations Committee. Furthermore, the DPOC is tasked both with reviewing the composition of the IASB's consultative groups and with ensuring more extensive discussion of the effects of new standards (IFRS Foundation, 2013c, p. 47).

In addition, guiding the IASB's procedures are said to be three underlying principles of consultation (transparency, full and fair consultation and accountability). The earlier

version of the due process handbook included a list of concrete steps to be followed: agenda setting, project planning, publication of discussion papers (voluntary round of initial public comment), publication of exposure draft (mandatory round of public comment), standard development and publication, and post standardization follow up (Botzem, 2012, p. 118). Today's handbook does not explicitly refer to these individual steps anymore but continues in this spirit. In the consultation procedures written comments remain the cornerstone of consultation: "Comment letters play a pivotal role in the deliberations process of both the IASB and its Interpretations Committee, because they provide considered and public responses to a formal consultation" (IFRS Foundation, 2013c, section 3.64).

Written interaction with the interested public is at the heart of the due process. Drafts are issued by the IASB and responses are invited to specific discussion papers or exposure drafts. Such drafts include newly formulated (or revised) wording and invites comments upon the precise suggestions proposed by the IASB. A period for public comment normally lasts 120 days and comment letters are subsequently published on the organization's web site along with the drafts. Within the realm of these provisions, the constitution makes clear that the board of the IASB has "complete responsibility for all IASB technical matters including the preparation and issuing of IFRSs (other than interpretations) and exposure drafts, each of which shall include any dissenting opinions" (IFRS Foundation, 2013a, section 37).

The due process is a key tool for the IASB to proceed with standard setting and is referred to frequently as crucial for the organization's accountability, both as a prescription of procedures and as an image of independence. The FCAG – established by the IASB Foundation and the FASB's Foundation to coordinate global accounting standardization after the crisis, and to counter criticism of neglect of procedures in the fall of 2008 – reaffirmed the importance of consultation for the overall credibility of standard setting: "We believe it is important to recognize that the truncating of due process, whether in fact or appearance, undermines public confidence in the integrity of the standard-setting process and therefore hinders broad acceptance of the standards themselves" (FCAG, 2009, p. 15). At the same time, the two foundations are concerned about improper interference with standard setting procedures. They claim:

To develop standards that are high quality and unbiased, accounting standard setters must enjoy a high degree of independence from undue commercial and political pressures, but they must also have a high degree of accountability through appropriate due process, including wide engagement with stakeholders and oversight conducted in the public interest (FCAG, 2009, p. 2).

Part of the problem rests with the timing of consultation in standards-setting procedures more generally. Issuing drafts and asking for written responses comes in at a rather late stage of developing a standard, when the board has already reviewed much of the evidence on the issue debated. As a "technical body," the board does not seek opinion on how a standard should be written; rather it seeks evidence on which to base its decisions (Botzem, 2012, p. 121). Given continuous discussions and a well-versed staff preparing the board's decisions, it is unlikely that entirely new evidence reaches the board through the due process. Instead, it becomes clear that consultation represents a crucial element in the IASB's legitimization strategy rather than a mode of participation. The more recent trend to establish procedures to address potential breaches of the process can be seen as just one more indication of this.

Outreach to the interested public needs to be prepared and administered. This makes the IASB's staff not only a core resource in standards-setting but has led to the creation of a new power-base that derives its influence from practical expertise and knowledge assembled within the IASB. Currently, around 60 staff members are working on standards-setting activities, working with and for the board. The practical involvement of staff members familiarizes them with the details of any subject matter. The staff carries out the research, draft suggestions, reports to the board and consults with the staff of other standards-setting bodies, most importantly the FASB. Its "high level of expertise and close cooperation with the decision makers make the IASB employees an important factor in transnational standard setting – albeit one that has received little attention so far" (Botzem, 2012, p. 121)[3]. Staff is a core resource that enables the IASB to engage in the framing of the knowledge base that is only shared with the big firms.

Insisting on thorough application of all provisions of the due process might be a necessary condition to secure accountability, but it does not suffice. Legitimacy problems with consultation procedures run deeper, most importantly for two reasons. First, a proper application of the due process might help to counter one-sided influence, but offers no certainty against it. Direct evidence is hard to trace, but empirical findings of who actually participates in the IASB's consultations underscores the constant interest and engagement of the financial industry and big auditing firms in particular (Perry and Nölke, 2005; Bengtsson, 2011). The recently reiterated claim that the due process is a central tool to ensure the standard setters "independence from undue commercial and political pressures" (FCAG, 2009, p. 20) signals awareness about an already tilted consultation procedure favoring those with ample material resources at their disposal. Furthermore, it can be assumed that any actors with material interest in the setting of standards, be it preparers, users or auditors, continue to use manifold ways of influencing the IASB, "striving to ensure that their interests are given due regard in standards development" (Botzem, 2012, p. 121).

A more subtle (although perhaps equally problematic) aspect about consultation procedures is their multiplication. They have become something like the "gold standard" of private standards-setting, which is hard to argue against since they speak to more general notions of transparency and orderly procedures. Not least, labeling consultation procedures as "due process" evokes images of judicial review ensuring a just decision-making process. With regard to accounting standardization, the almost universal diffusion of due processes comes in the form of a multiplication of entry points for the interested public. This is particularly visible in Europe, where the regional advisory body to the European Commission, the European Financial Accounting Advisory Groups, republishes all of IASB drafts and also invites comment letters. Additionally, national standard setters are also engaged in gathering information and drafting position papers. Moreover, national industry associations may seek their members' input to take position toward particular suggestions brought forth by the IASB.

This multiplicity of venues and consultation procedures makes it difficult for interested parties to identify the most relevant forum to engage. Large and well-versed actors may do so at all levels throughout the entire period, and they might even be able to use direct channels with the IASB. Less resourceful actors run the risk of participating in less relevant consultation procedures effectively betting on the wrong horse despite adhering closely to the formal requirements of consultation. More research is required to assess the consequences of these interlinked formalized

consultations. One effect, however, can be asserted quite clearly: the global, multilevel diffusion of the IASB's discussion papers and exposure drafts ensures that the standards-setter's ideas and arguments are distributed fast and wide. The rather hermetic nature of the documents (no open questions, but comments invited to relate to precise formulations) contributes to spreading the IASB's suggestions globally and reaffirming them at an early stage in the development of standards.

The due process is a cornerstone for the IASB's legitimacy strategy. The appreciation for transparency and administered outreach have turned the due process into a powerful tool for the IASB to make up for its deficiencies in input legitimacy, while being able to preserve global expertise-based self-regulation. It becomes clear that consultation is not so much a mode of organizing inclusion and participation; instead, it serves the purpose of channeling evidence upward to the board while disseminating the IASB's viewpoints widely through discussion papers and exposure drafts. It continues to mediate conflict between established interests by requiring them to agree on a close-knit format to exchange ideas, and it provides the board with substantial flexibility in running its affairs. Most importantly, the due process allows rejecting public oversight whilst still addressing criticism concerning the organization's persisting accountability deficit.

IASB's reaction to the financial crisis

In many aspects, the financial crisis of 2007-2009 was also a crisis of global accounting standard setting. Political criticism emerged quickly and addressed fundamental issues, such as the procyclicality of IFRS due to its fair value orientation, the IASB's lack of accountability to public authority, the lack of sufficient procedures for setting standards, but also the content of standards – most notably off-balance sheet provisions, particularly in the USA (G20, 2008; FCAG, 2009). The immediate and straight-forward criticism can be taken as an indicator for the IASB's high degree of vulnerability during the winter of 2008/2009. Conversely, the IASB's persistence can also be interpreted as successfully maneuvering the organization through dire straits. In the fall of 2008 substantial challenges emerged concerning all aspects of the organization. In fact, criticism that had been voiced before the crisis, namely weak accountability regarding the composition of the Board of Trustees (Verón, 2007), was echoed and reinforced. The majority of the IASB's critics came from Europe and expressed uneasiness with the free-floating nature of the IASB and its domination by "technical expertise." Before the Lehman collapse in April 2008, the European Parliament adopted a motion to correct the IASB's accountability deficit:

Democratic legitimacy must ensure that the interests of all those affected are suitably represented and balanced in a transparent procedure using fair rules. Up to now, these requirements are not adequately met in the system of the IASCF. The organisation's highest decision-making body, the Board of Trustees, shows particular shortcomings: the trustees are selected mainly on the basis of a criterion designed to ensure proportionate representation for the regions, so that no account is taken of other key interests (such as different sectors of the economy, forms of undertaking, the interests of employees and employers and, in particular, of political leaders) (Radwan, 2008, p. 14).

Although European governments initially supported the IASB, given its objective of harmonizing standards internationally in line with the EU's internal market project, as early as 2006 they began to doubt about the organization's independence. In particular, they took issue with the "short-term and insufficient funding arrangements that threatened to undermine the IASB's credibility" (see ECOFIN, 2006, p. 11).

The most controversial consequence drawn from the collapse of Lehman Brother's and the subsequent shock to the financial system was to retroactively change accounting provisions for financial instruments. Both the FASB and, shortly after, the IASB opted to depart from the principles of FVA. In practice, breaking with FVA was justified by the rare circumstances of the crisis. Technically, it was achieved by issuing guidance on how to reclassify assets held by financial institutions from the trading book to the banking book. In the USA, banks in particular were pressuring heavily to be granted the option of holding assets not for trading at their respective fair value, but "for maturity," which exempts them from applying FVAs to their assets. The IASB followed suit to ensure that such accounting rules would apply both in the USA and in Europe, the single largest jurisdiction applying IFRS.

The temporary reclassification of assets – which essentially suspended their accounting at fair value – was intended to end the downward, pro-cyclical dynamic inherent to FVA, although deemed a controversial move in the accounting world (FCAG, 2009). Behind this seemingly "technical" reclassification unfolded complex interactions of political bargaining in which standards-setters, banks, supervisory bodies and regulators were all involved (Lagneau-Ymonet and Quack, 2012; Zeff, 2012). The European Commission became an advocate of changes in IAS 39 and IFRS 7 (including additional disclosure requirements) to cushion the effects of the financial crisis. To sum up, while the IASB broke its principles by allowing an unwanted reclassification – essentially departing from FVA in crucial matters – the organization showed to be adaptive to overwhelming commercial and political pressures, thereby preserving FVA in the long run (Botzem, 2013). Had the IASB simply adhered to its normative fundamentals, it might have put the entire private standards-setting regime in danger. A trap the IASB was smart enough to avoid.

Perhaps equally important, the IASB together with the FASB quickly assembled a high-ranking ad hoc advisory group, the aforementioned FCAG (IFRS, 2013d). The FCAG was tasked with considering improvements in financial reporting to reinstate investor confidence in financial markets and, more importantly, to help the IASB reposition itself after the crisis. By assembling an impressive list of high-ranking business figures and public servants, the FCAG effectively took on some criticism but fended off fundamental opposition to the IASB, allowing it to introduce organizational modifications without compromising its expertise-based mode of governance. One way of doing this was to frequently write letters to the G20 outlining the group's position on policy proposals and explaining reforms regarding accounting standardization.

With regard to the organizational set-up, the introduction of the Monitoring Board was also framed as a reaction to the financial crisis, despite plans to form the board preceded the crisis. Formally, it appeared as if an additional supervisory body had been created, although a closer look reveals that the Monitoring Board is missing teeth. It is comprised of national regulators from the USA, Japan and the EU and some international organizations. Its main task is supervising the recruitment of Trustees, but the requirement to take decisions unanimously is a substantial impediment for oversight (Botzem, 2013). For the time being, the Monitoring Board seems to be a compromise most are happy with: while critics hope for a closer integration of public authority into the world of accounting regulation, the IASB's board continues to set standards independently.

Given the sudden and heavy surge of criticism of the IASB's structure and the pro-cyclical content of its standards, the organization managed to demonstrate swift reaction preserving expertise-based, private accounting standardization. During the

crisis, the IASB acted strategically in avoiding a confrontation on principles of FVA. For a short period, and under “rare circumstances,” the IASB abandoned its normative grounds to ensure the organization’s long-term survival. In addition, in establishing the Monitoring Board, the IASB managed to appease some critics by putting more emphasis on formal oversight without conceding substantial influence (Botzem, 2013).

Conclusion: reconfirming transnational accounting self-regulation

The present state of transnational standard setting in accounting cannot be assessed without understanding the IASB. Over the years, the IASB has substantially changed its organizational set-up and has grown into an effective and powerful player in cross-border accounting regulation. Despite explicit criticism after the financial crisis, the IASB reemerged strengthened and consolidated its position as global standard setter. Its standards are enjoying almost universal recognition and acceptance – with the USA currently being a solitaire in not giving clear indications on when to allow its large corporations the use of IFRS. More importantly, the IASB has managed to reconfirm its unique position in accounting standardization and thereby maintaining the development of financial reporting standards under the aegis of a small body of independent experts. In fact, the IASB has renewed expertise-based self-regulation and successfully continues to characterize public oversight as an undue infringement of technocratic decision making.

Professionalism remains a core base for self-regulation but we can observe a transformation of the configurations of expertise. Historically, the IASB’s predecessor had assembled professional associations as its main constituents but over time the federation of national bodies was abandoned. The IASB changed into a self-regulatory organization that maintains the principles of Anglo-American professionalism while ridding itself of statutory membership of professional associations. Today’s IASB is composed of a multitude of advisory and oversight bodies that shield expertise-based decision making. The IASB’s board is insulated from what it deems undue commercial or political pressures. It is made up of hand-picked individuals that exercise their standards-setting authority independently according to the rules set-out in the organizations’ constitution. While this is formally unproblematic, in practice, standards-setting continues to be self-administered, drawing on a notion of a-political professionalism that was successfully upheld even during the financial crisis. One core resource for acting independently is the organization’s staff which assembles substantial expertise of transnational accounting regulation. The IASB has become a central entity – arena and actor – defining the body of knowledge in cross-border accounting. Its influence is not matched by any other public or regulatory body including national professional associations. Other substantial influence of defining knowledge (cf. Reed, 1996) rests with the Big Four auditing firms. Together with big firms, the IASB makes up one essential locus of expertise in transnational accounting standardization.

Expertise is shifting away from national professional associations (cf. Greenwood *et al.*, 2002) but also from national standard setters, perhaps with the exception of the FASB. In contrast, the IASB has become a central node in transnational accounting regulation. Thanks to its internal resources, in particular its staff, and to the organization’s ability to adapt its structures to changing circumstances, the IASB is well positioned to set global standards. By establishing a new system of rule development (Suddaby and Viale, 2011) the IASB has contributed to a transformation of professionalism. Although further research is needed, with regard to the IASB it is

fair to say that transnational standardization has become a central part of accounting professionalism. At the same time, the IASB's persistence and its organizational adaptability suggests that attempts at standardization exceed a particular professional project and extends it beyond mere sector self-regulation. The organization's claim to issue quasi-public rules denote an expansion of professional activities into the public arena. Effectively, the IASB's strong orientation toward investors affects the distribution of corporate surplus to the benefit of capital providers. The increasing emphasis on FVA is an embodiment of this trend and underlines the political nature of accounting standardization notwithstanding the fact that the organization's core actors label their approach as "a-political."

The IASB's enduring quest for rule-setting authority is an expression of the organization's intention to preserve its outstanding position and to counter criticism of inadequate accountability. It continuously seeks to adapt its organizational set-up and particularly its consultation procedures. In a time when the diffusion of IFRS is increasingly global, it becomes clear that output legitimacy alone is insufficient to acquire accountability. Instead of opening up decision-making to societal stakeholders and interest representation, the IASB opted for selective inclusion of capital market actors, notably investors, preparers and some regulators. Such a move, while not satisfying democratic requirement, showed at least some awareness of weaknesses in participation and somewhat improved input legitimacy. The partial improvements of input and output legitimacy were accompanied by moving throughput legitimacy into the spotlight, with consultation becoming one of the IASB's core legitimization strategy.

Its due process is a sophisticated tool of stakeholder engagement that plays a central part in the organization's rhetoric. Praise by other transnational actors indicates the IASB's success in framing consultation as an adequate mode of outreach, while in practice it serves the organization well by allowing it to manage information inflow and to filter and reinterpret stakeholder opinions. Without the due process – despite the limitations of influencing decision-making – the IASB would most likely have been unable to maintain its core position in transnational accounting regulation. It provides the board and staff with some sway to mediate conflict and contestation among the interested public that does participate in consultation procedures. More importantly, the due process, its rigorous application and the high degree of transparency, equip the IASB with a valuable tool to fend off criticism. Consultation procedures speak to more universal values, such as engagement, outreach and transparency which seems to be an appropriate mode of developing voluntary rules. In accounting, however, IFRS are quasi-binding rules that in most jurisdictions are simply transposed into law; here a more demanding approach of stakeholder inclusion should be aimed at. Rule-making such as setting financial reporting standards should be subjected to democratic scrutiny and societal participation not just voluntary consultation. It speaks in favor of the IASB's strategic abilities that the organization managed to convince public and private actors that sophisticated consultation suffices to guard technocratic decision making. From a democratic perspective, the selective mode of decision making, however, remains worrying. The IASB's depoliticization of transnational accounting standardization continues to obtain acceptance thanks to its effective and rhetorical efforts to defend expertise-based self-regulation.

Today's transnational accounting standards-setting takes place in a tightly knit field. Undoubtedly, it centers on the IASB, which has carefully networked for more than four decades to eventually become the center of gravity. Beyond the nation state, an accounting constellation (cf. Burchell *et al.*, 1985) has emerged in which global

norms for financial reporting are being developed. We can therefore speak to a transnational regulatory constellation in accounting that comprises bodies of knowledge, systems of norms and classification techniques. Furthermore, it includes a firm organizational structure that has become home of material, epistemic and discursive resources impacting accountancy worldwide. In addition to giving room for capital market interests, the IASB has become a powerful actor itself that plays in concert with large international organizations by drawing on a notion of professionalism that allows fending off calls for more direct public oversight. At least for the time being, the IASB is firmly established and recognized as a standards-setter despite continuing weaknesses in its democratic accountability.

Notes

1. Auditing is the other case of professional self-regulation but has been somewhat in the shadow of IASB. Throughout their history, both organizations were close linked, especially in the early years (Camfferman and Zeff, 2007, p. 61ff). For more recent developments see Loft *et al.* (2005) and Loft *et al.* (2006).
2. Formally, IASB only refers to the standard setting body which today comprises 16 individuals. The legal entity is now called IFRS Foundation after having been called International Accounting Standards Committee Foundation (IASCF) between 2001 and 2010 and International Accounting Standards Committee from 1973 until 2000. However, commonly IASB is used to refer to the entire organization in London which also includes advisory bodies but not to the organization's Trustees which oversee standardization activities. I opt for this use and indicate where only specific bodies are referred to.
3. For a comprehensive list of the staff's task see Botzem (2012, p. 118).

References

- Baker, C.R. and Barbu, E.M. (2007), "Evolution of research on international accounting harmonization: a historical and institutional perspective", *Socio-Economic Review*, Vol. 5 No. 4, pp. 603-632.
- Bengtsson, E. (2011), "Repoliticalization of accounting standard-setting – The IASB, the EU and the global financial crisis", *Critical Perspectives on Accounting*, Vol. 22 No. 6, pp. 567-580.
- Biondi, Y. and Suzuki, T. (2007), "Socio-economic impacts of international accounting standards: an introduction", *Socio-Economic Review*, Vol. 5 No. 4, pp. 585-602.
- Botzem, S. (2008), "Transnational expert-driven standardisation: accountancy governance from a professional point of view", in Graz, J.-C. and Nölke, A. (Eds), *Transnational Private Governance and Its Limits*, Routledge, London, pp. 44-57.
- Botzem, S. (2012), *The Politics of Accounting Regulation. Organizing Transnational Standard Setting in Financial Reporting*, Edward Elgar, Cheltenham.
- Botzem, S. (2013), "Continuity of expert rule. Global accountancy regulation after the crisis", in Moschella, M. and Tsingou, E. (Eds), *Great Expectations, Slow Transformations: Incremental Change in financial Regulation*, ECPR Press, Colchester, pp. 149-171.
- Botzem, S. and Dobusch, L. (2012), "Standardization cycles. A process perspective on the formation and diffusion of transnational standards", *Organization Studies*, Vol. 33 Nos 5/6, pp. 737-762.
- Botzem, S. and Quack, S. (2006), "Contested rules and shifting boundaries: international standard setting in accounting", in Djelic, M.-L. and Sahlin-Andersson, K. (Eds), *Transnational Regulation in the Making*, Cambridge University Press, Cambridge, pp. 266-286.

- Botzem, S. and Quack, S. (2009), "(No) limits to Anglo-American accounting? Reconstructing the history of the International Accounting Standards Committee: a review article", *Accounting, Organizations and Society*, Vol. 34 No. 8, pp. 988-998.
- Boussebaa, M. (2009), "Struggling to organize across national borders: the case of global resource management in professional service firms", *Human Relations*, Vol. 62 No. 6, pp. 829-850.
- Boyer, R. (2007), "Assessing the impact of fair value upon financial crisis", *Socio-Economic Review*, Vol. 5 No. 4, pp. 779-807.
- Bromwich, M. (2007), "Fair values; imaginary prices and mystical markets", in Walton, P.J. (Ed.), *The Routledge Companion to Fair Value and Financial Reporting*, Routledge, London, pp. 46-68.
- Burchell, S., Clubb, C. and Hopwood, A.G. (1985), "Accounting in its social context: towards a history of value added in the United Kingdom", *Accounting, Organizations and Society*, Vol. 10 No. 4, pp. 381-413.
- Büthe, T. and Mattli, W. (2011), *The New Global Rulers: The Privatization of Regulation in the World Economy*, Princeton University Press, Princeton, NJ.
- Camfferman, K. and Zeff, S.A. (2007), *Financial Reporting and Global Capital Markets: A History of the International Accounting Standards Committee 1973-2000*, Oxford University Press, Oxford.
- Chapman, C.S., Cooper, D.J. and Miller, P.B. (2009), *Accounting, Organizations & Institutions: Essays in Honour of Anthony Hopwood*, Oxford University Press, Oxford.
- Christensen, M., Newberry, S. and Potter, B.N. (2010), *The Role of Global Epistemic Communities in Enabling Accounting Change Creating a More Business like Public Sector*, ERA Publications, Wellington, available at: <http://epubs.scu.edu.au/era/715/> (accessed December 5, 2013).
- Cooper, D.J. and Robson, K. (2006), "Accounting, professions and regulation: locating the sites of professionalization", *Accounting, Organizations and Society*, Vol. 31 Nos 3/4, pp. 415-444.
- Covaleski, M.A., Dirsmith, M.W. and Rittenberg, L. (2003), "Jurisdictional disputes over professional work: the institutionalization of the global knowledge expert", *Accounting, Organizations and Society*, Vol. 28 No. 4, pp. 323-355.
- De Lange, P. and Howieson, B. (2006), "International accounting standards setting and US exceptionalism", *Critical Perspectives on Accounting*, Vol. 17 No. 8, pp. 1007-1032.
- ECOFIN (2006), "Economic and financial affairs", press release, 2741st Council Meeting, July 11, 2006, 113 70/06 (Presse 209), Council of the European Union, Brussels.
- Financial Crisis Advisory Group (FCAG) (2009), *Report*, International Accounting Standards Committee Foundation/Financial Accounting Foundation, London/Delaware, available at: www.ifrs.org/News/Press-Releases/Pages/Financial-Crisis-Advisory-Group-publishes-wide-ranging-review-of-standard-setting-activities-followi.aspx (accessed March 20, 2013).
- FSB (2013), "About the compendium of standards", available at: www.financialstabilityboard.org/cos/index.htm (accessed March 20, 2013).
- G20 (2008), "Declaration summit of financial markets and the world economy", G20 Summit November 15, 2008, available at: www.g20.org/Documents/g20_summit_declaration.pdf (accessed November 1, 2013).
- Gallhofer, S. and Haslam, J. (2006), "The accounting-globalisation interrelation: an overview with some reflections on the neglected dimension of emancipatory potentiality", *Critical Perspectives on Accounting*, Vol. 17 No. 7, pp. 903-934.
- Gallhofer, S. and 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*, Vol. 5 No. 4, pp. 633-664.
- Georgiou, O. and Jack, L. (2011), "In pursuit of legitimacy: a history behind fair value accounting", *The British Accounting Review*, Vol. 43 No. 4, pp. 311-323.

-
- Greenwood, R., Suddaby, R. and Hinings, C.R. (2002), "Theorizing change: the role of professional associations in the transformation of institutionalized fields", *Academy of Management Journal*, Vol. 45 No. 1, pp. 58-80.
- Halliday, T.C., Block-Lieb, S. and Carruthers, B.C. (2010), "Rhetorical legitimation: global scripts as strategic devices of international organizations", *Socio-Economic Review*, Vol. 8 No. 1, pp. 77-112.
- Hopwood, A.G. (1987), "The archaeology of accounting systems", *Accounting, Organizations and Society*, Vol. 12 No. 3, pp. 207-234.
- Hopwood, A.G. (1997), "Internationalising international accounting research", *Accounting, Organizations and Society*, Vol. 22 No. 8, pp. iii-iv.
- Hopwood, A.G. and Miller, P. (1994), *Accounting as Social and Institutional Practice*, Cambridge University Press, Cambridge.
- IFRS (2007), "IASB tops global rankings for stakeholder participation", available at: www.ifrs.org/News/Press-Releases/Pages/IASB-tops-global-rankings-for-stakeholder-participation-Identified-as-high-performer-for-transpare.aspx (accessed December 5, 2013).
- IFRS (2013a), "About advisory bodies", available at: www.ifrs.org/The-organisation/Advisory-bodies/Pages/About_advisory_bodies.aspx (accessed March 19, 2013).
- IFRS (2013b), "Trustees announce membership of ASAF", available at: www.ifrs.org/Alerts/Governance/Pages/Trustees-announce-membership-of-ASAF-March-2013.aspx (accessed March 19, 2013).
- IFRS (2013c), "Capital Markets Advisory Committee (CMAC)", available at: www.ifrs.org/The-organisation/Advisory-bodies/CMAC/Pages/CMAC.aspx (accessed March 26, 2013).
- IFRS (2013d), "Financial crisis advisory group", available at: www.ifrs.org/The-organisation/Advisory-bodies/FCAG/Pages/Areas-within-the-Financial-Crisis-Advisory-Group-scope.aspx (accessed March 26, 2013).
- IFRS (2013e), "Cornerstones of the organisation's public accountability", available at: www.ifrs.org/The-organisation/Governance-and-accountability/Pages/governance-and-accountability.aspx (accessed December 4, 2013).
- IFRS Foundation (2012), "Annual Report 2011", available at: www.ifrs.org/Alerts/PressRelease/Pages/2011-Annual-Report.aspx (accessed March 20, 2013).
- IFRS Foundation (2013a), "Constitution", available at: www.ifrs.org/the-organisation/governance-and-accountability/constitution/Pages/Constitution.aspx (accessed March 20, 2013).
- IFRS Foundation (2013b), "Who we are and what we do", available at: www.ifrs.org/The-organisation/Documents/2013/Who-We-Are-English-2013.pdf (accessed March 20, 2013).
- IFRS Foundation (2013c), "IASB and IFRS interpretations committee due process handbook", available at: www.ifrs.org/Alerts/Governance/Pages/Trustees-publish-revised-version-of-the-IFRS-Foundation-Due-Process-Handbook.aspx (accessed March 25, 2013).
- Kirsch, R.J. (2007), *The International Accounting Standards Committee: A Political History*, Wolters Kluwer, London.
- Lagneau-Ymonet, P. and Quack, S. (2012), "What's the problem? Competing diagnoses and shifting coalitions in the reform of international accounting standards", in Mayntz, R. (Ed.), *Crisis and Control. Institutional Change in Financial Market Regulation*, Campus, Frankfurt/Main, pp. 213-246.
- Larson, R.K. (1997), "Corporate lobbying of the International Accounting Standards Committee", *Journal of International Financial Management and Accounting*, Vol. 8 No. 3, pp. 175-203.

- Loft, A., Humphrey, C. and Turley, S. (2005), "In pursuit of global regulation. Changing governance and accountability structures at the International Federation of Accountants (IFAC)", *Accounting, Auditing & Accountability Journal*, Vol. 19 No. 3, pp. 428-451.
- McLeay, S., Ordelheide, D. and Young, S. (2000), "Constituent lobbying and its impact on the development of financial reporting regulations: evidence from Germany", *Accounting, Organizations and Society*, Vol. 25 No. 1, pp. 79-98.
- Macdonald, K.M. (1995), *The Sociology of the Professions*, Sage Publications, London.
- Nobes, C. and Parker, R. (Eds) (2004), *Comparative International Accounting*, Pearson Education, Essex.
- Nölke, A. (2009), "The politics of accounting regulation. Responses to the subprime crisis", in Helleiner, E., Pagliari, S. and Zimmermann, H. (Eds), *Global Finance in Crisis. The Politics of International Regulatory Change*, Routledge, London and New York, NY, pp. 37-55.
- One World Trust (2008), "2008 Global Accountancy Report", available at: www.oneworldtrust.org/publications/doc_download/226-2008-global-accountability-report-colour (accessed December 5, 2013).
- Perry, J. and Noelke, A. (2005), "International accounting standard setting: a network approach", *Business and Politics*, Vol. 7 No. 3, Article 5.
- Perry, J. and Noelke, A. (2006), "The political economy of international accounting standards", *Review of International Political Economy*, Vol. 13 No. 4, pp. 559-586.
- Porter, T. (2005), "Private authority, technical authority, and the globalization of accounting standards", *Business and Politics*, Vol. 7 No. 3, Article 2.
- Posner, E. (2009), "Making rules for global finance: transatlantic regulatory cooperation at the turn of the millennium", *International Organization*, Vol. 63 No. 4, pp. 665-699.
- Posner, E. (2010), "Sequence as explanation: the international politics of accounting standards", *Review of International Political Economy*, Vol. 17 No. 4, pp. 639-664.
- Power, M. (2009), "Financial accounting without a state", in Chapman, C.S., Cooper, D. and Miller, P. (Eds), *Accounting, Organizations, and Institutions: Essays in Honour of Anthony Hopwood*, Oxford University Press, Oxford, pp. 325-340.
- Power, M. (2010), "Fair value accounting, financial economics and the transformation of reliability", *Accounting and Business Research, International Accounting Policy Forum*, Vol. 40 No. 3, pp. 197-210.
- Quack, S. (2010), "Law, expertise and legitimacy in transnational economic governance: an introduction", *Socio-Economic Review*, Vol. 8 No. 1, pp. 3-16.
- Radwan, A. (2008), "Report on International Financial Reporting Standards (IFRS) and the Governance of the International Accounting Standards Board (IASB) (2006/2248(INI))", A6-0032/2008, European Parliament, Brussels.
- Ramirez, C. (2007), "Exporting professional models: the expansion of the multinational audit firm and the transformation of the French accountancy profession since 1970", *Les Cahiers de Recherche*, Vol. 864, HEC School of Management, Paris.
- Ramirez, C. (2010), "Promoting transnational professionalism: Forays of the 'Big Firm' accounting community into France", in Djelic, M.-L. and Quack, S. (Eds), *Transnational Communities: Shaping Global Economic Governance*, Cambridge University Press, Cambridge, pp. 174-195.
- Reed, M.I. (1996), "Expert power and control in late modernity: an empirical review and theoretical synthesis", *Organization Studies*, Vol. 17 No. 4, pp. 573-598.
- Richardson, A.J. and Eberlein, B. (2011), "Legitimizing transnational standard-setting: the case of the international accounting standards board", *Journal of Business Ethics*, Vol. 98 No. 2, pp. 217-245.

- 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*, Vol. 15 No. 1, pp. 109-126.
- Suchman, M.C. (1995), "Managing legitimacy: strategic and institutional approaches", *The Academy of Management Review*, Vol. 20 No. 3, pp. 571-610.
- Suddaby, R. and Greenwood, R. (2005), "Rhetorical strategies of legitimacy", *Administrative Science Quarterly*, Vol. 50 No. 1, pp. 35-67.
- Suddaby, R. and Viale, T. (2011), "Professionals and field-level change: institutional work and the professional projects", *Current Sociology*, Vol. 59 No. 4, pp. 423-442.
- Suddaby, R., Cooper, D.J. and Greenwood, R. (2007), "Transnational regulation of professional services: governance dynamics of field level organizational change", *Accounting, Organizations and Society*, Vol. 32 Nos 4/5, pp. 333-362.
- Sugarman, D. (1995), "Who colonized whom? Historical reflections on the intersection between law, lawyers and accountants in England", in Dezalay, Y. and Sugarman, D. (Eds), *Professional Competition and Professional Power: Lawyers, Accountants and the Social Construction of Markets*, Routledge, London, pp. 226-237.
- Tamm Hallström, K. (2004), *Organizing International Standardization: ISO and the IASC in Quest of Authority*, Edward Elgar Publishing, Cheltenham.
- Tamm Hallström, K. and Boström, M. (Eds) (2010), *Transnational Multi-Stakeholder Standardization. Organizing Fragile Non-State Authority*, Edward Elgar Publishing, Cheltenham.
- Timmermans, S. and Epstein, S. (2010), "A world of standards but not a standard world: toward a sociology of standards and standardization", *The Annual Review of Sociology*, Vol. 36, pp. 69-89.
- Verón, N. (2007), *The Global Accounting Experiment*, Bruegel, Brussels.
- Vollmer, H. (2007), "How to do more with numbers. Elementary stakes, framing, keying, and the three-dimensional character of numerical signs", *Accounting, Organizations and Society*, Vol. 32 No. 6, pp. 577-600.
- Walton, P. (2004), "IAS 39: where different accounting models collide", *Accounting in Europe*, Vol. 1 No. 1, pp. 5-16.
- Willmott, H. (2000), "Organising the profession: a theoretical and historical examination of the development of the major accountancy bodies in the UK", in Edwards, J.R. (Ed.), *The History of Accounting: Critical Perspectives on Business and Management (Volume IV – Professionalisation of Accounting)*, Routledge, London, pp. 233-269.
- Zeff, S. (2012), "The Evolution of the IASC into the IASB and the challenges it faces", *The Accounting Review*, Vol. 87 No. 3, pp. 807-837.

Further reading

- Larson, R.K. and Kenny, S.Y. (2011), "The financing of the IASB: an analysis of donor diversity", *Journal of International Accounting, Auditing, and Taxation*, Vol. 20 No. 1, pp. 1-19.
- Martinez-Diaz, L. (2005), "Strategic experts and improvising regulators: explaining the IASC's rise to global influence, 1973-2001", *Business and Politics*, Vol. 7 No. 3, Article 3.

Corresponding author

Professor Sebastian Botzem can be contacted at: sebastian.botzem@iniis.uni-bremen.de

This article has been cited by:

1. TroshaniIndrit, Indrit Troshani, LockeJoanne, Joanne Locke, RowbottomNick, Nick Rowbottom. Transformation of accounting through digital standardisation. *Accounting, Auditing & Accountability Journal*, ahead of print. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
2. Amanda Sonnerfeldt, Anne Loft. 2018. The changing face of ethics – Developing a Code of Ethics for Professional Accountants from 1977 to 2006. *Accounting History* 23:4, 521-540. [[Crossref](#)]
3. Dina Aburous. 2018. IFRS and institutional work in the accounting domain. *Critical Perspectives on Accounting* . [[Crossref](#)]
4. Sandra Chapple. 2018. IFRS adoption in Australia: A strong structuration perspective. *Accounting History* 23:3, 265-295. [[Crossref](#)]
5. Masatsugu Sanada. 2018. The legal backing for accounting standard-setting in Japan: A historical review. *Accounting History* 23:3, 338-359. [[Crossref](#)]
6. DegosJean-Guy, Jean-Guy Degos, LevantYves, Yves Levant, TouronPhilippe, Philippe Touron. The history of accounting standards in French-speaking African countries since independence. *Accounting, Auditing & Accountability Journal*, ahead of print. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
7. Alessandra Allini, Massimo Aria, Riccardo Macchioni, Claudia Zagaria. 2018. Motivations behind users' participation in the standard-setting process: Focus on financial analysts. *Journal of Accounting and Public Policy* 37:3, 207-225. [[Crossref](#)]
8. DetzenDominic, Dominic Detzen. 2018. A “New Deal” for the profession. *Accounting, Auditing & Accountability Journal* 31:3, 970-992. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
9. Kees Camfferman, Stephen A. Zeff. 2018. The Challenge of Setting Standards for a Worldwide Constituency: Research Implications from the IASB's Early History. *European Accounting Review* 27:2, 289-312. [[Crossref](#)]
10. David Carter, Rebecca Warren. 2018. Metonyms and metaphor: the rhetorical redescription of public interest for the International Accounting Standards Board. *Critical Policy Studies* 27, 1-26. [[Crossref](#)]
11. Pimsiri Chiwamit, Sven Modell, Robert W. Scapens. 2017. Regulation and adaptation of management accounting innovations: The case of economic value added in Thai state-owned enterprises. *Management Accounting Research* 37, 30-48. [[Crossref](#)]
12. Louise Crawford. 2017. Exploring the emancipatory dimensions of globalisation: The struggle over IFRS8 and country-by-country reporting. *Critical Perspectives on Accounting* . [[Crossref](#)]
13. Sebastian Botzem, Sigrid Quack, Solomon Zori. 2017. International Accounting Standards in Africa: Selective Recursivity for the ‘Happy Few’?. *Global Policy* 8:4, 553-562. [[Crossref](#)]
14. Elisavet Mantzari, Christos Sigalas, Tony Hines. 2017. Adoption of the International Financial Reporting Standards by Greek non-listed companies: The role of coercive and hegemonic pressures. *Accounting Forum* 41:3, 185-205. [[Crossref](#)]
15. LouwAlbertus, Albertus Louw, MarounWarren, Warren Maroun. 2017. Independent monitoring and review functions in a financial reporting context. *Meditari Accountancy Research* 25:2, 268-290. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
16. Trevor Hopper, Philippe Lassou, Teerooven Soobaroyen. 2017. Globalisation, accounting and developing countries. *Critical Perspectives on Accounting* 43, 125-148. [[Crossref](#)]
17. Christoph Pelger, Nicole Spieß. 2017. On the IASB's construction of legitimacy – the case of the agenda consultation project. *Accounting and Business Research* 47:1, 64-90. [[Crossref](#)]

18. Lasse O. Oulasvirta, Stephen J. Bailey. 2016. Evolution of EU public sector financial accounting standardisation: critical events that opened the window for attempted policy change. *Journal of European Integration* **38**:6, 653-669. [[Crossref](#)]
19. Darlene Himick, Marion Brivot, Jean-François Henri. 2016. An ethical perspective on accounting standard setting: Professional and lay-experts' contribution to GASB's Pension Project. *Critical Perspectives on Accounting* **36**, 22-38. [[Crossref](#)]
20. Christoph Pelger. 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. [[Crossref](#)]
21. Mehdi Boussebaa. 2015. Professional service firms, globalisation and the new imperialism. *Accounting, Auditing & Accountability Journal* **28**:8, 1217-1233. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
22. David Heald, Ron Hodges. 2015. Will “austerity” be a critical juncture in European public sector financial reporting?. *Accounting, Auditing & Accountability Journal* **28**:6, 993-1015. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
23. Paul Gillis, Richard Petty, Roy Suddaby. 2014. The transnational regulation of accounting: insights, gaps and an agenda for future research. *Accounting, Auditing & Accountability Journal* **27**:6, 894-902. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]