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Defining the International Accounting Standard Board's governance network

Patricia A. Rossman
Walden University

Walden University

COLLEGE OF MANAGEMENT AND TECHNOLOGY

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Patricia Rossman

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Walden University
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ABSTRACT

Defining the International Accounting Standard Board's Governance Network

by

Patricia A. Rossman, CPA

M.P.A., Indiana University, 2002

Dissertation Submitted in Partial Fulfillment
of the Requirements for the Degree of
Doctor of Philosophy
Accounting

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(June, 2009)

ABSTRACT

There is little empirical research identifying the structural forces influencing the International Accounting Standards Board (IASB). The purpose of this study was to analyze the structural forces underlying international accounting regulation to contribute insights useable by the public, politicians, and scholars to conceptualize the processes of international accounting regulation. Based on stakeholder theory, legitimacy theory, and social network theory it was posited that this network is rationally created to serve certain stakeholder groups in the face of divergent stakeholder interests. The research questions for this study addressed the organizations which constituted the IASB's governance network, the professional and geographic perspectives represented, and the extent to which the governance network was structurally embedded. Social network methodology was utilized within a case study design. All data consisted of publically available existing data. Social network analysis including graphic notations, density, comembership overlap, and co-organizational overlap were employed to produce a representation of the governance network and to measure the extent to which the network was structurally embedded. To provide supplementary detail, the professional perspectives and geographic representations of the actors were measured. The results indicated that the network forms a definable hierarchy that exhibits qualities of structural embeddedness. Banking interests were more embedded within the governance network than any other professional, academic, or social group. Also, a strong Western influence was detected. The societal benefit of this effort was to engage society in general and accounting researchers in particular in hopes of encouraging diverse representation in regulatory processes with both macro and micro-consequences.

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CHAPTER 1: INTRODUCTION TO STUDY

Introduction

Mainstream accounting theory holds that accounting is neutral or more appropriately a functional craft that should be, and currently is, well removed from its societal potentialities (Roslender, 2006). This is problematical given that the U.S. financial crisis of September 2008 was in large part predicated, and conceivably revealed, by seemly neutral accounting regulations. For example, accounting jargon, such as the *mark-to-market* rule, is finding commonplace in the media coverage of the financial crisis (Gannon, 2009). Calling into question a few accounting regulations is a veil for much larger regulatory issues within a fallible economic system (Mark-to-market accounting, 2009; United States Securities and Exchange Commission, n.d.). Whether these issues will be identified in the mainstream or not remains to be seen. One thing; however, is marked, the accounting regulations underlying financial markets and economic policies do affect society (Carson, King, & Lewis, 2008).

In a majority of mainstream discourse on accounting convergence positive potentiality is taken for granted rather than empirically investigated (Nicolaisen, 2005; Tweedie & Seidenstein, 2005). The goal of accounting convergence, or adopting a single set of internationally accepted financial accounting standards, is to promote global economic interconnectiveness by creating an unparalleled liquidity of international capital markets (Nicolaisen, 2005). At face value accounting standards govern the method(s) in which economic data are recorded and subsequently reported in the

financial statements of issuing entities (Weygandt, Kieso, & Kimmel, 2008). These standards range from the classification of transactions to the monetary amount to be recognized in order to properly capture the economic substance of the transaction(s) in question. Though technical, accounting standards create incentives or disincentives, depending on the application, for organizations to conduct certain types of business, in certain areas and with certain stakeholders (Perry & Nolke, 2006). For example, according to James (2008) a recent accounting regulation requires companies to increase the expense as well as the related liability associated with company funded pension plans and other post retirement benefit plans, such as health care. This regulation not only adversely impacts the financial statements but it also diminishes a company's willingness to offer such plans. As a result employee stakeholders are less likely to benefit from the security inherent of defined benefit retirement plans (James, 2008). Given the proven market volatilities of personal retirement investment accounts, such as 401K investments, the potentiality of this accounting disincentive alone is staggering. Yet this is only one example of how the process of setting accounting standards shapes economic transactions which in turn directly affect societies (Cooper, Neu, & Lehman, 2003; Gallhofer & Haslam, 2006; Graham & Neu, 2003; Hopwood, 1994; Lehman, 2005a, 2005b).

The processes of global accounting regulation are encapsulated in the work of Kingsbury, Krisch, and Steward (2005). Global regulation functions in a space they deem global administrative law. In particular, they noted that, "emerging patterns of global governance are being shaped by a little-noticed but important and growing body of global

administrative law" (p. 15). International accounting regulations fostered by the accounting convergence movement is one of the more significant happenings in global administrative law. To date; however, the arena of global administrative law, in general, and accounting convergence, in particular, is uninformed about the scope, structure, and impact of these global administrators (Kingsbury et al., 2005; Mattli & Buthe, 2005a, 2005b).

This study examined the structural elements of the International Accounting Standards Board's (IASB) governance network. Although the prospect of global accounting governance may seem well removed from the traditional arrangement of national accounting regulation, the proliferation of international reporting standards has profound effects on national as well as global economies (Cooper & Robson, 2006; Gallhofer & Haslam, 2004; Graham & Neu, 2003; Schmidt, 2002). As pointed out by Cooper and Robson (2006) it is hardly possible to study international accounting regulation seriously without considering the complex web of alliances, agreements, and accords that exist between these organizations. This governance network is understudied.

Problem Statement

At present there is little available empirical research identifying the structural forces influencing the IASB. Although researchers such as Mattli and Buthe (2005a, 2005b) and Brown (2004) have attempted to address this disparity, no attempts have been made in mainstream accounting literature to holistically examine the IASB's governance network even though the need for such efforts has been expressed for at least a decade

(Hopwood, 1994; Laughlin, 1999). That the IASB's governance network has yet to receive significant scholarly attention even in light of such troublesome concerns is, to be sure, the problem.

Specifically it is questioned why proven theoretical and methodological tools such as social network analysis have not been applied to explore the milieu of the IASB (Laughlin, 1995). In particular scholarly inquiries of this type can identify the organizations that constitute the IASB's governance network and measure the extent to which individual actors are structurally embedded within the network (Jones et al., 1997; Rowley, 1997). Additional mathematical analysis can add further conceptual detail to the governance network by measuring the professional perspectives and geographic representation of the individual actors.

Much literature is cautiously silent or expressly limited as to the specific interests and influences of the organizations within the IASB's governance network (Nicolaisen, 2005; Tweedie & Seidenstein, 2005). Nevertheless the compelling findings uncovered by a minority of contemporary, even critical, scholars elicit suspicions, perhaps to a lesser degree curiosity, about the inner workings of the IASB (Brown, 2004; Gallhofer & Haslam, 2005; Hopwood, 1994; Lehman, 2005a). If the adoption of international accounting standards is accepted as an economically, politically, and socially important phenomenon, then the standard setting process demands empirical scrutiny.

Given the recent financial crisis in the U.S. a critical examination of the organizational stakeholder's interest in, possibly even influence over, the accounting regulators is of urgent relevance. Consequently the strict fundamentalist view of neutral accounting is rejected; perhaps even toxic in its own right (Gallhofer & Haslam, 2005; Hopwood, 1994; Lehman, 2005a). It is evident that accounting requirements can be used to serve the public's interest by issuing certain guidance, or to serve particular interests by issuing contrary guidance. The judgment of what constitutes fair and equable valuations is far from straightforward (Perry & Nolke, 2006). As a result stakeholder influence within the regulatory body can convey broad power and even greater consequences (Cooper & Robson, 2006; Schmidt, 2002).

Assuming a broader scope to address these stakeholder interests Hopwood (1994), Gallhofer and Haslam (2006), and Lehman (2005b) noted the menacing influence of nongovernmental global institutions; although none go as far as creating a holistic network per se. Gallhofer and Haslam (2006) wrote, "there is much that is reflective in accounting phenomena of the very unfair and highly problematic global context…and accounting is constitutive of the problematics of its context too" (p. 919). Laughlin (1999) echoed this position by questioning critical accounting researchers for neglecting, "accounting-related thinking in regulatory process" (Societal dimensions section, para. 4). Therefore, considering the rate at which international accounting regulations are replacing national regulations, there is an imperative need for scholars to define and explore the IASB's governance network.

Background of Problem

In an effort to facilitate cross-border trading and financial statement comparability throughout the world the IASB has been charged with furthering the movement toward one international set of accounting standards (Ruder et al., 2005). The movement toward a single set of international financial reporting standards is known as accounting convergence or formerly accounting harmonization. This rapid escalation of economic globalization, otherwise a race for financial return, has necessitated a desire by many actors for internationally comparable financial data. As a result accounting convergence has gained mainstream support as it supplies the processes necessary to achieve a unified capital market (Nicolaisen, 2005).

The business of financial accounting is viewed as a, if not the, major impediment to the raging whirlwind of economic globalization. Capital markets must minimize investor risks, maximize investor returns, and produce comparable financial information for decision-based investing (Herz & Petrone, 2005; Nicolaisen, 2005; Tweedie & Seidenstein, 2005). An efficient global capital market must be interpreted by comparable accounting or regulatory standards (Cooper et al., 2003; Graham & Neu, 2003). Over the last decade organizations such as the Financial Accounting Standards Board (FASB), the Securities Exchange Commission (SEC), the World Trade Organization (WTO), national governments, and the World Bank have labored to achieve a single set of international accounting standards (Herz & Petrone, 2005; Nicolaisen, 2005). This labor of interested actors has been realized. Accounting convergence is a global reality (IASB, 2008a).

Whereas the reality of accounting convergence cannot be questioned, whether its forging was precipitated by actual users of financial accounting information is problematic. It appears that the ordinary users of accounting data, "…tend to be represented rhetorically rather than physically" (Hopwood, 1994, p. 243) by financial accounting proponents and regulators. Hopwood (1994) detailed a lack of empirical analysis on the international demand for accounting convergence. Further he questioned the undemocratic trends toward privatization and standardization based on the western-centric philosophies of capital market effectiveness and efficiency. In this light Hopwood urged contemporary researchers to consider the cosmopolitan effects of international accounting, the ambiguity and complexity of the powers behind this influential movement, and how such powers pervade society.

An optimistic vantage of unrestricted capital flows is echoed in the majority of prevailing research on accounting convergence (Gannon & Ashwal, 2004; Tokar, 2005; Tweedie & Seidenstein, 2005). It is claimed that, "it is, however, the right objective and one that should be pursued vigorously, as it offers tremendous opportunities for all involved…" (Tokar, 2005, p.710) and "[accounting convergence]…will contribute to the economic betterment for us all" (Nicolaisen, 2005, p. 685). The processes of accounting convergence may provide positive returns in the global economic system. For example, international standards may reduce the cost of capital for organizations and provide new opportunities for investors (Tweedie & Seidenstein, 2005). However, a dissenting few challenged this notion of benign betterment (Cooper et al., 2003; Hopwood, 1994;

Lehman, 2005a, 2005b; McCombie & Deo, 2005).

Supposing in the vein of mainstream accounting theory that the policies of accounting convergence are concentrated exclusively, or at least chiefly, on unprecedented and exponential growth of the economic sector, the processes of its institutional creation, procedural accountability, societal inclusion, and imposition of global control demand high order on the accounting agenda (Giddings et al., 2002; Hopwood, 1994; Lehman, 2005a, 2005b; UN, 1987). The issues concerning the authority and capacity to regulate accounting convergence are well noted by Cooper and Robson (2006). One approach requires questioning the structural realities and institutional democracy of the international accounting regulator directly (Laughlin, 1999, 1995).

Mattli and Buthe (2005b) asserted that the establishment of international accounting standards is, "one of the economically and politically most important areas where governance functions have been delegated to the private sector" (p. 400). There are many compelling reasons to delegate such authority. According to Principal-Agent literature the decision to delegate is attractive when the economic or political costs of internal production are greater than the external costs. For example, governmental regimes may not have the resources to attract and maintain the expertise necessary to produce high quality regulation. Moreover, private bodies are not encumbered by the bureaucracy often associated with governmental processes (Mattli & Buthe, 2005a).

Respective of this level of assumed importance; however, there is a noted lack of accountability built into the regulatory process of setting international financial reporting standards (IFRS) (Brown, 2004; Cooper & Robson, 2006; Gallhofer & Haslam, 2005; Mattli & Buthe, 2005a, 2005b). The regulatory responsibility for promulgating IFRSs was "delegated to (or effectively been acquired by)" (Mattli & Buthe, 2005b, p. 399) the IASB in 2001. The IASB is a nongovernmental organization (NGO) primarily funded by large corporations, accounting firms, stock exchanges, banking institutions, and other interested stakeholders (Brown, 2004). The IASB operates at a transnational level virtually free of traditional nation-state governmental controls (Kingsbury et al, 1999). Although the IASB is not a democratically valid body per se a host of prevailing parties such as the World Bank, Bank of International Settlements, SEC, United Nations, and national government officials have formally legitimized them as the global accounting regulator (Buthe & Mattli, 2005a, 2005b; Cooper & Robson, 2006).

From inception the IASB has been criticized for its western-centric organizational structure and membership (Brown, 2004; Giddings et al., 2002; Lehman, 2005a; Neu et al., 2005). In 2002 only 1 of the IASB's 14 board members hailed from a developing country (Brown, 2004). The IASB's constitution limits board membership to English speaking accounting experts (IASC, 2000). This; however, is not unreasonable (Mattli & Buthe, 2005b). For example, it is reasonable for the average person to expect that accounting regulators need members with accounting expertise. Furthermore, Mattli and Buthe (2005b) explained this phenomenon as resulting from an uneven geographical

distribution whereas the majority of accounting experts are concentrated in America and the United Kingdom.

Other criticisms of the IASB relate to procedural transparency and inclusion (Hopwood, 1994; Mattli & Buthe, 2005a, 2005b; McCombie & Deo, 2005); national legitimacy (Schmidt, 2002), regulatory fairness in the face of diverging interest (Chand & White, 2007), and the influence of international organizations (Caramanis, 2002; Graham & Neu, 2003; Lehman, 2005). Yet in light of such serious criticisms few have aptly examined the IASB's larger role in globalization and society (Cooper & Robson, 2006; Graham & Neu, 2003). To this Lehman (2005b) warned, "…without a full analysis of their [non-governmental organizations] role in civil society, it is possible that they will be captured by external forces, including but not limited to economic logic that guides a corporate mandate to maximise *[sic]* outputs and minimise *[sic]* costs" (p. 3).

During the last decade the landscape of global accounting regulation has morphed at an exponential pace. Existing nonprofit organizations have been capitalized and revamped while new nonprofit organizations have been legitimized before incorporation articles and by-laws were released in print. Perhaps the world's financial markets have been captured by external forces. Or, perhaps centralized financial regulation and the aggressive promotion of standardized international financial systems is a public service. Such answers, of course, remain to be seen and should be explored by accounting scholars (Hopwood, 1994; Lehman, 2005b).

Purpose of the Study

The work herein promotes a broader, more inclusive understanding of how accounting technology is mobilized in the global sphere. It is theorized that a systematic concentration on the organizations involved with global regulation is necessary to illuminate the underlying network driving accounting convergence (Cooper & Robson, 2006; Graham & Neu, 2003). Further that such a network has a profound, if not superior, impact on the purposes, intents, and overall direction of accounting convergence (Faerman, McCaffrey & Van Slyke, 1999; Granovetter, 1992; Jones et al., 1997; Lehman, 2005a; Rowley, 1997). A critical exploration, such as the present work, contributes a fundamental holistic description of the IASB's greater governance network, which is lacking at present.

Transparent knowledge of the actual power structures is sparse and seemingly well hidden within the published context of the IASB's organizational structure. Such vagueness only exacerbates attempts to understand or even explain the administrative issues previously discussed in the realm of international accounting regulation (Cooper & Robson, 2006; Graham & Neu, 2003; Perry & Nolke, 2006). This fact; however, is not coded to discount the professionalism, expertise or talent of accounting professionals in general; instead it may infer systematic issues. Accordingly, these issues are approached by focusing on the networks of organizations bound by cooperative control, structural agreements, and professionalization promulgating international regulation in an environment that Habermas (1991) described as, "…private law shrouded in quasi-public

authority" (p. 149).

Buthe and Mattli (2005) speculated that these issues are largely ignored by nonaccounting scholars due to self-perceived ignorance, as likely to be noninterest, of complex and technical accounting information. Additionally, they theorized that lack of procedural inclusion and IASB transparency excludes many mainstream accounting professionals with the technical expertise to appreciate these issues. In so much, an analysis uncomplicated by procedural accounting jargon, at least to the degree possible, supplies a building block for reflection on global accountancy. This is to stimulate discourse; regardless if the resulting discourse is positive, negative or neutral (Hopwood, 1994; Lehman, 2005b). Hence, the purpose of positive analysis of the structural forces underlying international accounting regulation is to contribute insights which may be used by the public, politicians, and scholars alike to conceptualize the complex network of organizational as well as individual actors promulgating international accounting regulation.

Theoretical Framework

Although critical accounting theory remains on the fringe of accounting scholarship, its small following has grown in recent decades. As Roslender (2006) explained the underlying goal of critical scholarship is to bring awareness to the accounting profession, as well as those outside the profession, of the conditions and consequences of accounting action. Disregarding the various ideological positions of critical theory, one theme emerged consistent among early critical scholars. Namely,

many critical scholars emphasize the role of superstructural factors (Laughlin, 1995; Laughlin & Puxty, 1985; Roslender).

The milieu of the IASB is complex for traditional sociological analysis (Jones et al., 1997; Rowley, 1997). To overcome this complexity issue, much existing literature on the milieu of the IASB and/or its stakeholder relationships is rooted in traditional sociological analysis limiting the population of study to the IASB, a subset of its funding organizations or its regulatory standards (Brown, 2004; Brown, Tower, & Taplin, 2004; Caramanis, 2002; Lehman, 2005a; Neu et al., 2006). In such studies positivistic or institutional ideological positions are traditionally assumed. The value of such studies is not questioned; yet, the progression of identifying the broader milieu in which the IASB operates remains neglected (Laughlin, 1999; Laughlin & Puxty, 1983). Putting forth a bounded social network for the IASB explicitly requires a nontraditional exploratory study to bridge this caveat in existing literature.

A triangulation of theoretical perspectives is one approach to redress such caveats. The proposed triangulation critically appraises multiple theoretical approaches concurrently employed in accounting research to, "…capture a comprehensive, holistic, and contextual portrayal" (Hopper & Hoque, 2006, p. 478) of the IASB's governance network. Moreover, this approach is capable of informing broader potentialities not currently accessible at an individual theory level. Due to differing ontological and epistemological perspectives, this approach is not without debate, the magnitude of which is to vast to include here. Thus, a defensive preamble is fitting (Roslender, 2006).

First, triangulation of multiple theoretical perspectives is generally accepted by accounting researchers (Hopper & Hoque, 2006; Klumps, 2001). Second, the philosophy of science can make very few, if any, claims lending supremacy to one theoretical position over another (Geyer, 2003). To this point, multiple epistemological positions are vital if academia is to keep pace with society's need for information (Savage & Burrows, 2007). Third, theoretical hypocrisy can be, and is, viewed as "dubious" (Hopper & Hoque, 2006; Latour, 1999). To illustrate, Klumps (2001) found that accounting regulators in the U.S. intentionally disregarded certain theoretical perspectives over others to favor the interest of more powerful stakeholders.

Mattli and Buthe (2005b) studied the IASB's global governance using a modified P-A theory framework. Specifically they asserted:

> Regulatory institutions like IASB and FASB, however, are not fixed structures…We focus here on an important dimension of change: change in the extent to which these bodies have embraced, resisted, instituted, or rejected mechanisms of administrative law…We seek to explain such changes as well as the general operation of private-sector accounting governance as a function of political and structural factors, such as power, control, dependency, and knowledge asymmetries. (p. 228)

Although the above excerpt is reflected herein, the epistemological foundations differ greatly. P-A theory is methodologically stiff in that its predictive value hinges on the ability to examine singular, unilateral ties between an actor and a principal (Prossor, 2005). Mattli and Buthe (2005b) attempted to correct this shortcoming by theorizing the existence of multiple principals. This stretches the notions of P-A theory, albeit not in a fully unacceptable manner. When applied in this manner the theory is represented as the distance of a public principal (P) and 2 competing stakeholder groups (SH1 and SH2) on

a particular policy dimension (X) (Mattli & Buthe, 2005b, p. 233).

The limitations of stakeholder theory as a whole are obvious. The rigid positivistic assumptions fail to provide a comprehensive mapping of the IASB's governance network. In fact, such shortcomings are frequently cited by critics. For example, the isolated focus on dyadic relationships between known, and consequently important, stakeholder groups often "ignores or mistreats other stakeholders" (Alam, 2006, p. 207). On one hand, the conceptualization that organizations will satisfy important stakeholder groups that provide operational and/or financial viability is necessarily sound. On the other hand, Mattli and Buthe's (2005b) stakeholder theory cannot fully conceptualize complex stakeholder relationships in motion.

A more naturalistic approach to organizational viability can be found in legitimacy theory. Legitimacy is commonly accepted as,

> A condition or status which exists when an entities value system is congruent with the value system of the larger social system of which the entity is a part. When disparity, actual or potential, exists between two value systems there is a threat to the entity's legitimacy.
> (Lindblom as cited in Deegan, 2006, p. 162)

Legitimacy theory assumes that social systems are temporally as well as spatially situational as they are dependent upon socially constructed norms (Deegan, 2006). This concept of situational dependency introduces a necessary contrast to P-A theory. For example, legitimacy theory presupposes that as socially constructed expectations change so must the organizations that depend on societal legitimacy for survival. Thus, the theoretical divergence is slight, nonetheless critical. For example, P-A theory assumes a

predictable state of divergence within a stable organizational system; whereas, legitimacy theory assumes a diverging organizational response within a socially constructed reality. Clearly, the latter is acknowledged herein.

Legitimacy theory alone; however, is inherently problematic. It is supposed that the IASB, according to legitimacy theory, exhibits a profound legitimacy gap. Or, as defined by Deegan (2006), "a lack of correspondence (or a 'gap') between how a society believes an organization *should* act and how it is *perceived* that the organization has acted" (p. 163, emphasis original). Accordingly, by forcing such normative judgments legitimacy theory is overly complicated given the exploratory nature of the present study.

Both the methodological individualism of P-A theory and the normative basis of legitimacy theory neglect the underlying importance of social structure. Granovetter (1992) posited that social structures, such as the IASB's governance network, albeit dynamic, "…are constructed by individuals whose action is both facilitated and constrained by the structure and the resources available in social networks in which they are embedded" (p. 7). However, this is not the case with Mattli and Buthe's (2005b) P-A theory which to a certain degree presupposes the stability of network structures.

White, Boorman, and Beiger (1976) wrote, "…that the presently existing, largely categorical descriptions of social structure have no solid theoretical grounding; furthermore network concepts may provide the only way to construct a theory of social structure" (p. 732). In as much, social network theory corrects the above issues noted with P-A theory and legitimacy theory. For example, social network theory can reconcile

that the IASB operates in a politically charged, dynamic milieu prejudiced by a litany of interested parties lobbying for consideration (Kingsbury et al., 2005; Mattli & Buthe, 2005a, 2005b). Moreover, in order to fully appreciate this web of influence it is necessary to examine the relational ties between the IASB and its stakeholders at both the organizational and the individual levels. Again to achieve these ends one can refer to the theoretical and methodological contributions of social network theory (Jones et al., 1997; Rowley, 1997; White et al., 1976).

In sum, the naturalistic ontology of legitimacy theory is appropriate when combined with the less normative analysis of diverging interests found in P-A theory. The honored epistemological and ontological propositions of the aforementioned theories perfectly complement social network theory which stresses sophisticated methodological analysis over philosophical ideology (Wasserman & Faust, 1999). For these reasons social network analytics used as a harmonizing methodological tool corrects the issues noted above while also achieving the objectives herein.

Assumptions

Recent research in critical accounting literature has focused on the relationship of accounting to globalization (Gallhofer & Haslam, 2006) as well as its impacts on society by means of economical, cultural or political demonstrations (Arnold, 2004; Brown, 2004; Caramanis, 2002; Neu et al., 2005). These efforts have produced divergent theoretical propositions suggesting that financial accounting is a powerful influence in the progression of globalization (Gallhoer & Haslam, 2006; Graham & Neu, 2003; Mattli

& Buthe, 2005a). Hereby it is assumed that accounting convergence serves an integral role in globalization and an absolute role toward the creation of a unified worldwide economic system.

Several general assumptions are explicit in social network methodology. First, it is assumed that the patterns derived by manipulating relational ties within group boundaries are able to produce meaningful results. These basic assumptions remain intact although the consensus on whether these results are causal, predictive, probable, or descriptive varies greatly depending on the theorist, method, fit, and data (Wasserman & Faust, 1999). Second, it is assumed that network positions restrain actors (Burt, 1976). Or, that the degrees to which actors are autonomous to pursue individualistic goals is a function of their structural position within a given network (Galaskiewicz & Wasserman, 1993). Finally, it is assumed that actors are both purposeful and rational (Burt, 1976; Galaskiewicz & Wasserman, 1993). In these respects actors commonly create, employ, control, or manipulate network structures to achieve desired outcomes (Granovetter, 2001; Jones et al., 1997; Rowley, 1997).

Koza and Lewin (1999) argued that alliance networks are "rationally constructed…and may be reasonability viewed as instrumentalities for accomplishing intended aims" (p. 640). Their position is consistent with the conditions of structural embeddedness (Jones et al., 1997), network stakeholder influence (Rowley, 1997), and exchange network power (Markovsky, Willer, & Patton, 1988). In particular Koza and Lewin found that elite accounting firms/professionals intentionally created a thriving

alliance network—Nexia International—for the purposes of strategically capitalizing on the internationalization of accounting standards. It is assumed that the IASB's governance network represents this form of a strategic alliance network. This position is further supported throughout these writings.

Scope and Delimitations

This study provides a positive examination of existing data for the purposes of teasing out the IASB's governance network. The goal was not to conclude an exhaustive depiction of stakeholders, define their degree of interest, or assign finite levels of influence per se; but to provide a holistic picture of this governance network enriched with finely crafted empirical details (Laughlin, 1995, 1983).

The official authority for promulgating IFRSs rests with the IASB board. The 16 members of the IASB board have sole sanction, by majority vote, to enact a particular accounting treatment. They are such an integral part of the standard setting process that the entire organization is simply referred to as the IASB. Thus the power and influence of IASB board is not questioned (Brown, 2004). Although the influence of the IASB board is assumed to have a considerable impact on the standard setting process, it remains only a portion of the whole organization and an even smaller portion of the financial regulation governance network (Cooper & Robson, 2006; Kingsbury, 2005; Jones et al., 1997).

To define this governance network the IASB was considered the focal organization. An ego-centric sampling technique was employed in subsequent sections to affix the governance network's boundaries. Accordingly these boundaries represent the single population of study otherwise referred to as the IASB's governance network.

Multiple modalities, or levels of analysis, were applied to the governance network. Multiple modalities naturally arise in multi-organizational networks. These modalities arise from the assumption that individual actors constitute the governance network and the organizations to which each individual is affiliated are also embedded within the same network (Hanneman & Riddle, 2005; Wasserman & Faust, 1999). Moreover, multiple modalities are used to enhance the validity of these conclusions via methodological triangulation.

Relational data were used to create a representation of the IASB's governance network structure. The resulting picture symbolizes a "neutral framework" (White et al., 1976, p. 732) for analyzing the IASB's governance network (Laughlin, 1983). That is, drawing causal inferences or predictably was cautiously avoided. Even further, generalizability to any other network was not implied. These results solely represent the population of interest or the IASB's governance network (Hanneman & Riddle, 2005).

These data; however, are deterministic. In that the measured relations accurately reflect the underlying structure of the governance network (Hanneman & Riddle, 2005). Expressly, a priori categories and/or attributes are not imposed nor are they required (Freidkin, 1993; Hanneman & Riddle; Wasserman & Faust, 1999; White et al., 1976).

Instead the actors are bound by their relational ties within the network to produce analytical imagines that should be "specifically interpreted for specific populations" (White et al., 1976, p. 731).

The direction for these outcomes was informed by critical accounting theory. In so much this contribution risks being prematurely discounted by scholars of the functionalists sort or overly applied by scholars with similar concerns (Latour, 1999). In defense prevailing functionalistic theories do not allow for broader accounting perspectives such as this (Roslender, 2006). As a result, many mainstream scholars all but disregard the consequences of accounting; only to exuberate the functionalist mantra ingrained by a rigorous professionalization process (Cooper & Robson; Granovetter, 1992). Why is a connection between accounting and society, other than economic benefit of course, so difficult to accept?

Seminal theorists including, but certainly not limited to, Kant (1992/1724-1804), Hegel (1977/1952), Nietzsche (2003/1913), and Foucault (1969) allow such inquiry to proceed. As stressed by Roslender (2006) critical accounting theory is not necessarily incompatible with the percepts of scientific inquiry. Moreover, the empirical focus of critical theorists, such as Laughlin (1995), affirmed that objective empirical findings are themselves substantial contributions. For example, the objective contributions of social network analysis are robustly validated in similar empirical studies (Freidkin, 1993, 2004; Koza & Lewin, 1999; Moody, 2004; Moody & White, 2003). The scope here,

"…becomes the theory for this particular event" (Laughlin, 1995, p. 67) wholly incompatible with nomological law-like generalizations.

Limitations

Although structural analysis of social networks has earned a respectable alter in social research design, considerable care must be exercised when employing these methods (Wasserman & Faust, 1999). As detailed above causal implications are avoided; particularly since such inferences are often made in error by social network researchers (Bonacich, 1987; Burt, 1987). Social network analytics is theoretically rooted in the present; the graphic representations carry no claims to the past or future. Network analysis, when causal inference is avoided, depicts what currently is; not what it should be and definitely not what it will be. This representation, of course, is temporally induced as dynamic political, organizational, and other complex factors are inherent to the very human activity of accounting (d'Arcy, 2001). For example, the IASB's influences are acutely confounded by the international political environment (Mattli & Buthe, 2005b).

Another obvious limitation is that alternative standard setting bodies and/or regulatory practices were not identified. Although it is suggested that inherent problems exist with the IASB's current structure, recommendations for specific improvements are beyond the scope of this research. It is rather easy to be critical of the IASB and its stakeholders. On the other hand, depending on one's perspective a case for positive potentiality can be made (Gallhofer & Haslam, 2006).

Finally, the troublesome aspects of critical theory are acknowledged. This work made no attempt to reconcile concerns between critical theorists in the postmodern and modern camps (Burrell, 1994). In this respect, references to Habermas (1991) does not imply modernity de facto; Foucault (1969), Kant (1992), and Nietzsche (2003) are equally informed. These arguments are avoidable, conceivably for future inclusion, with an intentional departure from critical theory, perhaps fatally for classification as such. The rationale for this decision is simple: to maintain objectivity through verifiable empirical methodology. The heart of these issues, namely moral reasoning, was left for interpretation.

Research Design

Social network methodology is particularly suited for rigorously examining complex, interorganizational relationships (Bonacich, 1987; Gerlach, 1992; Jones et al., 1997; Rowley, 1997; Wasserman & Faust, 1999). Sociological methods traditionally founded on qualitative concepts, which are statistically manipulated as quantitative data collapse, or at the very least suffer, when dealing with whole networks (Aziz & McLeay, 2007; Gerlach, 1992; Wasserman & Faust, 1999). In fact, White et al. (1976) argued that social network methodology offers the only tools suited for this type of inquiry. This approach presents a diverse, yet complementary, method for studying the IASB and consequently the preferable method for providing rich conceptual details not available to other methods (Koza & Lewin, 1999; Jones et al, 1997; Rowley, 1997).

It is not implied that traditional sociological methods are not without considerable merit; instead that they are inappropriate for this type of structural analysis (Aziz & McLeay, 2007; Jones et al., 1997; Rowley, 1997; Wasserman & Faust, 1999). For example, Gerlach's (1992) utilization of social network methods to explore the overall Japanese corporate network contributed powerful holistic insights that only complimented and enhanced the rich literature of more traditional studies. On this point, Aziz and McLeay (2007), also noting the limits of traditional methods, developed an index of accounting harmonization via global financial statement comparability. Their study was based on modeling notations, specifically cross-sectional linear regressions, that are remarkably similar to the sociometric notions and mathematical equations used in the present work. Additionally, Koza and Lewin (1999) successfully employed social network techniques in an empirical examination of firms within the accounting profession.

For these reasons an exploratory case study methodology coupled with social network tools was selected to examine the IASB's governance network. Specifically Yin's (2003) embedded case study guidance for existing documentation analysis was adopted. Social network analyses were used to produce a graph of the whole IASB's governance network as well as to test the network's structural property of embeddedness (Wasserman & Faust, 1999). Further analysis of the network actors' geographic representation as well as professional perspectives added another layer of conceptual

detail. Finally, the aforementioned designed was applied to answer the below research questions.

Definitions of Terms

This section contains some basic concepts and terminology from social network theory used in these writings. These concepts are defined in terms of social network theory. Additional clarification is also provided for specialized use within this context.

Accounting convergence: The convergence of national accounting regulations into a single set of internationally applicable financial reporting standards (Ruder et al., 2005).

IASB's governance network: The IASB's governance network is a theoretical entity marked by an intentional network structure (Jones, et. al, 1997; Rowley, 1997). The boundaries of this network are based on authoritative control via governance charters and other such administrative ties.

Social network analysis: Wasserman and Faust (1999) described social network analysis as a process used, "…to express relationally defined theoretical concepts by providing formal definitions, measures, and descriptions, to evaluate models and theories in which key concepts and propositions are expressed as relational processes or structural outcomes…"(p. 5).

Social network data: Social network data are characterized by Wasserman and Faust (1999) as, "at least one structural variable measured on a set of actors" (p. 28).

Social network: A social network is a discrete set of actors and the relation(s) ascribed to them (Wasserman & Faust, 1999). Social networks can be either 1-mode or 2-mode networks.

Modes: Wasserman and Faust (1999) defined a mode as a network term used, "…to refer to a distinct set of entities on which the structural variables are measured" (p. 29).

One-mode networks: In a 1-mode network the structural variable being measured is the relationship between a single set of actors within the network or actor to actor ties. For example, data on the friendship among students in a school would be considered a 1-mode network (Wasserman & Faust, 1999). This type of network is used to measure the ties between students. Hanneman and Riddle (2005) referred to 1-mode network analysis as examining microlevel network properties.

Two-mode networks: Two-mode networks measure the ties between actors and events instead of the ties between actors and actors. As Hanneman and Riddle (2005) explained, "data like these involve two levels of analysis (or two 'modes'). Often, such data are termed 'affiliation' data because they describe which actors are affiliated (present, or members of) which macro structures" (Ch. 17, Introduction section.).

Nodes: The specific individual or organizational actors within the network data are also referred to as nodes. Or, the actors are the nodes within the social network and the organizations are also nodes within a 2-mode network. Nodes can be any social

entity. As Wasserman and Faust (1999) clarified, “actors are discrete individual, corporate, or collective social units” (p. 17).

Individual actors: As mentioned above, actors or nodes within a network can be any type of social unit. Individual nodes denote individual persons within the social network (Wasserman & Faust, 1999).

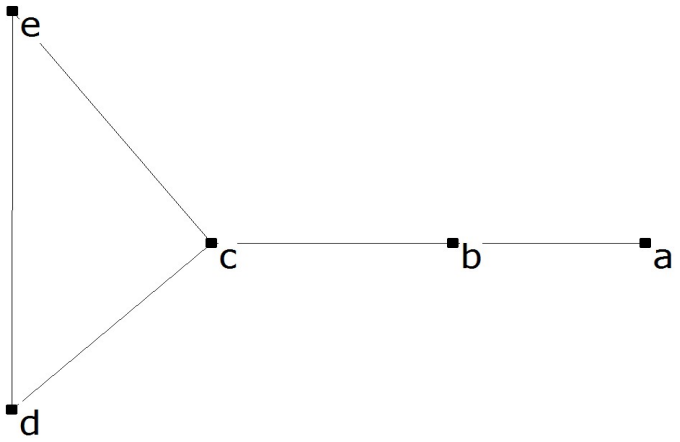
Organizational actors: For these purposes, an organizational actor or node is a specific organization within the social network. For example, the IASB as a collective social unit represents an organizational actor or node.

Relations: Hanneman and Riddle (2005) asserted that, “social network data are defined by actors and relations (or ‘nodes’ and ‘edges’)” (Ch. 1, Nodes section). Relations are the structural variables by which the actors are measured (Borgatti & Everett, 2006; Hanneman & Riddle, 2005).

Relational ties: The social ties, or relations, that link the actors to one another within the social network are relational ties (Wasserman & Faust, 1999).

Graph: A graph or graphic representation (G) is a mathematical object comprised of vertices (V) and edges (E). Therefore graphs are commonly denoted as $G(V,E)$. Figure 1 below illustrates a basic, non-directional graph. The nodes or vertices include *a, b, c, d*, and *e* and are denoted as $V=\{a, b, c, d, e\}$. These nodes can be defined to represent specific organizational or individual actors depending on the network data. The lines represent the edges, or relational ties, in the below graph. In social networks the edges measure *instances* or relationships between the nodes. For example, the relationship

between node *a* and node *b* is denoted as *e*(*a,b*). Accordingly the complete set of edges in the below graph can be denoted as *E*={*(a,b),(b,c),(c,d),(c,e),(e,d)*} (Borgatti & Everett, 2006). Or, node *a* has a relational tie with node *b*, node *b* has a relational tie with node *c*, node *c* has a relational tie with nodes *d* and *e*, and so forth.



Note: Created with NetDraw 2.081 cited as Borgatti, 2002.

Figure 1: Basic non-directional graph.

A set of actors or nodes can also be referred to as *N.* In Figure 1 the set *N* contains all actors or *N = {a,b,c,d,e}.* The term *lines,* or for directed graphs *arcs,* are often used interchangeably for the term edges. A single relation can be described as ℓ and the entire set of relations as $\mathcal{L}$. Thus, in Figure 1 $\mathcal{L}$ is the same as *E* or $\mathcal{L}$ =

{*(a,b),(b,c),(c,d),(c,e),(e,d)*}. A specific relation or instance, for example the relation of node *a* to node *b*, can be denoted as ℓ (*a,b*) (Wasserman & Faust, 1999).

Sociometric notation: Social network data can also be presented in sociometric notation. Hanneman and Riddle (2005) defined sociometric notation as simply, "a rectangular arrangement of a set of elements" (Ch. 5, What is a matix? section). Sociometric notation is typically displayed in the form of sociomatrices.

Sociomatrices: Sociomatrices, also referred to as datasets herein, are a collection of columns and rows used to display the relationship between nodes. The matrix for the graph depicted in Figure 1 is presented in Figure 2 below. Figure 2 represents an adjacency matrix, which is perfectly square with the columns and rows representing the actors—often denoted as an *n* x *n* matrix (Wasserman & Faust, 1999). According to Hanneman and Riddle (2005), "network data in their purest form" (Ch. 1, Introduction section) is structured as an adjacency or *n* x *n* matrix. However, rectangular data arrays—rows represent actors and columns represent attributes—are also considered network data matrices (Hanneman & Riddle, 2005).

	A	B	C	D	E
A	0	1	0	0	0
B	0	0	1	0	0
C	0	0	0	1	0
D	0	0	0	0	1
E	0	0	1	1	0

Note: Exported from Ucinet 6 cited as Borgatti, Everett & Freeman, 2002.

Figure 2: Binary adjacency matrix for Figure 1.

Dataset: Herein the term dataset has been adopted to refer to rectangular data matrices as well as adjacency matrices. A dataset is assumed to be rectangular unless specifically defined as a square adjacency matrix.

Research Questions

It is proposed that the IASB's governance network is marked by an intentional, elaborate network structure based on authoritative control via governance charters and other such administrative ties. If inter-organizational relationships act as purposeful social mechanisms embedded within a given governance network to coordinate and safeguard exchanges, then the governance network of the IASB should exhibit specific characteristics. To this point it is supposed that the IASB's governance network structure

is highly dense, lowly centralized, and notably structurally embedded (Granovetter, 1992; Jones et al., 1997; Rowley, 1997).

Social network analytics were employed to determine the structural properties of the IASB's governance network. This objective was focused by the following research questions:

I.) Which organizations constitute the IASB's governance network when defined in terms of social network theory and how are these organizations hierarchically arranged?

II.) What professional perspectives are represented by the individual actors within the IASB's governance network?

III.) What geographic locations are represented by the individual actors within the IASB's governance network?

IV.) To what extent are the strategic members of the IASB's governance network structurally embedded as measured by relational ties such as co-directorship, employment or board memberships?

Significance of the Study

The purpose of positive analysis of the structural forces underlying international accounting regulation is to contribute insights which may be used by the public, politicians, and scholars alike to conceptualize the totality of international accounting regulation. However, many stakeholders shy away from accounting discourse because

they perceive it to be too complex or too technical for full appreciation by non-accountants (Mattli & Buthe, 2005a, 2005b). It is in part this ignorance gap that has facilitated the IASB's hushed domination over international accounting regulation and conceivably the more menacing prospect of outside domination over the IASB. Thus, this work presents a significant contribution to accounting scholarship since it omits much of the practical technicality of prior discourse on accounting convergence and is geared toward all interested parties. Technical accounting jargon is limited or presented in such as way as not to detract from the conclusions. However a uniform littering of acronyms is unavoidable. For these reasons an appendix is provided to aid the reader.

If nothing else, it is time for the broader stakeholders of financial markets to rethink the ordre naturel of capitalistic policies and examine the superstructural forces embedding such policies within global society. Although this work makes no recommendations for collection action per se, it is significant to note that scholarly inquiries can, and consequently do, inform such actions. The average taxpayer or investor is as affected by accounting regulations as an illiquid financial institution or an accounting professional. Currently, nearly all stakeholders of the financial system are at a crossroads. In that, the relatively unattended global governance system does not inform the onslaught of unprecedented events demanding immediate attention by broader stakeholder groups, who often lack general knowledge of an often obscured accounting regulatory environment.

It is imperative that scholars, governments, and interested parties diligently examine the IASB's progression to ensure that often conflicting interests are regarded with positive consideration. Considering the ambiguous state of international accounting regulation, exploring the emerging governance network structure of the IASB seems to be of urgent concern (Kingsbury et al., 2005). This urgency is deduced from the exponential rate in which international accounting has infiltrated the global financial system during the last decade; yet, a basic identification of the stakeholder structure and its impact on accounting regulation is notably absent from current literature. Of first and foremost concern is mapping the structure of this governance network.

The exploratory nature of this dissertation symbolizes one of the first endeavors to holistically define the broader governance network influencing accounting convergence, whereby recognition is the first step toward active involvement. In particular, the significant contribution herein is an empirical definition of the organizations which constitute the IASB's governance network. Moreover, supplementary conceptual details about the governance network are offered in hopes that future research will build on these efforts.

In sum, the technical aspect of this work is meant to engage accounting researchers. On the other hand, the attempted neutrality of this work is an effort to bridge technical gaps and inform, possibly engage, various interested stakeholder groups, who may or may not be interested in the technical craft of accounting; but who possess a vested interest in global society. Finally, the expected societal benefit is to encourage

discourse by both groups about the diversity of representation in accounting regulatory processes with both macro and micro consequences.

Summary and Overview

The recurring theme behind the construct of globalization seems to be economic interconnectiveness (Gallhofer & Haslam, 2006; Graham & Neu, 2003; OECD, 2005; Sirgy et al., 2004). The goal of promulgating IFRSs is undoubtedly to foster global economic interconnectiveness on an unprecedented scale (Nicolaisen, 2005; Ruder et al., 2005). Through formal and informal cooperative agreements the IASB has been grated global authority for this monumental event. Increasingly issues related to the IASB's organizational structure are being noted by critical scholars (Brown, 2004, Hopwood, 1994).

The purpose of accounting convergence has always been economic betterment (Nicolaisen, 2005; Tweedie, 2005). This intent; however, does not guarantee uniform economic betterment or even the efficacy of economic betterment in general. In fact, many notable works suggest just the opposite (Anwar, 2002; Fenelon & Murguía, 2008; UN, 1987). Further questioning such claims may be forthcoming in the wake of the U.S. credit crisis.

To conceptualize the IASB's stakeholders principal-agent theory and legitimacy theory are reviewed in chapter 2. Social network theory is also detailed. Following this theoretical framing the IASB's governance network is identified using an ego-centric sampling technique derived from social network theory. The research design based on

social network methodology is developed in chapter 3. The results for each of the four research questions are presented in chapter 4. Finally, these results are discussed followed by concluding remarks in chapter 5.

CHAPTER 2: LITERATURE REVIEW

Introduction

Scholarly research databases were searched to find literature pertaining to stakeholder theory, global administrative law, social network theory and accounting convergence. These topics served as the initial search terms. This search yielded many of the sources included here as well as additional search terms and subject areas. Moreover, the citations provided within selected literature were also utilized to contribute to this work.

Kingsbury et al. (2005) argued that international accounting regulation occurs within a global administrative space. One imperative consequence is that many aspects of global administrative law—creation, enforcement, and regulation to name a few—cannot be effectively addressed at a singular nation-state level. For this reason the global sphere is becoming increasingly reliant on transgovernmental organizations such as the IASB to create, monitor, and implement global regulations (Lehman, 2005b). Thus the global administrative space for accounting regulation is subsequently defined and its characteristics are discussed.

When delegation of accounting regulation is made to a private agent such as the IASB, Mattli and Buthe (2005a) suggested that, "…one group of stakeholders will inherently benefit from delegation at another group's expense" (p. 405). Once democratic control is disabled the questions of stakeholder interest and influence become of critical importance. To understand the effects of stakeholder interest and influence, stakeholder theory and legitimacy theory were triangulated. In particular, a modified P-A theory

which builds on the work of Mattli and Buthe (2005a, 2005b) was juxtaposed with Deegan's (2006) legitimacy theory. Neither theory, individual or in total, is sufficient to examine the underlying structural and/or superstructural features of the IASB's governance network. Thus social network theory was introduced as a fitting handmaiden theory to overcome such limitations (Granovetter, 1992; Jones et al., 1997; Rowley, 1997).

The remaining subsections are dedicated to describing the organizations constituting the IASB's governance network. Using an ego-centric sampling technique the process begins with the focal organization or the IASB (Hanneman & Riddle, 2005). The governance network is then expanded by reviewing formal documentation such as organizational charters, bylaws, and articles of incorporation to include the organizations holding express power to influence international accounting regulations. The governance network is also expanded laterally to include other international standard setting agencies involved with accounting convergence. To add conceptual richness a brief overview for each organizational actor is provided.

Global Administrative Law: A Global Space for Accounting

Accounting in the context of globalization is often presented in such broad conceptualizations that it is of little substance. Hence research efforts must focus on the "concrete and specific mechanisms" (Graham & Neu, 2003, p. 449) underlying this nebulous of interaction. One such identifiable mechanism is the process of creating global administrative law. The study of global administrative law is in its infancy. Global

administrative law is defined by Kingsbury et al. (2005) as:

> …comprising the mechanisms, principles, practices, and supporting social understandings that promote or otherwise affect the accountability of global administrative bodies, in particular by ensuring they meet adequate standards of transparency, participation, reasoned decision, and legality, and by providing effective review of the rules and decisions they make. (p. 17)

Global administrative law is becoming increasingly important as societies become increasingly interdependent and traditional geographic boundaries are replaced by electronic unity. Areas of global interest include security, environmental protection, banking, financial regulation, law enforcement, labor standards, and humanitarian aid to name a few (Kingsbury et al., 2005, p.16).

A global reach is deemed essential to effectively address the scope of the aforementioned areas in what could be deemed the world state or as Kingsbury et al. (2005) coined a global administrative space. The term global administrative law is confined and generally accepted here to include pronouncements, decrees, standards, and the like from global administrative bodies that have the ability to bind public and private parties in matters of global governance (Kingsbury et al., 2005).

Absent some sort of regulatory cooperation national bodies are overtly insufficient to address the emerging trend of global homology. In response, transnational administrative bodies have been established to remedy these insufficiencies as well as to erode the margins between national and global barriers (Kingsbury et al., 2005). These administrative mechanisms are not limited to formal governmental or intergovernmental bodies. Instead, private regulatory bodies such as the IASB are becoming important

contributories to the growing form of global administration (Mattli & Buthe, 2005a, 2005b). In fact, Cassese (2006) cautioned researchers to avoid the common view that global administrators are by default intergovernmental. Deductively, the introduction of nongovernmental global administrators alters customary notions, such as traditional democratic processes and governmental controls, of national administrative law (Kingsbury et al., 2005).

Mattli and Buthe (2005a) asserted that the delegation of governance over international accounting standards to a private body, the IASB, is the most significant economic and political example of non-regulatory global administrative law. If so, it is questioned here how global regulatory functions are carried out by the IASB. The IASB's nongovernmental, privately funded organizational structure poses significant threats to traditional regulatory controls (Kingsbury et al., 2005; Perry & Nolke, 2006). In many instances global regulators, in particular nongovernmental organizations like the IASB, lack numerous procedural safeguards, such as accountability, oversight, participation in the standard setting process, and transparency of the decision making process, found in domestic administrative law (Steward, 2005).

It cannot be argued that the IASB fills an integral, indeed necessary, role in the globalization of accounting technologies (Lehman, 2005b). However, it would be in error to justifying their existence as an administrator of global administrative law based on the economic logic of market efficiency alone (Hopwood, 1994; Lehman, 2005b). That is, accounting convergence does not always provide customary economic benefits to the

communities that it purports to serve (Caramanis, 2002). Or, that international accounting regulation is by default a fair and inclusive process. Instead as Lehman (2005b) observed it is time to address how effectively these, "accountability relationships between organisations [sic] and society satisfy the objectives of a civil society" (p. 2).

Nevertheless, the application of global administrative law to accounting regulation is the most viable alternative at present. As Kingsbury et al. (2005) stressed accounting regulation requires extensive technical expertise which naturally imposes some limitations on participation. In this sense global regulation must be streamlined by powerful and decisive entities in order to function effectively. For example, a global regulation is only binding when and if a nation state decides to enforce it. For these reasons it is advantageous to utilize existing theory to scrutinize those responsible for accounting regulation in the global administrative space.

The IASB and Stakeholder Interest

It is generally accepted that the behavior of an organization is largely determined by the interest and level of influence of its stakeholders (Freeman, 1984). This conceptualization is particularly salient in the arena of accounting regulation considering that regulation has been delegated to, or assumed by, nongovernmental stakeholder groups. Therefore, many accounting scholars seek to explain accounting regulation as a function of inter-related stakeholder claims (Brown, 2004; Brown et al., 2004; Buthe & Mattli, 2005; Mattli and Buthe, 2005a, 2005b).

In this respect, stakeholder theory strives to balance the demands of various and often competing stakeholder groups in order to determine the priorities of an organization. In the broadest sense a stakeholder is defined as, "any group or individual who can affect or is affected by the achievement of the firm's objectives" (Freeman, 1984, p. 25). It is supposed that widely utilized narrow definitions are mandated by the limitations of traditional sociological analysis. For a comprehensive overview of stakeholder definitions see Freeman (1984) or more recently Rowley (1997). For example, as discussed in Freeman (1984) some definitions include only those groups to which the organization has a legally binding relationship. This implies that persons, absent legal recourse, are not stakeholders in regard to fair and safe employment, equitable exchanges, environmental disturbances, or health and welfare issues. In a broader sense residents exposed to toxic waste, employees without recourse, and other such persons directly impacted by an organization are clearly stakeholders whether or not a legal claim can be exerted. Accordingly it is deduced here that the stakeholders of the IASB assume a level of relative importance vis-à-vis the organization itself (Mattli & Buthe, 2005a, 2005b). These stakeholders groups affect or possibly direct the achievement of the IASB's objectives (Jones et al. 1997; Rowley, 1997).

In skillful order Mattli and Buthe (2005a, 2005b) applied P-A theory to the private regulatory structure of the IASB. P-A theory holds that one actor—the principal—delegates decision making authority to another actor –the agent (Mattli & Buthe, 2005b, p. 229). Further they theorized that:

> …turning to the practice of governance once authority is delegated, we have found that, especially when delegation of governance functions is motivated by wanting to benefit from the agent's prior expertise [in reference to the setting of technical accounting standards], delegation to private agents creates a particular kind of multiple principals problem, where the agent ends up with at least two principals—one public and one private.
> (Mattli & Buthe, 2005b, p. 232)

Vagueness about the public principal exists in the arena of international accounting regulation. An issue diverted by Mattli and Buthe (2005a, 2005b). It is questioned whether P-A theory, rooted in the traditions of economic and regulatory contracts, can be suitably applied to the complex and ambiguous milieu of the IASB (Prosser, 2005). Although the application of P-A theory has considerable merit, in particular its ability to isolate and quantify singular interests, straightforward principal/agent relationships are methodologically problematic on many levels. This conundrum is not wholly lost even by P-A theory proponents (Mattli & Buthe, 2005a, 2005b); but particularly noted by critical scholars (Alam, 2006). The appropriateness of P-A theory is further troublesome as epistemological notions, such as complexity, gain scientific acceptance (Geyer, 2003; Rowley, 1997).

The naturalistic philosophies of legitimacy theory claim to correct many of the underlying epistemological and ontological troubles with P-A theory (Deegan, 2006). For example, legitimacy theory presupposes a socially constructed reality both temporally and spatially embedded (Deegan, 2006). In this respect legitimacy theory is squarely compatible with the emergence of global administrative law. For example, Kingsbury et al., (2005) described global administrative law as an emerging social structure to deal

with the complexities of global regulation. Conversely, legitimacy theory postulates normative judgments subjecting any inquiry to scrutiny, especially at the exploratory stage (Deegan, 2006). Ascribing such normative values is beyond the intended purposes here. In this respect, the objective basis of operational and/or financial viability posited by P-A theory alleviates the need for normative measures.

A web of conflicting stakeholder interest is preferable to frame the IASB's network governance (Prosser, 2005). This approach is no less challenging in that the powerful and respected methodologies necessary are, rather unfortunately, under-applied in this area (Laughlin, 1999). Yet, as Rowley (1997) theorized social network analysis provides, "…a mechanism for conceptualizing the simultaneous influence of multiple stakeholders and predicting organizational responses to these forces" (p. 888). Further Jones et al. (1997) posited that social network analysis, in particular "structural embeddedness is critical to our understanding of how social mechanisms coordinate and safeguard exchanges in networks…" (p. 924).

Social Network Theory

Koza and Lewin (1999) characterized alliance networks as referring to multiparty alliances creating a network to facilitate multilateral transactions. Koza and Lewin argued that these networks, "represent the old form of new organization" (p. 652) specially equipped for handling the complex economic activity in modern times. Alliance networks are far from haphazard; instead, purposeful integration into the network is facilitated by social control mechanisms, either formal or informal (DiMaggio & Powell, 1983; Jones

et al., 1997). The existence of these networks is robustly supported in professional service fields (Jones, Hesterly, Fladmoe-Lindquest, & Borgatti, 1998) as well as, not surprisingly, the accounting profession itself (Koza & Lewin, 1999).

The development of structural networks in traditional organizational theory can be traced back to DiMaggio and Powell's (1983) influential work on isomorphic processes. DiMaggio and Powell's theory, empirically well-supported, supposed that Weber's (as cited by DiMaggio & Powell, 1983) concept of bureaucratization, or organizational rationalization, was instead structuration of organizational fields. DiMaggio and Powell (1983) defined organizational fields as, "those organizations that, in the aggregate, constitute a recognized area of institutional life…[and once organizational fields are structured]…powerful forces emerge that lead them to become more similar to one another" (p. 148). Such homogenization is achieved through isomorphic processes. In particular, they noted two types of isomorphism—competitive and institutional. The well-documented former emphasizes market competition, whereas the latter emphasizes political power and institutional legitimacy (p. 150).

The concept of purposeful social networks bears a striking resemblance to the idealization of global administrative regulatory structure (Kingsbury et al., 2005). Although Kingsbury et al. stopped short of social network theory, they explicitly warned that global administrative law is not substantive rules; but the operating processes making such rules possible. The pronouncements in this context are of less importance than the structures with the power to bind the global world. To illustrate Kingsbury et al. (2005)

noted:

> Some of the most dense regulatory regimes have arisen in the sphere of economic regulation: the OECD networks and committees, the administration and the committees of the WTO, the committees of the G-7/G-8, structures of antitrust cooperation, and financial regulation performed by, among other, the IMF, the Basel Committee and the Financial Action Task Force. (p. 18-19)

The aforementioned comments are significant on multiple levels. Firstly, the authors explicitly supported the existence of rationally structured financial regulatory regimes. They do not intend that the formation of these networks is random. On this point they proposed that coordinated regulation is "often the very purpose…in fields such as…financial practices" (Kingsbury et al., 2005, p. 23). Secondly, is the authors' use of social network terminology, perchance inadvertently, such as dense, networks, and structures of financial regulation. Thus marrying global administrative law to social network methodology is nearly effortless.

Ultimately networks of financial regulation are theoretically defined as governance networks. Jones et al. (1997) specified that exchanges within governances networks are patterned, neither uniform nor random, in that the patterns define conditions within governance forms. Furthermore that analyzing such patterns can be used to empirically define governance network structure. Rowley (1997) also supposed the utility of using patterns to detect the influence of network structure. In particular, both posited the constraining effects of a highly dense, embedded network structure. Although the foundations of these propositions are different—the former calls on transaction cost analysis while the later on stakeholder theory—the underlying use of social network

theory is cohesive.

DiMaggio and Powell (1990) specified that organizational fields cannot be defined a priori. Furthermore the authors proposed four criteria to define organizational fields which are harmonious with global administrative regulation structure (Kingsbury et al., 2005) as well as stakeholder network theory (Rowley, 1997). Thus the remainder of this section is dedicated to defining the IASB's governance network based on DiMaggio and Powell's criteria. The process begins with the focal organization or the IASB.

One of the four criteria for structuralization is, "…the emergence of sharply defined interorganizational structures of domination and patterns of coalition" (DiMaggio & Powell, 1990, p. 148). Since identifiable ties of authority—decision making, monitoring, voting or other such powers—are sharply defined, it is argued that the presence of such ties merits inclusion into the governance network (Jones et al., 1997). Additionally, however, affiliated organizations are weighted in relation to the remaining criteria: an increase in interaction, information load, and awareness among the participants (DiMaggio & Powell, p. 148). Based on the above criteria a governance network is systematically developed below by considering the documented characteristics of the IASB's interorganizational ties.

Existing organizational data are examined to determine the appropriateness of including organizational actors and/or individual actors into the IASB's governance network. Specifically, the criterion of authority, which is operationalized by analyzing the organization's governing body, informs this decision. Governing bodies are defined as

the inner circle of authority guiding the organization's strategic mission, appointing its members or managing its operations. The specific focus is the structural network providing operational and/or financial viability to the organizations involved with international accounting convergence (Mattli & Buthe, 2005a, 2005b). Ironically these criteria parallel the modus operandi of the Tripartite Group by looking through the, "legal structure" and "focusing on the people who are actually managing" (BIS, 1995, p. 7). Furthermore this position theoretically parallels R. Edward Freeman's (1984) power and stakes, Linton Freeman's (1978) conditions of centrality, Deegan's (2006) legitimacy theory, and Bonacich's (1987) measure of power.

Defining the IASB's governance network

Multiple theoretical perspectives were considered above to outline the theoretical underpinnings of the IASB's governance network. Per stakeholder theory it is accepted that stakeholder groups affect or possibly direct the achievement of the IASB's objectives. This assumption is furthered by P-A theory which holds that in the face of diverging interest the IASB will satisfy the stakeholders providing the greatest amount of operational or financial viability (Mattli & Buthe, 2005a, 2005b). However, both of the aforementioned theories are ill-equipped to deal with the complex stakeholder arrangement of the IASB. Consequently, the assumptions of stakeholder behavior were accepted but the underlying assumption of a stable governance network which is independent of its stakeholders was rejected. Instead, the governance network was viewed in terms of legitimacy theory as a socially constructed reality both temporally and

spatially embedded. Social network theory also holds that the underlying network is a socially constructed entity that is situationally dependent on both time and place (Jones et al., 1997; Rowley, 1997). In as much social network theory was used to harmonize stakeholder theory and legitimacy theory as it provided the methodological tools necessary to document complex stakeholder relationships.

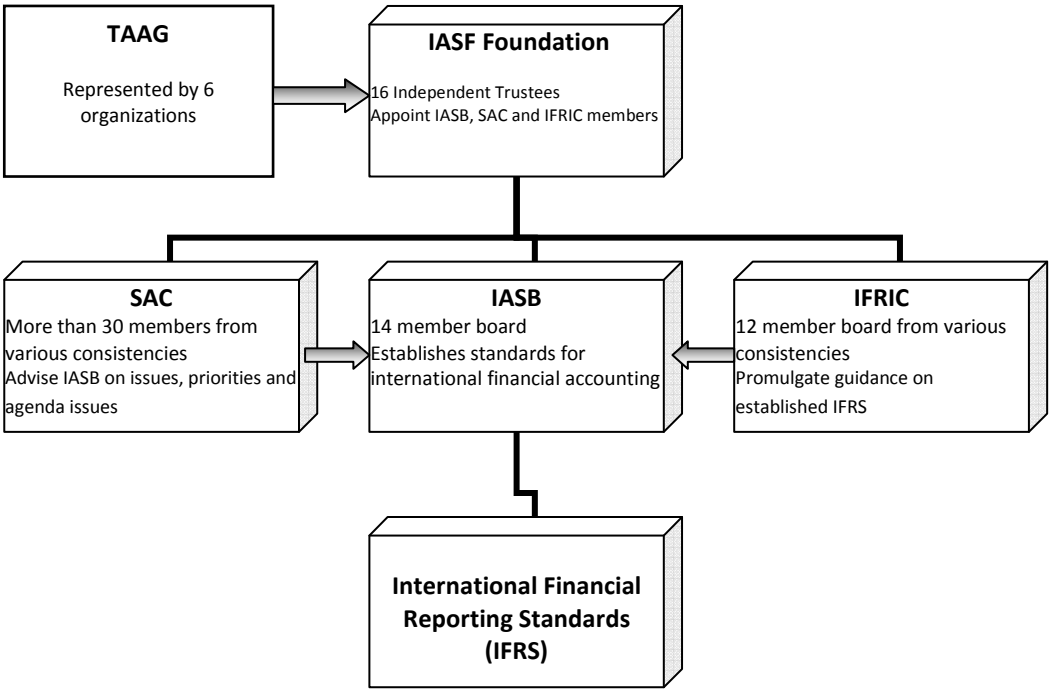
The following subsections are dedicated to defining the IASB's governance network. There are several methods for determining the governance network boundaries or more simply the set of nodes which should be included in the governance network. Some methods, such as the full network method and snowball method, require that all actors and all measurable relationships be documented. Accordingly such methods are time consuming, costly, and impractical, even when used in conventional survey research (Hanneman & Riddle, 2005). Beyond cost and convenience, the intent of the present study was not generalization and/or prediction. Instead the intent was to explore how the IASB is affected, perhaps constricted, by its governance network. Thus, selecting an appropriate mix of nodes to capture the network's boundaries properly was both central and problematic when analyzing an open network system (Wasserman & Faust, 1999).

The nodes will be selected using Hanneman and Riddle's (2005) ego-centric sampling approach which is consistent with Wasserman and Faust's (1999) network defining technique. To achieve a holistic approach, alter and lateral connections were also considered. Hanneman and Riddle noted that this technique is useful for understanding how individuals or organizations fit within a particular network.

Particular emphasis was given to formal interorganizational control mechanisms. These mechanisms are defined as formal structural agreements such as articles of organization, bylaws, and unilateral accords. The reason for this focus is two-fold. First, a network exists if it is evidenced by binding formal agreements (Wasserman & Faust, 1999). Second, unlike conceptual notions of authority, hierarchical arrangements represent express authority. In fact, in an era of interwoven private-public authority these arrangements are "…equivalent to classical legal relationships" (Habermas, 1991, p. 150).

The IASB: Focal Organization

Oversight of the IASB is provided by the International Accounting Standards Foundation (IASCF, 2008c). The IASF Foundation is incorporated in Delaware as a nonprofit organization. Although the IASF Foundation contends to have no explicit power to interfere with IASB standard setting or to influence the agenda, it is manifestly responsible for appointing IASB members, Standard Advisory Council (SAC) members, as well as International Financial Reporting Interpretations Committee (IFRIC) members (IASB, 2008b). The IASB's organizational structure is presented in Figure 3 below.



IASB—International Accounting Standards Board
IASF Foundation—International Accounting Standards Foundation
IFRIC—International Financial Reporting Interpretations Committee
SAC—Standards Advisory Committee
TAAG—Trustee Appointments Advisory Group

Note: Adapted from organizational chart retrieved from http://www.iasb.org/About+Us/How+we+are+structured.htm.

Figure 3: Organizational Structure of the IASB.

A simple majority of 9 IASB members appointed by approximately 16 IASF Foundation trustees, who are nominated by the 9 trustees of the TAAG, hold virtually perfect authority to enact global accounting regulations, which govern financial transactions in over 100 countries (IASB, 2008a; IFACF, 2006). Regardless of expertise, surly a group of this size is not as claimed by the IASB, "…representative of the world's capital markets and a diversity of geographical and professional backgrounds" (IASC, 2000, p. 12).

Due to the noted lack of transparency, such as nonrequirement of public disclosure, there is no way to categorically reveal the number of constituency groups influencing the IASB and to what degree they exert this influence. Pragmatically this lack of transparency and democratic inclusion is itself troublesome (Brown, 2004; Hopwood, 1994, Lehman, 2005a, 2005b). Nonetheless, the IASB is a major regulator in a much larger network of global financial regulation (Perry & Nolke, 2006).

In July 2008 the International Accounting Standards Committee Foundation issued a discussion paper proposing changes to the IASB's constitution (IASCF, 2008d). The forthcoming Trustees' proposal is to: "…establish a formal link between the organization [IASB] and a Monitoring Group" (IASCF, 2008c, p. 1) as well as, "…expand membership of the International Accounting Standards Board (IASB) to 16 members and add new guidelines regarding geographical diversity of the members of the IASB" (IASCF, 2008c, p. 1). Specifically the proposal sets forth a rather comprehensive review—in accordance to constitutional provision—of the IASB's organizational

structure to be conducted during the 2009 calendar year with recommendations to be implemented in the 2010 calendar year. Intriguingly, the 2010 implementation of linking to the Monitoring Group as well as the issue of IASB membership are attended to separately from the overall review and have been scheduled for accelerated implementation in January 2009.

The International Accounting Standards Committee Foundation's Trustees recognized that the IASB will become the "world's accounting-standard setter" (IASCF, 2008c, p. 7). Moreover the Trustee's proposal reaffirmed commitment to the IASB's fundamental premise of independence reinforcing, "confidence in its ability to set standards in the public interest by helping to ensure that the creation of IFRSs is not beholden to special interest" (IASCF, 2008c, p. 6). In absence of a single authority, such as the SEC in the case of the U.S. standard setter, this role is proposed to be assumed by the Mentoring Group. Reportedly, "its membership would include public authorities generally charged with the adoption of financial reporting standards and international organizations with a mandate that includes facilitating the development and effective functioning of capital markets" (IASCF, 2008c, p. 10).

To attend to the questions proposed in the present study the IASB was considered the focal organizational node. In addition, individual actors of the IASF Foundation, TAAG, IASB board, SAC board, and IFRIC board were also included for actor-level analysis. As stated above the Monitoring Group will assume overall authority for the IASB in 2009. Therefore this relationship was used to vertically expand the IASB's

governance network.

The Mentoring Group

Although the Mentoring Group does not maintain an official public presence per se, the IASFC (2008c) proposed that the membership for the Mentoring Group include:

> (a) responsible member of the European Commission; (b) managing director of the International Monetary Fund; (c) the chair of the IOSCO Emerging Markets Committee; (d) the chair of the IOSCO Technical Committee (or vice chair or designated securities commission chair…); (e) the commissioner of the Japan Financial Services Agency; (f) the chairman of the US Securities and Exchange Commission and; (f) the president of the World Bank. (p. 11-12)

Very little information is publically available concerning the Mentoring Group except for claims of oversight by the accounting regulators themselves. It appears that the concept of a regulatory oversight committee was conceived by the FSF, a BIS hosted organization, in 2002 when the FSF recommended organized oversight of the IASB. Per the FSF's report (2002):

> BCBS, IAIS and IOSCO evaluate International Accounting Standards (IASs) developed by the International Accounting Standards Board (IASB) and International Standards on Auditing (ISAs) issued by the IFAC, in order to provide supervisory input in the development of existing and new standards in areas of supervisory interest. (p. 10)

Notwithstanding questionable origins, the Mentoring Group will assume authority (approval) for all IASB Trustee appointments. The nomination process will be revised to, "entitle the Mentoring Group to recommend candidates and provide other input" (IASCF, 2008c, p. 12). In effect the Mentoring Group will approve and consequently provide performance reviews for all IASB Trustees. In turn, Trustees must provide annual written

reports to the Mentoring Group. Trustees must further comply with mandatory periodic as well as ad hoc meetings scheduled by the Mentoring Group. To cement such controls the details of these arrangements will be evidenced in an official memorandum of understanding between the IASB and the Mentoring Group (IASFC, 2008d).

Given the Monitoring Group's forthcoming authority over the IASB these organizations are discussed in turn. The Mentoring Group as well as its composite organizations discussed below clearly satisfy the authority criteria for organizational nodes within the IASB's governance network. Additionally, the individual actors exercising decision making authority, including executive board members, board of governors, senior management, were included for actor-level analysis.

Financial Stability Forum. On August 12, 1999 the FSF issued its first comprehensive report (FSF, 1999). With amazing efficiency the FSF quickly produced a comprehensive report regarding the current landscape of global administrative law by coordinating various efforts with the virtual who's-who of international agencies. The FSF is hosted by the Bank of International Settlements (BIS). Consistent with the sometimes dodge-and-avoid concept of separate legal entity, the BIS claims no legal and/or reporting ties to the FSF (BIS, 2008). However, the FSF is financing by, as well as physically hosted at, the BIS. Unfortunately the BIS, in rather hypocritical disregard for its financial disclosure transparency mantra, does not disclose information pertaining to its hosted organizations in its annual financial reports. As a result the valuation of this relationship is difficult, if not impossible, at present (BIS, 2008). Of particular note, is

that this lack of transparency directly violates international financial reporting standard IAS 27 Consolidated and Separate Financial Statements.

The official mandate of the FSF (2008a) is to evaluate issues affecting international financial systems to "…identify and oversee action necessary to address these" (para. 1) and to, "improve corporation and information exchange among the various authorities responsible for financial stability" (para. 1). The FSF acts as the clearing house, central authority, and strategic advisor for international financial regulators (FSF, 2008a; FSF, 2008b). The FSF's (2008b) serves as a semi-annual report card evaluating the activity for virtually every international financial organization. The March 2008 report detailed the activities of 20 organizations including those responsible for regulating accounting convergence, most notably the IASB, IAASB, IFAC, and the PIOB (FSF, 2008b).

In May 2008 the IASB created an Expert Advisory Panel (EAP) at the recommendation of the FSF. This panel—limited to international regulators such as the BIS, IOSCO, IAIS, FSF, and a handful of banking, securities and accounting experts—convened to address valuation techniques as well as disclosures in illiquid markets (IASB, 2008b). EAP committee interest seemed to transcend mere panel participation. An audio recording of the EAP's (2008) June 18th meeting suggested potential irreconcilable tensions between the IASB and the FSF regulators. To this, bemoaning IASB members rhetorically questioned whether immediate action on particular accounting standards were being driven by the market, the regulators or by the IASB's

focus on due diligence processes. They replied that neither the accounting standard setting bodies nor due diligence were the drivers. With apparent exasperation it is insinuated that the IASB is driven by senior supervisors groups promoting so-called best practices. The IASB board seemed to question the pressure to react quickly by publishing authoritative guidance derived in such a manner.

One participant at the EAP (2008) meeting voiced concern that the IASB would lose sight of is principle-based focus by catering exclusively to international regulators and ignoring other user-based groups, effectively becoming a quasi-banking regulator. Another IASB board member participant recalled previous pressured guidance—specifically the 51% ownership requirement for consolidation—which garnered overwhelmingly negative reactions from other user groups (EAP, 2008).

During the EAP (2008) meeting the IASB members were reminded that regulators should be imposing the standards instead of standard setting bodies. An international banking representative compared the current state of international regulation to that of the Japanese market crisis. In his analogy the Japanese accounting standard setting board would not comply and/or cooperate with international regulators in that it continued to issue its own standards. As a result the Japanese standard setting body was subsequently dismantled by political powers. Another participant furthered this apparent threat by stating that Brussels—the hub of international regulation—was growing impatient with the IASB; that there was a big world of political expectations outside of accounting; that

the IASB's response must be quick guidance before certain individuals in Brussels become upset; and that this process was in fact reality (EAP, 2008).

Basel Committee on Banking Supervision. The Basel Committee on Banking Supervision (BCBS) operates under the auspices of the Bank of International Settlements (BIS). Representing the world's first international or global financial institution the BIS was founded in 1930 as part of the Young Plan. Pursuant to the Young Plan, the BIS was established to administer German reparation payments from World War I. German reparations were financed through international loans, otherwise known as Dawes and Young Loans, and the BIS served as the acting trustee for these loans. In as much, the BIS administered the first pot of truly global funds (BIS, 2008).

The BIS's positioned strengthen as its services became increasingly valuable in light of global instabilities such as the Second World War, the oil crisis of the 1970s, the international debt crisis of the 1980s and the Asian crisis of the 1990s. As national economies became progressively more interdependent a global interest vested in controlling, or at least minimizing, the impacts of such crises (BIS, 2008). In response the G-10 countries—Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, United Kingdom, and United States—created the BCBS. The BCBS's goal was to create standardized international banking regulations to be applied at the national level by member countries. In July of 1988 the first international banking regulations, known as the Basel Capital Accord, were adopted by G-10 countries (BCBS, 1988).

Subsequent revisions to the Basel Capital Accord are presently codified in the Basel II (BIS, 2008).

The BIS is owned by the world's central banks, notwithstanding a heavy percentage of shares in western countries. In 2001 86% of BIS shares were owned by central banks. The remaining 14% were chiefly owned by large, international financial institutions such as Goldman Sachs, J. P. Morgan, and the like (Meltzer, 2000). That year the BIS unilaterally recalled all privately owned shares. What followed was a rare public outrage by certain private shareholders about what they perceived was a less than equitable call price. Beyond this dispute; however, Reginald Howe, an obviously gilded investor, sued a powerful network of actors for undervaluing the private share call price and conspiring to inflate global gold prices. This network included the BIS; Chairman of the Federal Reserve, Alan Greenspan; President of the Federal Reserve Bank of New York, William McDonough; J. P. Morgan Chase; Chase Manhattan Corp.; Citigroup, Inc.; Goldman Sachs Group, Inc.; Deutsche Bank; Lawrence Summers, and; Paul O'Neill, U.S. Secretary of the Treasury (Howe v. BIS, 2001).

Although Howe's case was dismissed, the nature of his accusations bears mentioning. Of concern is Howe's assertion that "the seventeen directors of the BIS voted unanimously to adopt the mandatory share redemption plan" (Howe v. BIS, 2001, p. 35). This fact, not disputed by the court, befalls a grand image of the small, notwithstanding commanding, circle of shareholders directing the BIS. For example, typical shareholder arrangements treat share repurchases as a significant organizational

action requiring majority approval. The majority deciding such matters for the world's central bank is a mere 17 directors.

Authority for BIS operations rests with the Board of Directors (the Board). BIS statutes provide that at least 11 of the Board's members are appointed by ex officio directors. The six ex officio directors are the Chairman of the Board of Governors of the U.S. Federal Reserve accompanied by the Governors of the central banks of Belgium, France, Germany, Italy, and the United Kingdom. Additionally, the Board delegates considerable decision making authority to the Executive Committee. The Executive Committee, chaired by the General Manager, is thus accountable to the Board (BIS, 2008, June 30). Hence the Board as well as the Executive Committee will be included for actor-level analysis.

European Commission. The administration of the European Union is set forth in a number of treaties which establish the framework for three administrative bodies (EUROPA, 2008b). The Council of the European Union and the European Parliament jointly serve as representative governing bodies for the EU member nations with both judiciary and legislative authority. The European Commission (EC) acts as the main executive body with the right to pursue legislation as well as to monitor and enforce the implementation of enacted legislation (EUROPA, 2008a). In 2007 the EU administration proposed amendments to the EU Treaties (EU, C306, 2007). In particular the amendments established a united European Capital Market subsequently bound not only by national but also international standard setting agencies. Further they permitted the EC

to enter into agreements on behalf of its member nations (EU, C306, 2007). Effectively the powers of the EC were extended creating, “a single legal personality for the Union” EUROPA, 2008c, section 4, para. 1) in order to, “strengthen the Union’s negotiating power, making it more efficient on the world stage and a more visible partner for third countries and international organizations” (EUROPA, 2008c, Section 4, para. 1). In this the EC is noted to, “enjoy a substantial degree of independence in exercising its powers” (EUROPA, 2008b, Section 3, para. 3).

Much of the advisory work on unification of EU national regulators as well as their collective commitment to NGO regulation falls within the EC’s advisory commission on civil society or the European Economic and Social Committee (EESC, 2008). The civil society framework is intended to unite EU policies and efforts given the arduous history between many EU countries, their cultural and geographic diversity as well as the divergent positions of national governments and parliaments (EC, 2008). To bridge such gaps, or perhaps to expand traditional membership criteria, the EESC is reported to represent Europe’s socio-occupational groups and other interest groups such as international regulatory bodies. The EESC consists of 344 representatives nominated by national governments and appointed by the Council of the European Union. Membership is heavily slanted toward Germany, France, Italy, and the United Kingdom each allowed 24 representatives—approximately 28% membership. The next highest allotments are 21 members each for Spain and Poland. In sum, these countries represent 40% of the EESC’s member population (EESC, 2008).

The ECO Section operates within the EESC's field of Economic and Monetary Union. Specifically the ECO Section, "covers coordination of economic and monetary policy, broad economic policy guidelines, stability and growth impact, enlargement of the euro zone, and other issues relating to economic governance" (EESC, 2008, ECO Section: Presentation). The ECO Section acts as a tireless mouthpiece for promoting the EESC's guidance on co-regulation toward a single European market (EESC, 2004; EESC, 2005; EESC, 2008). More importantly Rule 29(2) of Rules of Proceedures—2006 as amended—provide near carte blanche authority for the ECO Section, or any EESC committee for that matter, to deliver so-called own-initiative opinions on "…any question pertaining to the European Union, its policies and their possible developments" (EESC, 2006b, p. 25).

The EC takes actions on EESC committee opinions and reports on such actions. The EESC (2006a) boasts that more than two-thirds of EESC opinions are shown "due regard [and]…their influence often goes beyond the limited scope of the Commission's proposal being examined in a Committee opinion" (No. 7). This is an apparent reference to the power of own-initiative opinions—approximately 15% of EESC's (2006a) opinions in 2006. It appears that EESC opinions receive particular attention and regard by EU regulators (EUROPA, 2008a). Thus the EESC, in particular the ECO Section, provides explicate oversight to the IASB as well as express influence over EU regulators.

International Association of Insurance Supervisors. The International Association of Insurance Supervisors (IAIS) was established in 1994 to promote an international framework for the regulation of financial insurance markets. Like the IASB, the IAIS (2005a) develops standards and guidance for the insurance markets as well as, "…encourages the implementation and practical application" (p. 1). At present the IAIS boost membership from over 190 jurisdictions in nearly 140 countries (IAIS, 2007).

The IAIS promulgates supervisory papers to create standardized supervisory regimes for a global insurance market (IAIS, 2007, p. ii). This culminates into a three tier solvency structure. Level 1 is the preconditions of solvency assessment including risk assessment and management; financial valuation and reporting, and; setting regulatory requirements. The structural elements in Level II are concerned with developing governmental regimes for implementation of IAIS standards at the national level. It goes to follow that governmental monitoring as well as public disclosure to ensure compliance are structural elements at Level III (IAIS, 2005b). In sum, the IAIS prescribes in finite detail the overarching principles of insurance; a professional code of conduct; risk assignment methodologies and mandatory testing procedures; obligatory transaction analytics; institutional capital requirements as well as; financial reporting and disclosure requirements (IAIS, 2008).

Officially the IAIS is organized as a legally separate nonprofit organization domiciled in Basel, Switzerland (IAIS, 2005a). Upon evaluation of financial and

operational viability; however, it appears that the IAIS operates as a legally separated committee for the BIS. These ties to the BIS, albeit significant, are obscured at best. For example, the IAIS was reorganized as a BIS hosted-organization in 1998 when its physical operations and financial viability were assumed by the BIS (BIS, 2008). According to the 2001 annual financial report the Swiss government provided over $350,000 in financing to relocate IAIS headquarters from Washington, DC to the BIS compound in Basel (IAIS, 2002).

Actually IAIS activities prior to the 1998 relocation are speculative. The first publically available IAIS annual financial report is for the 2000 fiscal year in which revenues are reported to be just over $1 million. Per the 2000 annual report the IAIS subcommittees were not formally structured and/or operational (IAIS, 2001). This is contrasted with the 2006 annual financial reports in which reported revenue is in excess of $4 million and over 15 subcommittees and joint ventures reported vigorous and aggressive activity (IAIS, 2007). Considering this sudden increase in activity, the lack of financial disclosure, or public disclosure for that matter, by both the BIS and the IAIS is concerning. The value of BIS funding to the IAIS is vaguely addressed in the following financial statement disclosure:

> 4. BENEFITS RECEIVED
> The Association is hosted by the Bank for International Settlements, Basel, and benefits from administration, accounting, office space and other advisory services provided by the Bank for International Settlements. The Bank for International Settlements also administers a staff pension scheme of which a number of IAIS staff are entitled to membership. The Association also benefits from members' secondment of staff to its Secretariat. The total amount of the above benefits has not been determined.
> (IAIS, 2007, p. 21)

Lack of transparency should not be confused with lack of regulatory power as the IAIS promulgates the international standards for insurance supervisory regimes. In so far as accounting standard affect such regimes, "the IAIS provides input to the International Accounting Standards (IASB) for its work on the international financial reporting standards most relevant to insurers, and is a member of the IASB's Standards Advisory Council…" (IAIS, 2007, p. iv). The term input can be translated into monitoring once one considers the IAIS's hierarchical position within the Monitoring Group (IAIS, 2007). Thus the IAIS as well as its executive committee were included for analysis.

International Organization of Securities Commissions. The International Organization of Securities Commissions (IOSOC) is recognized as the international standard setter for securities markets" (IOSOC, 2008b, Historical Background). The IOSOC evolved from the inter-American regional association in 1983 when 11 securities regulators from the Americas ratified the transformation. International membership followed in 1984 when securities regulators from France, Indonesia, Korea, and the United Kingdom joined the IOSOC. At present IOSOC members represent over 90% of the world's securities markets (IOSOC, 2008b).

In 1998 the IOSOC published a comprehensive set of objectives and principles. This collection is meant to standardize stock market regulation. Standardization alone; however, falls short of good governance. To test whether member nations were in compliance a comprehensive measurement system was adopted in 2003 (IOSOC, 2008b, IOSOC Historical Background). Additionally, to pave the way for standardization as well as monitoring the IOSOC adopted a memorandum of understanding in 2002 (IOSOC, 2008b). The memorandum of understanding provides mechanisms in which the IOSOC, "… can ensure compliance with, and enforcement of their securities and derivative laws and regulations" (Multilateral MOU, 2002, p. 2) or with IOSCO principles. Effectively the IOSOC principles set forth a standardized regulatory framework for securities and derivative markets in member nations. The measurement system is used to judge compliance with the prescribed principles as well as establish action plans to correct any deficiencies. And the memorandum of understanding allows nearly unlimited access to national data with which to enforce the former two agreements.

As in any case of global administration, creating a standardized regulatory environment among nation members with diverse governmental, regulatory, and political environments is challenging for the ISOCO. Like its sister regulators the ISOCO is achieving success through structural realignments and fruitful cooperative arrangements within an international regulatory network. Naturally this scheme hinges on the internal structure of the ISOCO itself.

The ISOCO operated as a nonprofit organization domiciled in Canada until 2007 when it relocated to Madrid, Spain where it operates under the Law 55/1999 (ISOCO, 2008a). Ostensibly the President's Committee, consisting of representative from all member and associate member regulatory agencies, is endowed with the powers to achieve ISOCO's objectives. In effect these powers have been delegated to an Executive Committee of 20 appointed members which, "takes all decisions and undertakes all actions necessary or convenient to achieve the objectives of the ISOCO" (ISOCO, 2008a, p. 34). Thus the broad representation of over 100 members from as many countries purported by the President's Committee is more or less diverted to the 20 members of the Executive Committee.

The ISOCO's interest in accounting convergence stems from the standardization of accounting valuations usually set forth in accounting standards. The ISOCO has adopted an active role—legitimized through the Monitoring Group—in the implementation, monitoring, and enforcement of IFRSs by its member as well as potential member nations (ISOCO, 2008a). The ISOCO's work is largely conducted under the auspices of two working committees; Technical Committee and Emerging Markets Committee both of which contribute to the functional area of disclosure and accounting. Actually, it appears that the work of such committees is as influential in the process of accounting convergence as the accounting standard setting boards themselves. Or, as stated in the ISOCO 2007 Annual Report (2008a):

> The Technical Committee, via the standing committee, continues to be involved in monitoring and supporting the work of the international accounting standard setting bodies. These include the various projects being undertaken by the International Accounting Standards Board (IASB), the work of IFAC´s International Auditing and Assurance Standards Board (IAASB) on clarifying the development of International Standards of Audit and the activities of other bodies including the International Forum of Independent Audit Regulators (IFIAR) and the International Ethical Standards Board for Accountants. IOSCO believes that international audit standards that contribute to high quality audits are important for securities regulators and essential to maintaining investor confidence, so it continues to monitor the work by the IAASB on producing new updated standards. (p. 20)

The ISOCO (2008a) committees have also been engaged to provide the in depth information necessary to mange a truly global finance network. Their research contributions focus on private equity in general and collective investment schemes in particular. The fruit of these labors is to dictate future accounting regulations. For this reason ISOCO as well as the members of the three aforementioned committees were included for analysis.

World Bank. The World Bank is a parent organization to five subsidiary entities, which are the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation, The Multilateral Investment Guarantee Agency (MIGA), and International Center for Settlements and Disputes (ICSD). The IBRD and the IDA represent the most noteworthy subsidiaries through which the vast majority of World Bank's funding transactions are conducted (World Bank, 2007).

The powers of the World Bank are expressly delegated to the Board of Governors which is the "senior decision-making" body (World Bank, 2008, About Section). The Board of Governors is comprised of a governor and an alternative governor from each of the 166 to185 member countries depending on the specific subsidiary—IBRD or IDA. This arrangement; however, is yet another illusion of proportionate voting power. In reality the World Bank's bylaws reposition virtually all functional operational powers by delegation to a small group of executive directors appointed by the Board of Governors (World Bank, 2008).

In essence the power of the Board of Governors is limited to maintaining the internal organizational structure of the World Bank such as admitting/suspending member countries, capital stock authorizations, amending official articles or bylaws, and organizational realignments. Of these responsibilities special privacy is given to structural alignments via organizational amendment. Amendments to the Bank's Articles of Agreement require 85% majority of the total voting power. Given that the United States holds approximately 15% voting power any such structural realignments are susceptible to US veto power (World Bank, 2008).

The Board of Governors appoints 24 executive directors to conduct and approve daily operations. Of the 24 directors, 5 are appointed by the countries with the largest number of shares—United States, Japan, Germany, United Kingdom, and France. The remaining 19 members are elected by the remaining member countries. The executive directors can be delineated into two respective boards by virtue of appointment or

election. Specifically the World Bank claims that, “the resident [5 appointed members] Board of Directors (the Board) represents the evolving prospective of member countries on the role of the bank as well as its operational experience” (World Bank, 2007, p. 6). All subsequent references are to the board which by implication is the resident 5 member board. The board is reported to, “consider and decides [sic] on the IBRD loan and guarantee proposals and IDA credit, grant, and guarantee proposals made by the Bank’s president” (World Bank, 2007, p. 6). The remaining executive directors fill the, as officially described, important role of guiding the general operations of the Bank (World Bank, 2007). Further the executive directors appoint officers responsible for daily management and decision making on the board’s behalf. Therefore, the 24 executive directors as well as the appointed senior officers were included for analysis (World Bank, 2007).

The International Accounting Regulators

A host of international NGOs influence accounting convergence including the establishment of IFRSs by the IASB. International financial reporting standards only represent the technical reporting framework of accounting convergence. The scope of accounting convergence is primarily achieved by three separate regulatory bodies. In addition to accounting standards promulgated by the ISAB, boards under the auspices of the International Federation of Accountants (IFAC) promulgate standards on auditing, education, and ethical conduct.

Augmenting the hierarchical approach employed above, a lateral approach was also utilized to define the IASB's governance network. The efficacy of any social network approach is the ability to fully model a phenomenon (Wasserman & Faust, 1999). The phenomenon in question, accounting convergence, is co-regulated through three standard setting bodies—IASB, IAESB, and IAASB. Further the accounting profession itself is regulated by two additional standard setting bodies or the IESBA and the IPSAB. The relational properties of the decision making authorities of the lateral standard setting boards are also used to expand the social network and included for analysis. Interestingly the lateral standard setting boards were recently realigned the fall under the newly created international Public Interest Oversight Board (PIOB). Hence the following lateral agencies were also included in the IASB's governance network.

Public Interest Oversight Board. Creation of the PIOB was forewarned by the FSF in 2004. According to the FSF (2004b), "during 2004 a Public Interest Oversight Board (PIOB) will be created by the IFAC Monitoring Group to oversee IFAC's public interest activities…the early establishment of PIOB, including the selection of its members, is essential to fully implement the reforms" (p. 22). This statement is so uncomplicated that it needs no further explanation.

Officially; however, the PIOB was formally founded by donations made by the International Federation of Accountants (IFAC). Funding aside, the FSF (2005) reported that the PIOB was, "…the result of a collaborative effort by the international financial regulatory community" (p. 4). The mission of the PIOB is reported to be, "…to oversee

IFACs auditing and assurance, ethics, and education standard-setting activities as well as its Member Body Compliance Program" (PIOB, 2008a, Para. 2). The PIOB is granted authority to review and evaluate IFAC activities; to oversee and approve IFAC committee nominations; and to recommend IFAC action projects (PIOB, 2008a). Thus upon creation the PIOB effectively assumed authority of IFAC governance and membership.

The PIOB (2008b) has in their words "given final approval" to the "strategic plans" (p. 4) of two of the three international accounting standard setting bodies. Specifically the two boards mentioned are the IFAC boards responsible for International Standards on Auditing (ISAs), IFAC Code of Ethics (the Code), and International Education Standards (IESs) (PIOB, 2008b, p. 4). Consequently these boards exert incredible influence over the whole of international accounting convergence as they regulate the professionals practicing accounting as well as the auditing process.

International Federation of Accountants. The IFAC claims to be the global regulator of the accounting profession (IFAC, 2008b). At a broad level the IFAC strives toward two overarching goals. Firstly, the IFAC polices the profession by maintaining standards on accounting education, professional certification, and ethical conduct. Such efforts are, according to the IFAC (2008b), for the creation of a worldwide accountancy profession. An international accounting system is highly dependent upon accounting professionals. Moreover, the IFAC is also responsible for promulgating international auditing standards.

In 2007 the IFAC instituted a mass reorganization program aimed at clarifying the, "decision-making framework for those involved in IFAC's governance and management structure" (IFAC, 2008a, Section 1). Much like the reorganizational efforts detailed above, the IFAC's reorganization expressly commits the IFAC to the emerging governance network by infusing structural control mechanisms. In effect, the PIOB is granted oversight and approval authority for the IAESB, IAASB, IAESB as well as the IPSASB collectively known as "public interest activities" (IFAC Bylaws, 2006, Section 9.1). Although board member nominations are made by the Nominating Committee, the PIOB has been granted the authority to approve all members (IFAC Bylaws, 2006, Section 10). As a result final control of the IFAC standard setting members is effectively assumed by the PIOB, who select from a pool of candidates proposed by the Nominating Committee (IFAC Nominating Committee, 2008). Therefore the IFAC and its standard

setting bodies are also indirectly controlled by the Mentoring Group. Accordingly, the IFAC and its composite board were included for analysis.

Research Methods

At present little scholarly research has been published systematically categorizing the organizational bodies involved with accounting convergence (Cooper & Robson, 2006; Perry & Nolke, 2006). Consequently working with an isolated collection of mainstream variables or dominate methodological approach is inherently problematic. Upon reviewing the five qualitative traditions noted by Creswell (1998)—biography, grounded theory, ethnography, phenomenological study, and case study—only case study methodology is suitable to provide a holistic representation of the broader stakeholder groups to international accounting convergence. For example, phenomenology is well suited for an in-depth examination of a particular phenomenon or event. In general a phenomenological study examines a phenomenon from the perspectives of the individuals or the collective meaning they ascribe to the phenomenon under study (Creswell, 1998). There are; however, two major drawbacks with the use of phenomenological study to achieve the present objectives. The first drawback is the troublesome critiques of Harley, Hardy and Alveeson noted by Conklin (2007). In particular, the various practices employed during the phenomenological reflective process are particularly susceptible to subversion and skeptism. The second drawback of a phenomenological design is also applicable to biographical and ethnographical research designs; namely, that the research objectives of these designs focus on individuals within

the event rather than the event itself. The research focus herein approached accounting convergence from an organizational or structural level verses an individual level.

Case studies involve the study of a bounded system or case(s) (Creswell, 1998, p. 61). Yin (2003) defined a case study as an empirical inquiry that, "investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and context are not clearly evident" (p. 13). It can be hardly argued that accounting convergence is a contemporary phenomenon (Kingsbury et al., 2005). Likewise Yin's (2003) second criterion is also satisfied as clear boundaries between the phenomenon—accounting convergence—and the context—stakeholders of global administrative law—are easily blurred.

Case study methodology can be employed to examine "contextual conditions" that are intimately related to the phenomenon (Yin, 2003, p. 13). In this way Yin described a case study methodology as an "all-encompassing" and "comprehensive research method" (p. 14). Furthermore, Yin expanded his definition of a case study to include data collection as well as data analysis components. The following components are also given by Yin.

First, a case study, "copes with the technically distinctive situation in which there will be many more variables of interest than data points…" (Yin, 2003, p. 13). As noted in the background information, the IASB operates in an ambiguous milieu virtually free of traditional democratic controls (Kingsbury et al., 2005; Mattli & Buthe, 2005a, 2005b). Obviously this problem can be approached in multiple ways. To date a majority

of approaches are more theoretical (Gallhofer & Haslam, 2006; Hopwood, 1994; Lehman, 2005b) or focused on specific relationships between variables (Aziz & McLeay, 2007; Brown, 2004; Caramanis, 2002). It was theorized that a systematic concentration on structural aspects of the global regulators is necessary to illuminate the underlying network driving accounting convergence. Clearly this is a distinctive situation with multiple variables.

Second, a case study, "relies on multiple sources of evidence, with data needing to converge in a triangulating fashion…" (Yin, 2003, p. 14). A key issue is the nature and type of evidence or data collected. Due to the inaccessible nature of the key participants, who characteristically hold elite positions in geographically dispersed locations internationally, evidence from existing data was preferable. Moreover no one data source, such as survey research or interviews, appeared to be sufficient to create a holistic contextual representation of the IASB's governance network. In as much multiple sources of evidence collected from various types of existing data—organizational bylaws, incorporation articles, annual financial reports, press releases, minutes, reports, communiqués, and other administrative documentation—were necessary (Yin, 2003).

Finally a case study, "…benefits from the prior development of theoretical propositions to guide data collection and analysis" (Yin, 2003, p. 14). The entire milieu of the IASB is overly complex for more traditional sociological analysis. Currently social network analysis embedded within a case study may be the only framework capable of defining the underlying network of stakeholders (Jones et al., 1997; Laughlin, 1995;

Rowley, 1997). For example, Laughlin (1995) advocated the use of social network theory which is capable of mapping complex stakeholder relationships.

Summary

As demonstrated the IASB operates in an ambiguous global administrative space endowed with the international authority to promulgate regulation affecting a host of interested stakeholders. Consequently this arrangement benefits some stakeholders at the expense of other stakeholders (Freeman, 1984; Mattli & Buthe, 2005a). For example, Perry and Nolke (2006) found that the IASB was able to rapidly prescribe accounting standards with very little public debate or input. Although these findings are significant, the IASB is just a small, nonetheless integral, part of the larger international network.

The IASB's ability to resist stakeholder influence is a function of its relational ties within the global accounting governance network. To tease out the IASB's governance network an ego-centric sampling procedure was employed above. During this process a rich layer of conceptual details was added for each organizational actor. As the IASB's governance network has been sufficiently defined a case study research design utilizing available data is developed in the next chapter. The results are then presented in chapter 4 and discussed in chapter 5.

CHAPTER 3: RESEARCH METHODOLOGY

Introduction

To date mainstream accounting researchers have neglected social network theory as a viable method for studying the superstructural forces behind the international accounting regulators (Laughlin, 1999, 1995). An exception is Perry and Nolke's (2005) social network analysis of the IFAC and the European Commission. Although researchers have successfully used social network methodology to explore international accounting professional service networks (Koza & Lewin, 1999) and similar methodology to study international accounting models (d'Arcy, 2007), these tool have not been fully utilized to study international accounting regulators directly. One aspect of these superstructural forces is the IASB's governance network.

Jones et al. (1997) theorized that, "a phenomenon of the last 20 years has been the rapid rise of the network form of governance" (p. 911). Rowley (1997) posited that the structural characteristics of this governance network could be used to interpret and predict the, "…simultaneous influence of multiple stakeholders" (p. 887). To fill this gap in accounting literature, a research design incorporating social network methodology is set forth below to define and describe the IASB's governance network.

Research Design

A case study framework incorporating social network data analysis was adopted to explore and describe the IASB's governance network. Specifically a holistic focus was used to bind the network governance structure of the IASB and to determine if social

mechanisms within the governance structure support this role (Jones et al., 1997; Rowley, 1997). These purposes are at once exploratory, descriptive, and explanatory. Thus, a pluralistic research design strategy was preferable to achieve these objectives.

The objectives are suited for case study research design. In particular, case study methodology is increasingly used for exploratory and descriptive purposes such as this (Creswell, 1998; Yin, 2003). The IASB governance network was defined as the case under study. Additionally, all data collected within the case were existing data. As Singleton and Straits (2005) noted the abundance and variety of available data is only limited by the researcher's imagination.

Relying on existing data was preferable given the nature of this inquiry as well as the inaccessibility of key participants (Creswell, 1998; Yin, 2003). For the latter it would be virtually impossible to interview or survey hundreds of high-level officials in a suitable timeframe. Beyond this; however, other research designs are not well suited for detecting network structure. The unit of analysis for survey research, for example, is typically the individual and not the organizational structure (Singleton & Straits, 2005). For the purposes of detecting network structure other field methods such as interviews and questionnaires are costly to administer and inefficient. Moreover, the well documented bias of these methods can be lessened by observing the organizational structure apart from the individual experience (Gerlach, 1992; Jones et al., 1997; Rowley, 1997; Wasserman & Faust, 1999).

Accordingly social network methodology corrects many of the palatable limitations of the aforementioned research designs. Doreian and Albert (1989) wrote that, "among the exciting aspects of contemporary social network analysis is the potential to combine quantitative and qualitative techniques in a complementary fashion" (p. 281). Moreover, White, Boorman, and Beiger (1976) wrote, "…that the presently existing, largely categorical descriptions of social structure have no solid theoretical grounding; furthermore network concepts may provide the only way to construct a theory of social structure" (p. 732).

Traditional data analysis based upon accepted theoretical underpinning is also problematic. For example, P-A theory has considerable merit such as the ability to isolate and quantify singular interests. However, straightforward principal/agent relationships are methodologically problematic on many levels (Alam, 2006). Even P-A theory proponents such as Mattli and Buthe (2005a, 2005b) acknowledged the limitation of using P-A theory to render a larger network representation. The appropriateness of P-A theory is further troublesome as epistemological notions, such as complexity, gain scientific acceptance (Geyer, 2003; Rowley, 1997). Legitimacy theory, on the other hand, is more amendable to the emerging scientific notions of complexity. Yet, legitimacy theory is founded on normative judgments which detract from an objective empirical network rendering. In sum, positivistic approaches such as P-A theory impose the assumptions that this network is relevantly stable and situationally independent while institutional approaches such as legitimacy theory inject normative measures. Both of these

propositions were rejected here (Hoque, 2006). Obviously, empirically framing fluid governance networks purposefully created by majority stakeholders contravenes positivistic theoretical bounds and normative limitations (Alam, 2006; Hopper & Hoque, 2006).

It was accepted that social network methodology may present the only viable method for constructing a theory of social structure (White et al., 1976). More specifically, social network analysis was necessary to empirically construct and examine the IASB's governance network (Gerlach, 1992; Jones et al., 1997; Rowley, 1997; Wasserman & Faust, 1999). Social network tools provide a method of examining the underlying mechanisms of structuralization and professionalization commonly found in the field of accounting (Aziz & McLeay, 2007; Faerman, McCaffrey & Van Slyke, 1999; Jones, Hesterly, Fadmoe-Lindquest, & Borgatti, 1998; Laughlin, 1995). The application of social network methodology holds great promise in that many of these mechanisms and structural arrangements are too complex for more traditional data analysis. Therefore, social network data analysis was used to analyze the data collected for this case study.

For these reasons the use of case study methodology was cohesively coupled with social network analysis (Jones, et al, 1997; Koza & Lewin, 1999). To refer to the appropriateness of this methodological marriage Koza and Lewin (1999) noted that this type of case satisfies the definition of a network; and the network the definition of a case (Yin, 2003). Moreover, the network was formally constituted and organized by official structural agreements usually in the form of incorporation documents. Thus, lucid

boundaries in terms of the case as well as the network structure were readily determinable (Hanneman & Riddle, 1995; Rowley, 1997; Wasserman & Faust, 1999; Yin, 2003).

As defined in previous sections a social network, "…consists of a finite set or sets of actors and the relation or relations defined on them" (Wasserman & Faust, 1999, p. 20). The entire governance network is therefore an aggregate of all actors or nodes. The specific organizational nodes and actor-level nodes were defined in chapter 2 and aggregated below. Essentially two views of the IASB's governance networks were created—one containing organizational nodes and one containing actor nodes. Data pertaining to these views were transcribed into four datasets—one organizational dataset and three actor datasets. Unique datasets for each research question are advisable given the particularistic conclusions, measurements, requirements, and limitations of network analysis methodology (Hanneman & Riddle, 2005; Wasserman & Faust, 1999).

The network data were measured against four variables—one variable per dataset. The dataset containing the organizational actors were measured for the structural variable of authority. DiMaggio and Powell's (1983) criteria for structuration was used to define authority. Specifically the presence of identifiable ties of authority, including decision making, monitoring, voting, or other such powers, resulted in a directional authority relationship.

Two actor-level datasets were measured against the composition variables of professional affiliation and geographic location. Unlike structural variables which are concerned with the relationship between pairs of actors, composition variables measure

actor attributes (Wasserman & Faust, 1999). As Wasserman and Faust colorfully described, “composition variables, or *actor attribute* variables, are of the standard social and behavioral science variety…” (p. 29, emphasis original). Thus the variables of professional affiliation and geographic location were examined to add further conceptual details to the IASB’s governance network.

The fourth, and final, dataset measured the structural embeddedness of the individuals within the network. This type of dataset and measurement technique formed an affiliation network. The set of actors were measured against a set of events or organizations to which the set of actors belong (Wasserman & Faust, 1999). Affiliation networks are expressly formulated to quantify the extent to which a subset of actors interact or overlap with other actors or its structural embeddedness (Jones et al., 1997; Wasserman & Faust, 1999). In this respect, affiliation networks emphasize the duality between actors and events. Duality implies not only that actors are linked to events but also that events are linked to the actors who constitute the event (Borgatti & Everett, 1989; Burt, 1976, 1987; Wasserman & Faust, 1999).

The theoretical motivation for studying affiliation networks is to understand the importance of individual memberships in collective activities. As early as the 1950s Simmel recognized that group affiliations were fundamental in defining an individual’s social identity (cited in Wasserman & Faust, 1999). As theoretical developments on affiliation networks progressed a common thread emerged; namely, the premise that actors interact through social events or settings to create an affective link among

individuals (Wasserman & Faust, 1999).

Overlapping, comembership, co-affiliation are typically defined in terms of an actor and an event. For example, Gerlach (1992) examined the directorial interlocks of companies sending directors to other companies using a social network block modeling method. Gerlach's study is unique in that interlocking was not restricted to a specific event as much as it was deemed a cumulative property of the director's former roles. Given the particularistic nature of Gerlach's study—Japanese cultural ties—as well as the study herein—complex global governance—this longitutidual conceptualization is fitting, perhaps necessary, to accurately portray isomorphic structuration (DiMaggio & Powell, 1983).

Hanneman and Riddle (2005) suggested multiple techniques for analyzing 2-mode networks such as singular value decomposition (SVD), factor analysis, and correspondence analysis. Although these methods can be successfully employed to describe 2-mode data they are not particularly suited for binary data (Borgatti & Everett, 1997). Furthermore, these methods, also a form of matrix permutation analysis, do not, "…indicate the boundaries between, or membership in, any subgroups that might exist in the network" (Wasserman & Faust, 1999, p. 287). For these reasons, these methods did not seem appropriate here and were not used.

The theoretical notion of cohesive subgroups, based on the concepts of distance or density identify subgroupings or interconnectiveness within the larger organizational network, were also considered for the data analysis of $dataset_4$ (Borgatti, 2004; Borgatti

et al., 1990; Everett & Borgatti, 1999, 1998; Wasserman & Faust, 1999). These methods include techniques such as clique, n-clique, k-plex, and lambda set analysis. As Moody and White (2003) wrote, "the ability to directly operationalize structural cohesion through social relations is one of the primary strengths of a relational concept of social cohesion" (p. 106).

The limitations of these techniques are that 2-mode data must first be transposed into 1-mode data. In as much the methods used to examine cohesive subgroups are designed to be applied directly to the relational ties between actors set up in a 1-mode matrix. When 2-mode data is transposed into 1-mode data it captures the relationships between a subset of actors—based on actor and event—instead of direct ties between actors. As discussed below transforming 2-mode data in this way offers a proven method to study affiliation data. However, great care must be exercised when using transposed 2-mode affiliation data and applying analytical techniques designed for 1-mode data. Due to issues in interpretation with these types of cohesive subgroup measures they were not used in the present study (Borgatti & Everett, 1997; Hanneman & Riddle, 2005; Wasserman & Faust, 1999).

It is important to note that 2-mode data is amendable to 1-mode analysis. Transforming the data into 1-mode data allows researchers to study the ties between actors and organizations, organizations and actors or both. This method is supported by Wasserman and Faust (1999) and is particularly effective when both relations are studied concurrently. To focus on the ties between actors and organizations the dataset can be

transposed into a 1-mode comembership matrix. Conversely, to focus on the ties between organizations and actors the dataset can be transposed into a 1-mode co-organizational matrix. Incidentally these matrixes can be studied independently or concurrently; however, concurrent examination enables a more complete understanding of both modes (Wasserman & Faust, 1999). In essence the product of transforming the data is a valued 1-mode matrix for each mode—actor and organization—that can be analyzed. Accordingly, $dataset_4$ was transposed to create a comembership overlap as well as a co-organizational overlap matrix that was used to interpret various measurements of structural embeddedness. However, further processing—clique, n-clique, k-plex, and lambda set analysis—of these matrices is inherently problematic as discussed above.

In sum, two social network techniques were applied to $dataset_4$ to measure the structural embeddedness of the IASB's governance network. Specifically, the two theoretical concepts appropriate to study affiliation networks were comembership overlap and co-organizational overlap.

Population and Sampling Procedure

The theoretical population under study is the IASB's governance network. Governance networks are by definition, "…coordination characterized by informal social systems rather than by bureaucratic structures with firms and formal contractual relationships between them" (Jones et al., 1997). Obviously this definition is open to interpretation. Thus, an ego-centric sampling technique was employed in the previous chapter to (a) define the organizations bounded in the IASB's network governance

structure, (b) detail the logical processes, and (c) provide conceptual richness to each of these organizations.

An ego-centric (Hanneman & Riddle, 2005) or ego-centered (Wasserman & Faust, 1999) network begins with a focal organization, the IASB in this case. Since the network population or boundaries are unknown, measurable ties to the focal organization were used to expand the network. Therefore, the relation of authority, defined as a variable above, was used to expand the network. To achieve a holistic approach alter or lateral connections based on organizational similarity to the IASB were also considered. Hanneman and Riddle noted that this technique is, "…useful for understanding how networks affect individuals [or focal organizations], and they also give a (incomplete) picture of the general texture of the network as a whole" (Ch. 1, Ego-centric networks section, para. 1).

When conceptualizing the relation of authority particular emphasis was given to formal interorganizational control mechanisms. These mechanisms were defined as formal structural agreements such as articles of organization, bylaws, and unilateral accords. It is hardly debatable that a network exists if it is evidenced by binding formal agreements (Jones et al., 1997; Wasserman & Faust, 1999). Furthermore, hierarchical arrangements characterize express authority.

In the previous chapter the IASB's governance network representing the population—indentifying the organizational actors as well as individual actors—was bound as the BIS, FSF, Mentoring Group, BCBS, European Commission, IAIS, IOSOC,

World Bank, ISAB, IFAC, PIOB, IAESB, IAASB, IESB, and IPSAB. Collectively these organizations represent the IASB's governance network which is also the theoretical population. The individual actors ($N = 407$) were selected based on the criteria of internal decision making authority. In particular, these individuals included elite management as well as organizational board members. Individual members were not included for the European Commission or the Mentoring Group. Although the European Commission lists hundreds of members for numerous financial regulatory boards and advisory bodies it is uncertain how much authority these boards actually have to influence European law. Additionally, the Mentoring Group does not publish a list of individual members. The composition of individual actors within the governance network is detailed in Table 1 below.

Table 1

Detailed Listing of the Individual Actor Population

Organization	Committee	No. of Members
IASB	TAAG	9
IASB	SAC	42
IASB	IASB Board	15
IASB	IASC Foundation	27
IASB	IFRIC	16
IASB	IASB Working Group	34
World Bank	WB Directors	24
World Bank	WB Officers	24
Bank of International Settlements	Board members	17
Bank of International Settlements	Executive Management	11
Bank of International Settlements	BCBS Members	22
Financial Stability Forum	FSF	27
International Association of Insurance Supervisors	Executives	12
Public Interest Oversight Board	Board members	10
International Organization of Securities Commissions	Executive Directors	19
International Federation of Accountants	Board members	21
International Federation of Accountants	Nominating Committee	4
International Federation of Accountants	IAESB Board	19
International Federation of Accountants	IAASB Board	18
International Federation of Accountants	IESBA Board	18
International Federation of Accountants	IPSASB Board	18
Total Individual Actors		407

The ego-centric selection of the boundaries of this social network is theoretically sound in that a priori populations are not specifically required (Hanneman & Riddle, 2005; Wasserman & Faust, 1999). DiMaggio and Powell (1983) claimed that networks, "cannot be determined a priori but must be defined on the basis of empirical investigation" (p. 148).

Ego-centric sampling is complete when all relational ties have been exhausted or the theoretical population has been defined. The latter was the case here. Specifically, the selection of network nodes at the upper boundary of authority was halted at the BIS. The only quasi-organizational groups found to be higher in authority than the BIS were national finance ministers. Within the context of the BIS this authority is largely concentrated in the G7 or G10 countries. Consequently inclusion of these authorities forced inappropriate theoretical stretching of the relatively straightforward decision making criteria (Bonacich, 1987; Boorman & White, 1976; Wasserman & Faust, 1999). Therefore, the BIS was assumed to be the supreme, at least in terms of financial leverage and express hierarchical position, nongovernmental organization in the IASB's governance network. The lower boundary constraint of the focal organization itself was supported by the decision making/authority criteria. Or, the IASB does not hold downward authority for any other organization within the scope of the governance network. Finally, the lateral boundaries were limited to other global accounting standard setting organizations (Hanneman & Riddle, 2005; Wasserman & Faust, 1999).

Data Collection Procedures

To guide data collection efforts Yin's (2003) embedded case study guidance for existing documentation analysis was followed. Existing data were used to define the network nodes as well as to reconstruct relational ties (Wasserman & Faust, 1999). Relying on existing data was preferable given the exploratory nature of this inquiry (Creswell, 1998; Yin, 2003). Existing data were also practical due to the inaccessible nature of the key participants, who characteristically hold elite positions in geographically dispersed locations internationally. A protocol for data collection procedures was implemented to foster repeatability and thus reliability and validity (Yin, 2003). Therefore only existing data as defined by the protocol were analyzed.

Data collection was guided by the data collection protocol presented in Table 2 below:

Table 2

Data Collection Protocol for Analytic Data Matrixes

Purpose	Data Collection
Establish Organizational Actor Authority	***Dataset$_1$*** Main source: bylaws, incorporation articles, and annual financial reports. Secondary source: official organizational documentation including press releases, minutes, reports, communiqués, and other administrative documentation.
Establish Geographic Representation, Professional Affiliations, and Individual Actor Embeddedness	***Dataset$_2$, Dataset$_3$, and Dataset$_4$*** Main source: bylaws, incorporation articles and annual financial reports, official organizational documentation including press releases, minutes, reports, communiqués, and other administrative documentation. Secondary source: non-administrative documentation including publically available dossiers and media sources.

The data collected were transcribed to construct 4 datasets. Data pertaining to organizational actors were coded into dataset$_1$ whereas data pertaining to individual actors were coded into dataset$_2$, dataset$_3$, and dataset$_4$. All data collected were existing data from either the main or secondary sources listed in Table 1. Preference was given to main source documentation. Secondary sources were primarily used to validate main sources and to augment gaps found in main source data. Nevertheless, in some instances recordable data depended solely on secondary sources when such data were not reported

in main sources. This conditionality was particularly marked in the data collection for $dataset_2$, $dataset_3$, and $dataset_4$. This data collection process should supplement the ties reported in main sources, creating more comprehensive datasets for analysis. Furthermore, such an approach mitigates the reliability bias of single source documentation (Yin, 2003).

The organizational nodes ($N = 15$) were coded into $dataset_1$ based on directional ties of identified authority. This resulted in a binary 15 x 15 adjacency matrix that is characteristically symmetric. Or, if the nodes are denoted as n_1, n_2, n_3,…n_{15} the ith row is identical to the ith column—simply row 1 column 1 is (n_1,n_1). A directional tie of authority resulted in a binary code of 1 if present and 0 if absent.

The actor-level nodes were coded into $dataset_2$ ($N = 401$) and $dataset_3$ ($N = 407$). Both datasets are asymmetric matrixes measuring the composition attributes of geographic representation and professional affiliations. Or, the rows represent the set of actors and the columns represent the measured attribute. The attribute of geographic representation was transcribed as the self or other reported nationality of the actor. The attribute of professional affiliation was coded into five professional perspectives. The professional perspectives were categorized as, (a) national regulatory agency, (b) accounting industry, (c) banking industry, (d) academia, and (e) other. A recordable event for $dataset_3$ was defined as an actor's concurrent or previous employment, board membership, committee memberships, or appointed positions in any of the aforementioned professional fields. A non-directional, binary value of 1—indicating

presence—and 0—indicating absence—was assigned. For example, if the organizational biography of actor included a prior appointment to a national securities exchange, employment with a banking institution, as well as a visiting professorship with a university, a binary code of 1 was transcribed into the national regulatory agency, banking industry, and academia columns. And a binary code of 0 was entered into the remaining two columns—accounting industry and other.

Dataset$_4$ also consists of the actor-level nodes (N = 407). Data collection for dataset$_4$ was completed during a comprehensive review of main and secondary sources. In as much, these data were recorded as sources were systematically examined. This systematic examination included the following source data: (a) bylaws; (b) incorporation articles; (c) annual financial reports; (d) formal committee memberships; (e) ad hoc committee memberships; (f) select meeting minutes; (g) select reports; (h) selected press releases, communiqués or other administrative documents; and (i) non-administrative documentation.

The completed dataset$_4$ was an asymmetric matrix with the rows representing individual actors and the columns representing the affiliation variables defined as the organizations within the ISAB's governance network. Furthermore, dataset$_4$ was theoretically defined as an affiliation network. A recordable event was defined as an actor's concurrent or previous board memberships, employment, committee memberships, appointed positions, or otherwise documented official tie with any specific organization within the governance network. A non-directional, binary value of 1—

indicating presence—and 0—indicating absence—was assigned. To illustrate, a recordable relational tie between actor (a_1) and a specific organization within the population (*i*th column) resulted in a coding of 1 in row a_1, *i*th column. Multiple relational ties of actor (a_1) resulted in a coding of 1 in each respective organizational column. For example, 3 organizational ties of a_1 consisting of organizations 1, 2, and 3 resulted in coding of 1 in row a_1, columns $ith_1 \ldots ith_3$.

Data Analysis

Several factors were considered prior to selecting the methods used to analyze these network data. Of course, the selection of analytical techniques was dependent on the purposeful intent of the researcher. Social network theory underscores numerous levels of analysis by means of intricate mathematical notions. Moreover, these notions or mathematical theories are designed to achieve extremely particularistic ends (Burt, 1976, 1972; Everett & Borgatti, 1999, 1998; Hanneman & Riddle, 2005; Wasserman & Faust, 1999). Consequently, the analytical technique must be considered respective of the research objective.

$Datasets_1$ and $datasets_4$ were entered into Borgatti et al., (2002) social network analysis software, Unicet and Cryam's (2009) software, NetMiner. Much like traditional statistical packages—correlations or regressions—these software packages are programmed to perform the complex mathematical computations for innumerable types of network analysis. This, of course, can be a double-edge sword. As mentioned above network analysis is particularistic. In social network theory and methodology a wide

range of diverse methods have been developed for a broad range of empirical objectives. Thus, selecting the appropriate theoretical fit, network properties, set of nodes, types and attributes of relational ties, level of analysis, excreta was critical to the validity of the findings. On the other hand, if the aforementioned are carefully considered, the software virtually eliminates errors in the complex mathematical operations required for social network measurements. Additionally, internal validity was increased by the use of two software packages to replicate the data analysis.

To achieve the objective presented in research question 1—presenting a holistic graphic representation of the IASB's governance network structure—graph theoretic notion was employed. The data for $dataset_1$ created a 1-mode network measuring the ties between the organizational actors within the governance network. The relational ties of authority coded in $dataset_1$ were considered to be dichotomous, binary, and directional. Or, the ties themselves were not necessarily related to other ties and they were either present or not. Moreover, directional ties originate from one node to another node. At this level of analysis, $dataset_1$ was used to produce a directed graph or digraph (Hanneman & Riddle, 2005; Wasserman & Faust, 1999).

In general, graphic theory is concerned with producing graphic representations of the structural ties linking social network data (Freeman, 2005). It is important to note that social network principles were not used to determine the spatial arrangement of the graph in this case. Or, the dataset was not tested for both cohesiveness and social role. Since directional ties were used to measure the relational tie of authority the resulting graph

produced a hierarchical view of the network focusing on the social role of each organization within the network (Freeman, 2005). For the purposes here emphasis was placed solely on social role in order to provide a more traditional graphic view of the governance network instead of the overly complicated social and spatial view offered by more complex graphic techniques (Freeman, 2005; Hanneman & Riddle, 2005)

$Dataset_2$ corresponds to research question 2—what geographic locations are represented in the IASB's governance network. $Dataset_3$ corresponds to research question 3—what professional perspectives are represented in the IASB's governance network. These datasets were analyzed as attribute data for the individual actors within the network. Accordingly, analysis of such data does not require social network methodology. Instead traditional mathematical methods were employed to meet these research objectives. The inclusion of supplementary analysis of the network data was intended to address the more descriptive aspects or actor-level properties within the network structure. Therefore analyzing the characteristics of the network's actors provided an empirical method by which conceptual details were ascribed to the governance network.

$Dataset_4$ was tested for the extent in which actor-level nodes were structurally embedded within the governance network. Structural embeddedness is defined by Jones et al. (1997) as, "…a function of how many participants interact with one another, or how likely future interactions are among participates, and how likely participants are to talk

about these interactions" (p. 924). The question becomes; how is the above definition of structural embeddedness derived from network analytics to achieve the objective herein?

Of course, as discussed above, the type of data or network is as important as the property measured when selecting the appropriate methodological tools. The IASB's governance network is an affiliation network. Or, unlike traditional network data that focus on the ties between actors, an affiliation network is concerned with the ties between a set of actors and a set of events. Wasserman and Faust (1999) defined the properties of affiliation networks as:

- Affiliation networks are two-mode networks
- Affiliation networks consist of subset of actors, rather than simply pairs of actors
- Connections among members of one of the modes are based on linkages established through the second mode
- Affiliation networks allow one to study the dual perspectives of the actors and the events

(Wasserman & Faust, pp. 291-292, bullets original)

The IASB's governance network is a 2-mode network. Recall that a 2-mode network measures the relations or linkages between actors and events. Moreover, data analysis for this network is intended to measure the actor's affiliation variable—comembership or structural embeddedness—to the organizations within the network. This produces a subset of actors for each event which is consistent with the second network mode (Wasserman & Faust, 1999). Hanneman and Riddle (2005) deemed this macro-level analysis. They wrote, "two-mode data offer some very interesting analytic possibilities for gaining greater understanding of 'macro-micro'" relations (Ch. 17,

Introduction section). Specifically, the comembership overlap and co-organizational overlap for dataset$_4$ were measured.

The affiliation network was transformed into a 1-mode comembership network and a 1-mode co-organizational overlap matrix. In the original 2-mode affiliation dataset a tie between an actor and an organization resulted in a binary code of 1 in the actor row, organizational column. Two actors were considered to be affiliated with the same organization if both actors had a 1 in the same organizational column. The result was an asymmetric 407 x 10, 2-mode network which was used to derive a 1-mode comembership overlap matrix and the 1-mode co-organizational overlap matrix.

The comembership overlap matrix considers the number of organizational comemberships shared by the individual actors. The number of times that 2 actors have a 1 in corresponding columns gives the number of events they have in common. These comembership frequencies were transformed into an actor-by-actor matrix by recording the number of organizations to which the actors jointly belong. Summing relations of the actors to each organization resulted in a 407 x 407 symmetric sociomatrix with valued relationships. The values assigned to each actor can range from 0 to 10. If an actor was not affiliated with an organization a 0 was assigned. If an actor was affiliated with all organizations, the maximum value of 10 was assigned (Wasserman & Faust, 1999).

The co-organizational overlap matrix considered the pairs of organizations shared by 2 actors (Wasserman & Faust, 1999). The organization overlap matrix was created by transposing the original 407 x 10 dataset into a 10 x 10 sociomatrix. Theoretically this

matrix is defined as an event overlap matrix or in this case an organizational overlap matrix. The transformation displayed the actor's participation rates in an organization-by-organization matrix which recorded the number of actors that each pair of organizations shares. Or, as the name implies it measured the degree of organizational overlap among the actors. Like the comembership matrix above, the resulting co-organizational matrix was a 1-mode, symmetric, valued sociomatrix (Wasserman & Faust, 1999). These results are presented in chapter 4 and discussed in chapter 5.

CHAPTER 4: RESULTS

Introduction

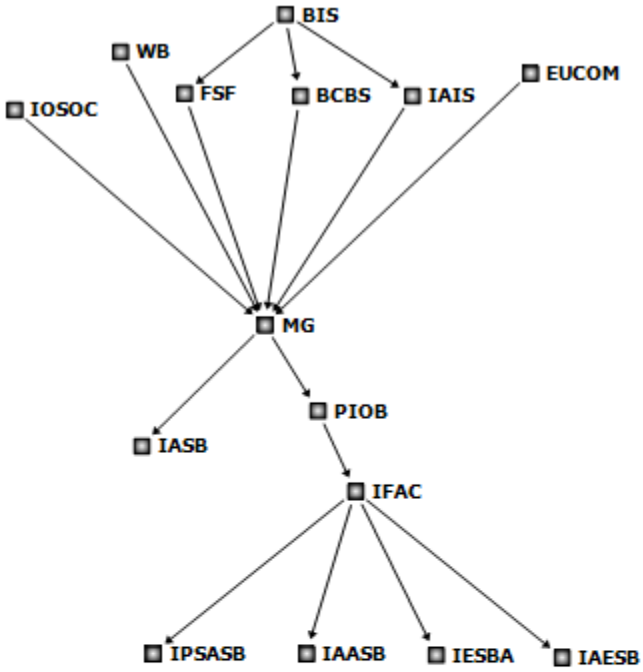
In this section the results from an empirical examination of the research questions are presented. As stated in previous sections examining the structural properties of the organizational as well as individual actors within the IASB's governance network provides an opportunity to contextually analyze the relational qualities of multiple stakeholders while offering insights into the potential impacts of such arrangements (Jones et al., 1997; Rowley, 1997). This empirical examination focused on four properties of the IASB's governance network; namely, which organizations constitute the IASB's governance network, what geographic locations are represented within the governance network, what professional affiliations are present within the governance network, and to what extent is the governance network structurally embedded.

The abovementioned properties correspond to the four research questions proposed in chapter 1. The following results are organized by research question. First, the research question is stated. A summary of the substantial findings follows each question. Finally, an in depth discussion of these findings is advanced in chapter 5. A reference guide to the acronyms used extensively in the following chapters is provided in Appendix 1.

Results

Research Question 1: Which organizations constitute the IASB's governance network when defined in terms of social network theory and how are these organizations hierarchically arranged?

Although additional graphic representations follow, the first portrayal of the IASB's network governance structure is a straightforward, holistic visualization. Figure 4 below provides a nonscaled visualization of the organizational ties within the network coded for authority. Each organizational node received a binary coding of 1 if a formal tie of authority was present. To illustrate the BIS hosts the BCBS, IAIS, and FSF creating an authoritative tie of both operational and financial viability as defined in previous sections. If the BIS is represented by the b column/row; the BCBS by the e column/row; the IAIS by the g column/row; and the FSF by the c column/row the resulting coding is notated as (b,e), (b,g), and (b,c) = 1. The resulting image is a simple, directed digraph of the hierarchical structure of dataset$_1$.



Organizational Acronyms for Figure 4:

BCBS	Basel Committee on Banking Supervision
BIS	Bank of International Settlements
EUCOM	European Commission
FSF	Financial Stability Forum
IAASB	International Auditing and Attestation Standards Board
IAESB	International Accounting Education Standards Board
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IOSOC	International Organization of Securities Commissions
IPSASB	International Public Sector Accounting Standards Board
MG	Mentoring Group
PIOB	Public Interest Oversight Board
WB	World Bank

Note: Graph created with NetMiner cited as Cryam, 2009.

Figure 4: Nonscaled graph of IASB's governance network illustrating directional ties of authority between organizational nodes.

A hierarchical organizational structure emerges based on the structural mechanisms set forth in chapter 2. The Mentoring Group assumes the most striking network position as an apparent intermediary authority over virtually every aspect—general standards, auditing, and professional standards—of international accounting regulation. This is not surprising given the Mentoring Group's vague emergence in the arena of global governance. Beyond ambiguous references by other organizations very little is known and/or published about the Mentoring Group.

The more noteworthy position is that of the BIS, namely that the Mentoring Group is comprised of 6 organizations, 3 of which are organizations hosted by the BIS. It could be further argued that the IOSOC receives its organizational legitimacy, in large part, from the BIS, IMF, and World Bank. Although this position is not reflected above since only formalized ties of authority within the accounting regulation network were included, international regulation of financial markets by global administrators is heavily dependent on some form of national legitimacy (Mattli & Buthe, 2005b).

Research Question 2: What professional perspectives are represented by the individual actors within the IASB's governance network?

A total of 703 professional ties were found among the 407 actors in dataset$_2$. As illustrated in Table 3 below, the individual actors within the IASB's governance network have the largest number of professional ties to banking with 216 closely followed by 201 ties to national governmental regulators. The 155 professional ties to the public accounting industry ranked a distant third. At face value; however, this outcome was not

unanticipated given the organizational structure of the network. As noted above 4 of the Mentoring Group's 6 organizational members represent the banking industry.

Table 3

Professional Ties of the Individual Actors within the IASB's Governance Network

	National			Public		
	Regulator	Banking	Academia	Business	Accounting	Other
International Accounting Standards Board (IASB)	48	68	18	29	60	13
Public Interest Oversight Board (PIOB)	6	6	3	1	1	0
International Federation of Accountants (IFAC)	19	14	14	17	92	3
Bank of International Settlements (BIS)	66	77	9	1	0	4
World Bank	32	48	4	3	2	10
International Association of Insurance Supervisors (IAIS)	11	0	0	0	0	1
International Organization of Securities Commissions (IOSOC)	19	3	0	1	0	0
Total	**201**	**216**	**48**	**52**	**155**	**31**
Percentage	**29%**	**31%**	**7%**	**7%**	**22%**	**4%**

Note. Among the 407 individual actors total number of ties = 703.

The results from the subtotals of professional ties are more remarkable. When partitioned by organization the individual actors within the IASB have more ties to banking than public accounting with 68 and 60 respectively. Among the 36 members of the 2 boards, namely the TAAG and IASB Foundation, with the authority to approve IASB, SAC, and IFRIC board members 26 documented professional ties to banking were found compared to 5 professional ties to public accounting. This is the intuitive reverse of what one would expect from an accounting standard setting board.

Another substantial result is not with the sheer number of ties per se but with the type of banking affiliations found in the primary and secondary source documentation. Clearly a member of the BIS or World Bank is assumed to have a professional tie to banking. However, the banking attribute was coded to include any reported tie to the banking industry including central banks, public banks, private banks, investment banks, and development banks. Within the banking industry a robust investment banking subcategory emerged. Table 4 below provides a summary of the investment banking subcategory. Of the 64 reported ties to investment banks 49 are for members of the IASB.

Table 4

Professional Ties of Individual Actors to Investment Bank Subcategory

Organization	Role	No. of Actors	Organization Total
International Accounting Standards Board (IASB)	TAAG	4	
	IASC Foundation	16	
	Standard's Board	4	
	SAC	11	
	IFRIC	5	
	Working Group	9	
	IASB Total		49
Public Interest Oversight Board (PIOB)	Oversight Board	3	
	PIOB Total		3
International Federation of Accountants (IFAC)	IFAC Board	3	
	Nominating committee	2	
	IAESB Board	1	
	IESBA Board	1	
	IFAC Total		7
World Bank	Directors	2	
	World Bank Total		2
Bank of International Settlements (BIS)	Executive Board	2	
	BIS Total		2
International Organization of Securities Commissions (IOSOC)	Executive Committee	1	
	IOSOC Total		1
Investment Bank Subcategory Total			**64**

Based on Brown's (2004) study more professional ties to business were expected. Business only comprised 7% of the professional ties. An actor was assumed to have a professional tie to the business industry if the actor served in a high-level position for a public company or if the actor had a tie to the board of a public company. Of the 59 ties found to the business industry the majority were noted in the IASB. Twenty nine of the 59 ties were by IASB members. Moreover, 89% of the ties to business were found within the two accounting standard setting bodies—the IASB and IFAC.

Business ties of the members within the accounting standard setters are justifiable and consequently expected. International Financial Accounting Standards are primarily intended to regulate the business community. Thus input by business experts, one of the largest user groups, is essential to the standard setting process. According to these findings it appears that professional representation from business is rather low when compared to banking or national financial regulatory bodies.

The professional ties to academia and other professional groups were rather disappointing with 7% and 4% respectively. Again the majority of these ties can be found within the IASB and IFAC. Interestingly nearly half or 20 of the ties to academia were instructors of economics and not accounting.

Research Question 3: What geographic locations are represented by the individual actors within the IASB's governance network?

$Dataset_3$ consisted of the reported geographic location for 401 of the 407 actors. Within the raw data set 6 of the 407 actors are reported as organizational observers or

participants in general. These 6 actors were included for the other research question since the organizational body represented was given. However, other specific information—geographic location or biographies—about these observers was not provided. Given the lack of geographic information these 6 actors were removed from this dataset. In sum, 56 geographic locations were reported in the total population.

This seemingly diverse geographic representation is not proportionate however. As illustrated in Figure 5 below the United States and United Kingdom constitute a combined 28% of the total geographic representation with 18% and 10% representation respectively. Similarly the Western nations of the United States, United Kingdom, France, Germany, Canada, and Italy comprise 51% of the overall representation. In fact, only the 10 nations as depicted in Figure 5 below held more than 3% of the total. The remaining 34% of other representation consists of 46 nations, 6 with 0.7% or 3 members, 8 with 0.5% or 2 members and 21 with 0.2% or 1 member.

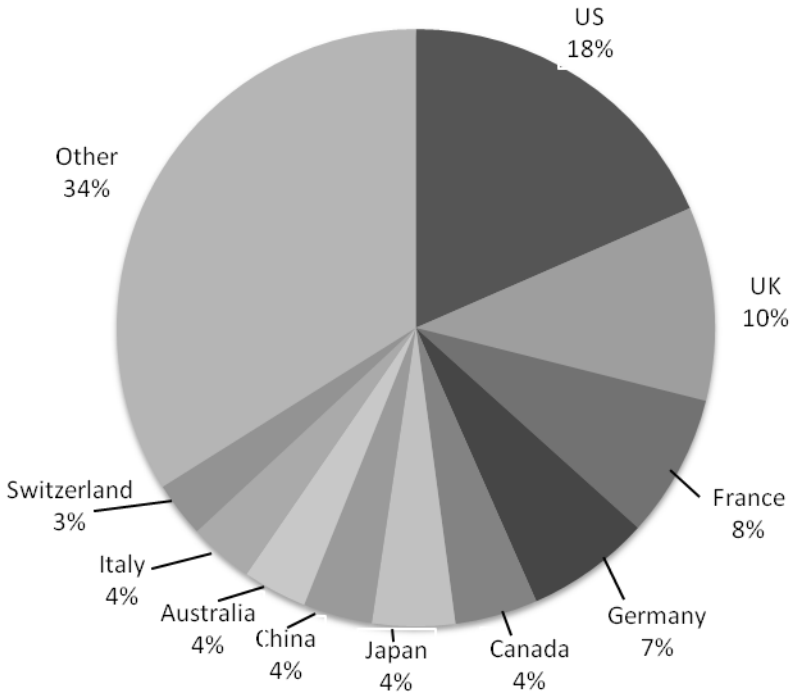


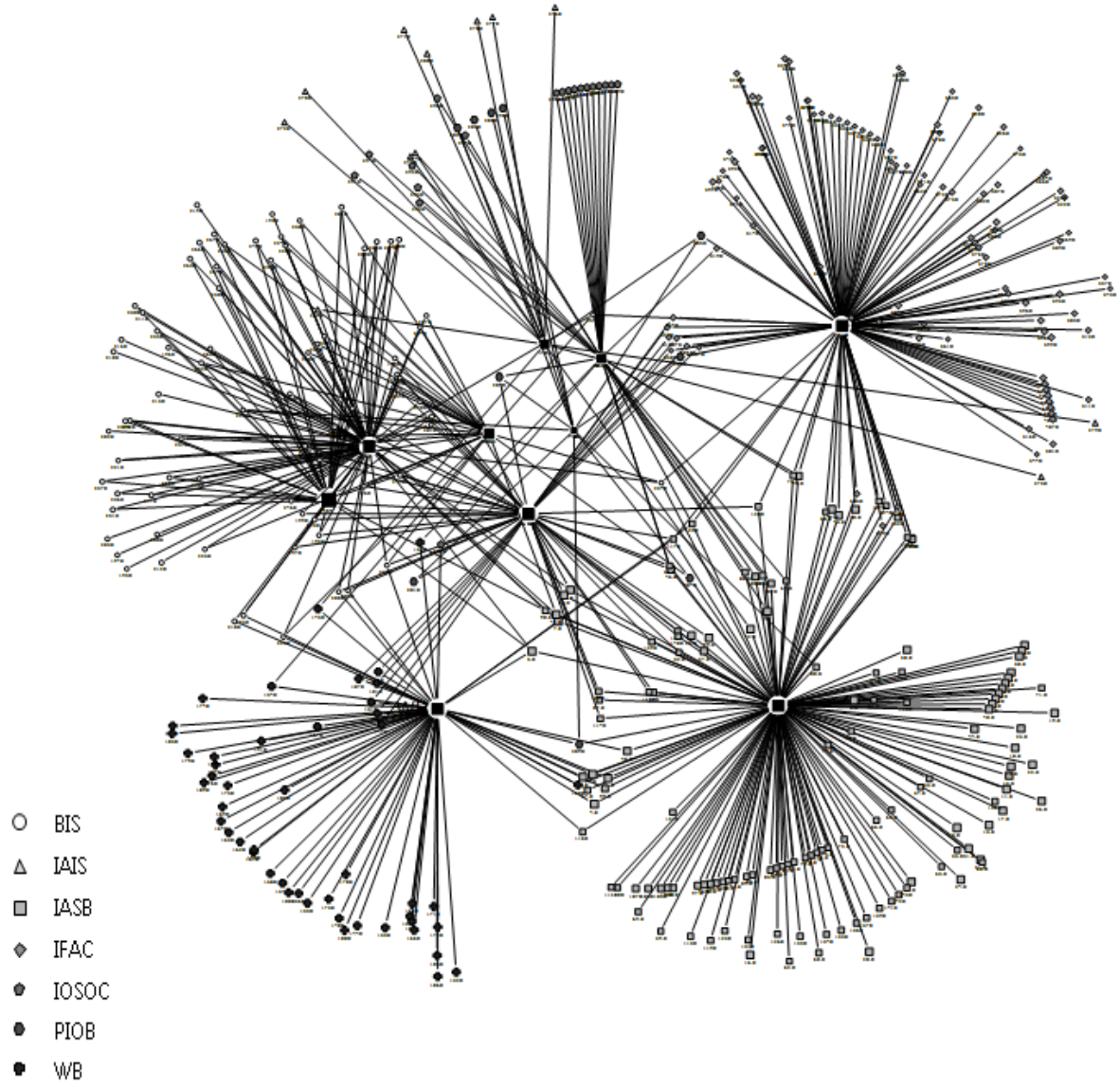
Figure 5: Percentages of geographic representation of individual actors for entire network.

In 2004 Brown found that only 3 of the 45 members of the SAC, none of the 13 members of the IFRIC, and 1 of the 14 members of the IASB hailed from developing countries. Since Brown's study; however, 8 of the 39 members of the SAC, 7 of the 21 members of the IFRIC, and 1 member of the 15 members of the IASB hail from developing countries. Although the so-called Anglo-Saxon nations still retain over 50% representation of the 3 aforementioned boards, the increase of members from developing nations is marked.

Research Question 4: To what extent are the strategic members of the IASB's governance network structurally embedded as measured by relational ties such as co-directorship, employment or board memberships?

Dataset$_4$ is a 2-mode, affiliation network. The first mode consists of the 407 individual actors and the second mode represents 10 of the 15 organizational entities. Therefore the dataset forms an asymmetric 407 x 10 matrix recording the actor's affiliation with any of the 10 organizations. The organizational actors are the BIS, World Bank, FSF, IAIS, IASB, PIOB, IOSOC, European Commission, BCBS, and the IFAC. Since the IAASB, IESBA, IESB, and IPSASP are boards controlled and organized solely by the IFAC the individual actors with an affiliation to these boards were coded to be affiliated with the IFAC. Additionally, the board membership for the Monitoring Group is not publically available. Therefore, the Monitoring Group could not be included as an organizational category which is rather unfortunate given the Mentoring Group's position in the governance network.

Affiliation networks can be represented in matrix form or as a bipartite graph. Both representations are derived from the same data where the latter is in graphic form (Wasserman & Faust, 1999). The bipartite graph for $Dataset_4$ is shown in Figure 6 below.



Note: Created with NetMiner cited as Cryam, 2009.

Figure 6: Scaled bipartite graph of the affiliation matrix.

Basic statistics to determine the distribution of ties in dataset$_4$ were computed using NetMiner software. The mean number of ties, standard deviation from the mean number of ties, minimum number of ties, and maximum number of ties for the actors within the dataset were computed. As shown in Table 5 below the minimum number of actor ties or comembership links to an organizational node is 1. This finding is intuitive as the actors were automatically linked with the organizational board on which they served. The maximum links for a single actor was 4. Or, at least 1 actor has comembership ties to 4 of the 10 organizations. The mean number of ties was computed as the average number of ties for each of the 407 actors. The resulting mean of 1.464 indicates that the average ties among the 407 actors are to 1.464 organizations. Or, on average each actor is tied to 1 to 2 organizations within the network.

Table 5

Distribution of Relational Ties for IASB Affiliation Network

MEASURES	VALUE
MEAN	1.464
STD.DEV.	0.707
MIN.	1
MAX.	4

This mean is consistent with the actual pattern of ties noted in the 407 x 10 affiliation matrix. The total number of ties found was 596. Four actors had ties with 4 organizations, 33 actors had ties with 3 organizations, 105 actors had ties with 2 organizations, and 263 had ties with 1 organization. The actual distribution of ties also seems to explain the relatively high standard deviation of 0.707.

The density of $dataset_4$ was also examined. Density, as used here, is a measure of organizational adjacency and is expressed as a value between 0 and 1 (Wasserman & Faust, 1999). Two organizations are considered adjacent if they are linked by at least 1 common actor. For example, if none of the organizations are adjacent the value is 0, if half of the nodes are adjacent the value is 0.5, and if all of the nodes are adjacent the value is 1. The density for this network is 1. Thus, the network is considered a complete graph or all organizational nodes share at least 1 actor in common (Wasserman & Faust, 1999).

To measure the comembership relationships of the actors, $dataset_4$ was transposed to derive a 1-mode, 407 x 407 comembership overlap matrix. Since this matrix is too large to be reproduced in its entirety a partial representation for the first 10 actors in the dataset is presented in Table 6 below. In general, matrices yields two sources of information, namely the diagonal and the off-diagonal values. The diagonal values, shaded in Table 6 below, give the total number of ties for the mode—organization or actor—under study. Since this is an actor-by-actor matrix the diagonal values give the total number of ties found for each actor. For example, the first diagonal entry for actor 1

indicates that actor 1 is linked to 1 of the 10 organizations included in the analysis. Accordingly actor 2—diagonial value in the row for actor 2, column actor 2—has a relational tie to 2 organizations, actor 3 has ties to 4 organizations, and so forth. The highest diagonal entries for the comembership matrix are 4. This confirms that the maximum number of comembership for an actor is with 4 of the organizations.

Table 6

Partial Reproduction of IASB Comembership Overlap Matrix

	Actor 1	Actor 2	Actor 3	Actor 4	Actor 5	Actor 6	Actor 7	Actor 8	Actor 9	Actor 10
Actor 1	1	1	1	1	1	1	1	1	1	1
Actor 2	1	2	1	1	1	1	1	1	1	1
Actor 3	1	1	4	2	1	1	2	2	2	1
Actor 4	1	1	2	2	1	1	1	1	2	1
Actor 5	1	1	1	1	1	1	1	1	1	1
Actor 6	1	1	1	1	1	1	1	1	1	1
Actor 7	1	1	2	1	1	1	2	2	1	1
Actor 8	1	1	2	1	1	1	2	3	1	1
Actor 9	1	1	2	2	1	1	1	1	2	1
Actor 10	1	1	1	1	1	1	1	1	1	2

Note. This matrix only reflects the first 10 actors within the database. The complete matrix is 407 x 407.

The off-diagonal entries for the comembership overlap matrix, which is partial reproduced in Table 6 above, measure the number of organizations to which a pair of actors jointly belong (Wasserman & Faust, 1999). Accordingly, the off-diagonal values, the unshaded values in Table 6 above, produce an actor-to-actor comparison of ties. For example, the value of 1 in the column for actor 1 and row for actor 2 indicates that actors 1 and 2 are co-members of 1 organization. The value of 2 in the column for actor 3, row for actor 4 indicates that actors 3 and 4 have identical comembership to 2 organizations. In sum, every actor is compared with every other actor to produce the number of identical comemberships.

The number of possible off-diagonal actor-to-actor connections in a 407 x 407 matrix is 165,242. This value is calculated by taking all possible combinations 165,649 (407 x 407) and removing the 407 diagonal entries. The off-diagonal entries range from 0 to 3. Whereas, 0 indicates that the 2 actors share no comemberships and 3 indicates that they share 3 comemberships. A summary of the off-diagonal scores is presented in Table 7 below.

Table 7

Off-diagonal Values for Comembership Overlap Matrix

No. of comemberships for pairs of actors	No. of entries in matrix
0	114,948
1	46,976
2	3,216
3	102
Total Possible Occurrences	**165242**

In an unconnected network scores of 0 and 1 are expected. Zeros are expected for the actor-to-actor pairs across different organizations. Ones are expected for the actor-to-actor pairs on the same organizational boards. For example, the 143 members selected from the various IASB boards will exhibit a pair wise score of 1 since they are all originally affiliated with the IASB. When compared with actors from other organizational boards the value for IASB actors should equal 0 unless the actors are co-members of both organizational boards.

As illustrated in Table 7 above the number of actors with identical comemberships in 2 to 3 organizations within the IASB governance network is robust. For example, 3,216 occurrences for the value of 2 were found. Moreover, 102 instances of actors with 3 identical comemberships were found. According to the diagonal values

the actual rates of comembership for the affiliation matrix were determined to be 4 actors with ties to 4 organizations, 33 actors with ties to 3 organizations, 105 actors with ties to 2 organizations, and 263 actors with ties to 1 organization. This off-diagonal analysis enhances the actual results by providing additional details about the rate of comembership. For example, the diagonal results state only that 33 actors had ties to 3 organizations, not which organizations. When the diagonal and off-diagonal results are combined they suggest that not only did multiple actors have multiple ties but multiple actors had multiple pairs of identical ties. For example, 11 of the 33 actors not only had 3 comembership ties, but the 3 ties were to the same group of organizations.

To measure the number of organizations shared by each pair of actors $dataset_4$ was transposed to derive a 1-mode, 407 x 407 co-organizational overlap matrix (Wasserman & Faust, 1999). The co-organizational overlap matrix is presented in Table 8 below.

Table 8

Values for IASB Co-organizational Overlap Matrix

	BIS	WB	FSF	IAIS	IASB	PIOB	IOSCO	EU	BCBS	IFAC
BIS	84	7	31	1	7	1	0	24	27	2
WB	7	67	2	1	13	1	3	11	3	2
FSF	31	2	31	0	2	0	0	6	4	0
IAIS	1	1	0	15	1	1	1	0	0	1
IASB	7	13	2	1	150	3	11	18	3	19
PIOB	1	1	0	1	3	12	1	3	2	2
IOSCO	0	3	0	1	11	1	34	4	0	4
EU	24	11	6	0	18	3	4	57	6	10
BCBS	27	3	4	0	3	2	0	6	29	2
IFAC	2	2	0	1	19	2	4	10	2	117

This matrix is calculated much like the comembership overlap matrix above. Instead of focusing on pairs of actors, the focus is on pairs of organizations. Or, if 2 organizations have an actor in common in the original database both actors will have a binary 1 in the organizational column. This matrix counts the number of actors with recorded ties for each organization as well as the number of actors that had 2 or more organizations in common.

The diagonal scores, the shaded values in Table 8, of the co-organizational overlap matrix indicate the total number of actors who were affiliated with the corresponding organization. At first glance it appears that the IASB has the most members with 150, which is necessarily true. However, such an interpretation does not consider that the number of actors representing each organization is not uniform. For

example, 4 IASB boards were included with a total of 143 actors, whereas no European Commission boards were included (see Table 1 on page 87). Instead, only the ties with the European Commission by the actors of the other boards were considered. Consequently, to interpret the diagonal values it is appropriate to normalize them by considering the number of actors from each board included in the study. This normalization is shown in Table 9 below.

Table 9

Comparison of Diagonal Values for the Co-organizational Overlap Matrix to Actor Population

	Board Members	Co-Organizational Ties	Difference
Bank of International Settlements (BIS)	28	84	56
World Bank (WB)	48	67	19
Financial Stability Forum (FSF)	27	31	4
International Assoc. of Insurance Supervisors (IAIS)	12	15	3
International Accounting Standards Board (IASB)	143	150	7
Public Interest Oversight Board (PIOB)	10	12	2
International Organization of Securities Commissions (IOSOC)	19	34	15
EU Commission (EU)	0	57	57
Basel Committee on Banking Supervision (BCBS)	22	29	7
International Federation of Accountants (IFAC)	98	117	19
Total	407	596	189

Table 9 accounts for the 407 automatic ties recorded for organizational boards to which the 407 actors were affiliated. The organizational overlap matrix shows that the 407 actors had a total of 596 ties to the 10 organizations included in the study. As a result the 407 actors were found to have 189 additional ties to organizations other than the organizational board from which they were drawn.

The largest degree of organizational overlap was found with the European Commission. This is not surprising considering that none of the board members from the European Commission were included in the original dataset. Therefore, each tie is automatically considered an organizational overlap tie. Nonetheless it is interesting to note that 57 of the 407 actors had relational ties to the European Commission although none of the original actors were drawn from these boards.

The BIS ranked a close second. The study included 17 members of the BIS Board as well as 11 members of executive management for a total of 28 members. These 28 members produced 84 organizational ties with the other organizational boards for a total increase of 56 co-organizational ties. Again, these results are not surprising considering the BCBS, the IAIS, and the FAF are technically considered BIS hosted organizations. However, these results do quantify the pervasiveness of BIS organizational overlap within the seemingly unrelated accounting standard setting network.

The off-diagonal entries—unshaded values—found in Table 8 are also noteworthy. The off-diagonal entries record the instances of actor overlap between the organizations. The value of actor overlap for each organization ranges from 0, no pairs of

actors share membership, to 31, meaning that 31 actors share membership in these organizations. The FSF and BIS were found to have the greatest degree of actor overlap. This is expected given that the FSF is a BIS hosted organization. In fact, by examining the values found in the FSF row, it appears that the FSF has ties to the banking organizations—BIS, World Bank, BCBS—, the European Commission, and the IASB. Given the FSF's mission to oversee stable financial markets it is questioned why the ties outside of banking extend only to the accounting regulators and not the other financial market regulators—the IAIS and the IOSOC.

From the off-diagonal entries for the IASB presented in Table 8 it is evident the IASB board has co-organizational ties to every organization within the theoretical governance network. The values in the IASB row indicate the IASB shares 7 co-organizational members with the BIS, 13 with the World Bank, 2 with the FSF, 1 with the IAIS, 3 with the PIOB, 11 with the IOSOC, 18 with the European Commission, 3 with the BCBS, and 19 with the IFAC. In fact, the IASB is the only organization other than the World Bank to have comembership ties to all the organizations within the governance network. This may seem intuitive given that the focal node used to select the IASB governance network was the IASB. However, the theoretical connection between the IASB and the other organizations in the network is assumed to stop at the organizational level or the organizations may be connected based on lines of authority, but the individual members that constitute the organizational boards are assumed to be autonomous members of a specific organization. Therefore, it is apparent that the

members of the IASB board share considerable ties to every organization within the governance network.

Summary of Findings

First, an organizational view of the IASB's governance network was created. From the nonscaled directed graph presented in Figure 4 it is evident that based on the ties of authority the IASB's governance network forms a hierarchical structure with the Bank of International Settlements, World Bank, and Mentoring Group assuming important positions.

Next, three attributes of the individual actors within the governance network were measured—geographic representation, professional ties, and structural embeddedness. Although over 50% of the actors represented Western nations the amount of geographic diversity in the overall network was greater than expected. In fact, the geographic diversity within the IASB since Brown's (2004) study has increased considerably.

As illustrated in Table 3 the individual actors within the IASB's governance network have the largest number of professional ties to banking with 216 closely followed by 201 ties to national governmental regulators. The 155 professional ties to the public accounting industry ranked a distant third. This result mirrors the hierarchical structure of the governance network with banking organizations assuming the most prominent role. However, the relatively low number of ties to both the accounting and business industries were both unexpected and striking.

Network isomorphism was detected in the measures for structural embeddedness. For example, dataset$_4$ exhibited a perfect score for density. Or, every organization in the governance network is connected by at least 1 actor. Furthermore, substantial results were found on the measures of comembership overlap and co-organizational overlap.

Together the above results indicate that the IASB governance network is a definable hierarchy that exhibits striking qualities of professionalization and structural embeddedness. Rowley (1997) posited that, "as network density increases, the ability of a focal organization's [IASB] stakeholders to constrain the organization's actions increases" (p. 898). This indicates that in the face of divergent interests or continuous accounting standards the IASB's prominent stakeholders, found to be primarily banking constituents, may have the ability to constrain the IASB's action. These results are further interpreted and discussed in the next chapter.

CHAPTER 5: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

This researcher aimed to define the IASB's governance network as well as to add empirical details to this network. Based on social network theory the IASB's governance network was defined as an affiliation network whereas the connections among the actors were based on their linkages to the organizations (Wasserman & Faust, 1999). To achieve these goals two views of the IASB's governance network were captured. The first view was of the organizational actors and the second was of the individual actors holding positions of influence within the organizations. As such this work presents a concurrent analysis of the interplay between organizational actors and individual actors within the governance network. This focus was intended to emphasize the duality between events, organizations in this case, and actors common to the study of affiliation networks (Wasserman & Faust, 1999).

The IASB governance network was defined using an ego-centric sampling technique. This technique yielded 15 organizations to be included in the network based on identifiable ties of authority. These organizations were briefly discussed and the individual actors endowed with decision making authority within each organization were identified. This effort contributes the first theoretical definition of the IASB's governance network in scholarly literature.

Beyond the formal organizational structure of the IASB's governance network, attributes of the individual actors holding elite positions were examined. The professional affiliations, geographic representation, and structural embeddedness of these actors were

analyzed. These variables are theorized to enhance the macroculture of the governance network. Macroculture is defined by Jones et al. (1997) as, "…a system of widely shared assumptions and values, comprising industry-specific, occupational, or professional knowledge, that guide actions and create typical behavior patterns among independent entities" (929). Specifically, the authors suggested that the more concentrated the macroculture variable the more likely the network will assume certain, "values, assumptions, and rule understandings" (p. 929).

Macroculture parallels DiMaggio and Powell's (1983) conceptualization of professionalization as a process of normative isomorphism. Specifically, they asserted that filtering was an important mechanism used to achieve professionalization. Filtering is achieved by appointing individuals with similar credentials, experiences, connections, and professional affiliations. Moreover, DiMaggio and Powell hypothesized that the greater the dependence on an organization by another organization the more similar it will become to that organization or the higher the level of isomorphism.

Conclusions

Prior to discussing these results it is important to emphasize that empirical boundaries were not ascribed to these findings. Instead the purposes here are exploratory and descriptive rather than statistical. In this manner the general focus when studying affiliation networks is in interpretation rather than empirical predication (Wasserman & Faust, 1999). Therefore, in this section the conclusions for each research question are

provided. A detailed interpretative analysis of the data presented in chapter 4 is discussed in the following section.

The intent of the first research question was to determine which organizations constituted the IASB's governance network and to examine how these organizations were hierarchically arranged. The underlying theoretical considerations for this question were to determine if a governance network existed in terms of social network theory and to examine the governance network in terms of its organizational authority. First, it was concluded that a discernible governance network does exist. Every organization within the governance network is bound by formal and informal lines of authority (Jones et al., 1997). Second, banking institutions—Bank of International Settlements and World Bank—hold the most influential positions of authority within this governance network. In terms of organizational authority (Jones et al., 1997), structural properties (Rowley, 1997), and operational viability (Mattli & Buthe, 2005b) these banking institutions can exert substantial influence to ensure that their interests are secured in the arena of international financial reporting standards.

The second research question was crafted to examine the professional perspectives represented by the individual actors within the IASB's governance network. This concept of professionalization can have a profound impact on the nature and direction of accounting regulation (DiMaggio & Powell, 1983). Again, ties to the banking industry were found. The individual actors exhibited more ties to the banking profession than any other category. Professional ties to banking comprised 31% of the total ties

found. In fact, the accounting industry ranked a distant third with 22% of the total ties. The more concerning finding; however, was the type of banking ties noted. A robust investment bank subcategory emerged with 64 reported professional ties, 49 of which were professional ties of the IASB members directly. In fact, more ties were found to the investment banking subcategory than to academia, business, and other groups which included labor unions, environmental, social, and other interest groups not captured in another category with 48 ties, 52 ties, and 31 ties respectively.

Although professional ties to national regulators—national regulatory interests—, the accounting industry—subject matter expertise—, business industry—largest user group applying the standards—, and even banking in general given the composition of the governance network can be justified, the pervasiveness of investment banking ties is highly suspect. This leads to two conclusions. First, when professionalization and structural embeddedness are considered as criteria for safeguarding and coordinating exchanges, the banking industry has the most dominate macroculture in this population (DiMaggio & Powell, 1983; Jones et al., 1997). Second, representation by investment banking interests, which are strictly profit motivated, is more embedded within the governance network than any other academic, social, or environmental group. Such representation is also considered a structural mechanism through which the banking industry can influence the international accounting regulators.

The geographic representation of the individual actors within the IASB's governance network was the focus of the third research question. The Western nations of Canada, France, Germany, Italy, United Kingdom, and the United States have majority representation in the governance network. In fact, 51% of the representation is shared by the these six Western nations whereas the remaining 49% is sparsely distributed among 56 nations. Accordingly, strong Western influence over the shaping of international accounting regulations is certainly concluded. However, a considerable increase in geographic representation was noted when the IASB's governance network was considered as a whole.

The final research question was intended to determine the extent to which the individual actors of the IASB's governance network were structurally embedded as measured by relational ties such as co-directorship, employment, or board memberships. Structural embeddedness is another mechanism used to safeguard exchanges and exercise control within an inter-organizational network (DiMaggio & Powell, 1983; Granovetter, 1992; Jones et al., 1997; Rowley, 1997). The existence of structural embeddedness was supported by the statistical properties of the affiliation matrix, as well as by the values rendered in the comembership overlap matrix and co-organizational overlap matrix. Accordingly, it is concluded that the IASB's governance network is a considerably structurally embedded network as the individual members have considerable comembership ties to multiple organizations. Furthermore, the findings of the co-

organizational overlap analysis exhibits similar patterns of control as representatives from the Bank of International Settlements had the most co-organizational ties.

Interpretative Analysis of Data

In line with the conclusions above, a detailed analysis of the data is presented below to further address the implications of each research question. Research questions 1 through 4 are presented in terms of organizational authority, professional affiliations, geographic representation, and structural embeddedness respectively. It should also be mentioned that too much embeddedness is not necessarily desirable. Overly embedded networks are inherently problematic (Granovetter, 1973; Jones et al., 1997). Consequently, an intermediate view is adopted where notable findings based on proven interpretations are discussed.

Organizational Authority

The IASB governance network as defined herein is not an unconnected network. The network exhibits perfect density which indicates that each organization is connected to every other organization by virtue of authority. Going back to the concept of operational viability it is assumed that the IASB will serve the interest of the entities providing such viability at the expense of other stakeholders when such interests diverge. It is evident based on ties of authority that the organizations theoretically defined as the IASB's governance network form somewhat of a hierarchical structure. While the hierarchical view is probably more identifiable, the complex web of authoritative

agreements more closely resembles a form of network hierarchy and not a traditional organizational hierarchy (Jones, et. al, 1997).

This graphic representation also renders the recent creation of the Mentoring Group suspect from a network perspective. It appears that the Mentoring Group serves as a specialize intermediary to represent the interest of higher-level organizations within the network hierarchy, most notably the BIS. Clearly the financial as well as operational viability of the Mentoring Group rests with the BIS, which also represents the highest level of authority in the governance network. Granovetter (1992) noted this type of coupling in the Chinese social structure where the product organizations are, "…highly cohesive groups that are sharply delimited from one another; thus trust is available but non-economic claims are illegitimate beyond these group boundaries" (p. 7). Or, the formation of a legally separate entity creates the illusion of independence in appearance but allows for the host organization to wield its influence.

However, great care must be employed in interpreting the impetus behind a new organizational body (Hopwood, 1994). Although the rationale for the creation of the Mentoring Group is not supported as an empirical fact in the present study, it can be theorized as a structural mechanism created for the purpose of safeguarding exchanges between the BIS and the IASB (Granovetter, 1992; Jones, et. al, 1997; Rowley, 1997). This would be an interesting point for future research.

Loft, Humphrey, and Turley (2006) drew on the embedded global influence of the IFAC to conclude that the regulation of the accounting profession—via the IFAC—is reconfiguring itself at the global level through a web of complex interorganizational relationships. This interorganizational web forms what they deemed a "world financial authority" (p. 444). This same web of organizational relationships was replicated herein for both the IFAC as well as the IASB. Specifically, Loft et al. noted that the interests of the global financial regulators, the IAIS, BIS, World Bank, and IOSOC to name a few, is embedded into the regulatory process by virtue of the oversight provided by the Mentoring Group. Figure 4 on page 101 illustrates that these same global institutions also provide direct oversight to the IASB. Thus, it could be concluded that a discernible global financial infrastructure exists.

Considering these results it is difficult to dismiss the notion of an intentional arrangement that constitutes what could qualify as a global financial infrastructure. Moreover, when considering significant global financial relationships this global financial infrastructure should be detected if the scope is broad enough. For example, on a global level the IOSOC regulates national securities exchanges, the IASI regulates insurance transactions, the IFAC regulates the accounting profession, and the ISAB regulates accounting standards. When these functions are overseen by the world's banking authorities, the BIS and World Bank, a global financial infrastructure is virtually perfected.

Influences over this global financial infrastructure do not seem haphazard. Immediately two implications of such an arrangement bear mention. First, since this infrastructure or network is dominated by stakeholders concerned almost exclusively with financial market operation competing interests that are less operational and more social in nature may be either intentionally or unintentionally dismissed. The second consideration is whether other interest groups can gain reasonable access to this global financial infrastructure.

Professional Affiliations

The findings for this variable seem to support a deductible macroculture and underlying level of professionalization within the IASB's governance network. The most direct representation of professionalization can be found in the professional affiliations for the individual actors as well as the relational ties among the actors. It does not seem to be a consequence that organizations from the banking industry represent the highest level of the hierarchy and that the most professional ties were found to the banking industry. Since the actors within the banking industry were coded to have a professional tie to banking this attribute was expected for these organizations. However, when partitioned by organization the individual actors within the IASB were found to have more ties to banking than to public accounting. Most notable were the ties detected in the boards with the authority to appoint all other IASB members. Within these boards 26 documented professional ties to banking were found compared to 5 professional ties to public accounting.

These results are further confounded when the banking category is delineated into subcategories separating ties as belonging to central banks, public banks, private banks, investment banks, and development banks. The number of ties within the IASB for investment banks is only surpassed by the professional ties to the accounting industry. Whereas professional ties to the accounting industry were expected, a notable number of professional ties to investment banks were not. One reason that accounting regulation is delegated to non-governmental organizations is to capitalize on private party accounting expertise (Mattli & Buthe, 2005a). Deductively, a private body accounting regulator must retain the expertise of experienced accountants. As Mattli and Buthe (2005a) noted an accounting regulator needs, "…general accounting expertise, familiarity with existing financial instruments, and knowledge of current practices in order to be able to write an accounting standard that is feasible in implementation as well as effecting in achieving the goals [of accounting]…" (p. 405). Based on these criteria alone the overwhelming number of professional ties to investment banking is not intended to achieve the goals of producing high quality accounting standards, which serve a broad range of interests. Although the necessity for professional ties to accounting is not debated, the necessity for professional ties to investments banks; however, is clearly questionable.

Furthermore, these findings support Perry and Nolke's (2006) conclusion that political influences on the IASB have morphed from those of business to those of finance, as well as their previous findings in which Perry and Nolke (2005) used social network analysis to examine the various committees of the IASB and the European

Financial Reporting Advisory Group. In particular, they found that, "…financial sector actors wield substantially more influence than other categories of business actors within the governance of international accounting standard setting" (p. 1). Furthermore, they noted a robust investment banking subcategory, which was reproduced here. Interestingly they also found, "public actors have retreated and broad social constituencies are not represented at all" (p. 17). This shift from the political influence of the business industry to the financial industry does explain the results confirmed herein; especially the unexpectedly low ties to the business industry, who had long been cited by accounting scholars as controlling accounting regulation.

Consistent with the network analysis of Perry and Nolke (2005), not one professional tie to unions or any other type of generalized labor interest were found herein. In regard to labor only the interests of executive and elite workers were represented within the network. In particular, ties categorized as other professions were found to Financial Executives International, Michael C. Fina Co., and Mitchell Notley & Associates. These groups specialize in executive compensation, recognition, and benefit packages. Therefore it seems that although general labor is not represented executive labor is. This is concerning since compensation related accounting regulation often conveys vast society implications (James, 2008; Perry & Nolke, 2005, 2006).

Geographic Diversity

From a geographic perspective the Western nations of the U.S., U.K., Germany, France, Canada, and Italy comprise over 50% of the membership in the overall governance network as well as the IASB boards directly. Although this cannot be construed as Western control, it is an indication of Western influence of international accounting standards. It has been claimed that the IASB is dominated by a narrow band of Western, accounting experts (Brown, 2004). However, it should be noted that the majority of accounting experts with free capital market expertise is concentrated within the Anglo-Saxon countries (Mattli & Buthe, 2005b). Nonetheless, Brown (2004) noted, "…a structure with a more egalitarian approach, a structure claiming to have legitimacy based upon representativeness, would involve more representatives from the emerging countries" (p. 387). As detailed in the previous section a marked increase in the representatives from developing countries was noted within the IASB's organizational structure. This increase; however, cannot be ascribed to the overall network since a benchmark for the network defined herein does not exist. For the IASB specifically such a longitudinal increase in geographic representation from developing nations is consistent with DiMaggio and Powell's (1983) theory on institutional isomorphism that contends as organizations emerge in a given field, "powerful forces emerge that lead them to become more similar to one another" (p. 148). Or, the authoritative organizations for the IASB are similarly geographically dispersed and thus the IASB's governance network would tend to follow this trend.

As Schaub (2005) noted the jurisdictions directly applying the accounting standards should be entitled to representation with the IASB network. This is not to say that the idyllic mix of representation is necessarily proportionate. However, issues arise when standards developed for mainly Anglo-Saxon financial markets are unilaterally applied to all nations committed to international financial reporting standards. In some instances—for example, the adoption of IAS 39 in the European Union—issues even arise amongst the Anglo-Saxon countries (Schaub, 2005). For example, Caramanis (2002) claimed that accounting convergence in Greece, consequently a free-market capitalist European nation, marginalized Greek accounting professionals in what he deemed to be, "…a complex system of superimposed, overlapping and often competing national and international agencies of governance" (p. 379).

Although it is agreed that a truly global marketplace must be interpreted by a codified set of consistently applied accounting standards, it is questioned whether the economical and political interest of member nations should be assumed by standard setting bodies on which member nations have little to no representation (Schaub, 2005). For example, Geyer (1998) argued that the ability for nations to resist globalizing forces with adverse social or cultural implications is partially a function of active national lobbying against such forces. Herein; however, the case may not be as much for lobbying against accounting convergence as it is for active involvement in the standard setting process which undoubtedly affects national jurisdictions, each with a particular set of needs and circumstances.

Structural Embeddedness

Affiliation networks are commonly utilized to study interlocking directorates or comemberships on organizational boards (Wasserman & Faust, 1999). This is one theoretical definition of structural embeddedness (Granovetter, 1992). $Dataset_4$ was constructed as an affiliation network to study the interlocking directorates or comembership ties among the individual actors within the IASB's governance network.

Two characteristics of the comembership overlap and co-organizational overlap results were striking. First, the results from both matrixes indicate that the individual actors within this governance network are considerably structurally embedded. The actual rates of comembership for the affiliation matrix revealed that 142 of the 407 actors had 2 or more comembership ties. This conclusion is supported in the co-organizational overlap matrix which showed189 additional ties to organizations other than the organizational boards from which the actors were drawn. In fact, the IASB board was shown to have co-organizational ties to every organization within the governance network. Theoretically the governance network should be unconnected at the individual actor level even though formal mechanisms of oversight and authority exist at the organizational level.

Second, the distribution of ties indicated a strong financial presence within the network. The highest instances of co-organizational ties were found in the European Commission with 57 ties. The BIS ranked a close second with 56. Again, these results are not surprising considering the BCBS, the IAIS, and the FAF are technically considered BIS hosted organizations. Moreover, other than the IASB the World Bank was the only

organization with comembership ties to all the organizations within the governance network.

Jones et al. (1997) theorized that effective network governance mechanisms must strive to resolve problems of adapting, coordinating, and safeguarding exchanges (p. 917). By synthesizing social network theory and transaction cost economics theory they posited that structural embeddedness is employed in network governance to enable social mechanisms to resolve the aforementioned problems. Consequently, such mechanisms likely enable the governance network to thrive even in rapidly changing markets. Moreover, Jones et al. theorized that, "the interaction of these social mechanisms in network governance may promote cooperative behavior while at the same time thwarting problems characterized as social dilemmas" (p. 933-934).

These social network phenomena may, at least partially, explain the lack of procedural transparency and inclusion (Hopwood, 1994; Mattli & Buthe, 2005a, 2005b; McCombie & Deo, 2005), multiple principal problem (Mattli & Buthe, 2005a, 2005b), narrow membership (Brown, 2004; Caramanis, 2002; Hopwood, 1994), national legitimacy (Schmidt, 2002), regulatory fairness in the face of diverging interest (Chand & White, 2007), and the influence of international organizations (Caramanis, 2002; Graham & Neu, 2003; Lehman, 2005) previously noted with international accounting regulation. In other words intentional structural embeddedness in network governance may manifest as unbalanced, isolated cliques in which information is tightly controlled by seeming in-member factions (Jones et al., 1997; Granovetter, 1992). Faerman et al. (1999) concluded

that this type of interorganizational cooperation was purposefully constructed in financial regulation as an informal means of centralized control. Moreover, it appears that these in member factions exercising this centralized control are heavily influenced by the financial industry. This would imply various consequences for a broad base of stakeholder groups.

Recommendations for Practice

Mattli and Buthe (2005b) concluded, "…lack of participation and accountability may be caused not just by exclusion or non-transparent procedures, but also by ignorance, information deficits, erroneous beliefs, or collective action dilemmas" (p. 226). It could be deduced that the latter conditions may foster, or possibly to a lesser degree permit, the former conditions. Nevertheless, the focus of this work is to address the lack of participation, accountability, and transparency in international accounting regulatory processes, which may be due, in part, to ignorance, information deficits, or collective action dilemmas.

Recognition of the structural processes underlying international accounting regulation is the first step toward active involvement. As such, the present work creates an empirical definition of the organizations which constitute the IASB's governance network and offers additional insights into the composition of this network's membership. Such information provides a valuable backdrop to assess both ongoing and historical developments in accounting convergence. Beyond redressing the information deficit, or possibly ignorance gap, several avenues for collective action for practical

accountants, national governments, political advocates, or social groups can be drawn from these conclusions although specific action is not endorsed per se.

The ability of stakeholder groups to uphold local values, cultures, or social interests in the face of global pressure is, at least partly, a function of the group's ability to inform and mobilize collective action (Geyer, 1998). Although the structural forces of the IASB's governance network are clearly organized by powerful financial interest, the overall legitimacy of the IASB is based on the premise that it exists as an independent body to serve the greater public interest (IASB, 2008b). As demonstrated this global financial infrastructure was intentionally and rationally created with theoretical implications ranging from serving particular interests to safeguarding and coordinating exchanges (Jones et al., 1997; Mattli & Buthe, 2005a, 2005b; Rowley, 1997). Accordingly, underrepresented groups, whether they are geographic, professional, or social, have a similar responsibility to inform and mobilize collective action on their own behalf or potentially the behalf of others.

One possible avenue to inform and mobilize collective action is to keep abreast of IASB activities. In this respect the IASB has recently amended its due process procedures to increase transparency, accessibility, participation, and accountability. For example, IASB agenda meetings as well as SAC and IFRIC meetings are open for public observation as well as broadcasted and archived on the IASB's website (IASCF, 2006). Moreover, public comments are frequently solicited at various stages in the standard setting process (IASCF, 2008d, 2006). In fact, a wealth of organizational information is

freely available on the IASB's website. The IFAC also publishes a vast amount of information on its website and allows public participation in meetings. Consequently, the IASB and IFAC can be classified as more transparent than the other financial organizations in the IASB's governance network (Loft et al., 2006).

However, strong limitations to IASB participation remain. For example, the IASB has adopted a "comply or explain" (IASCF, 2006, p. 26) policy in which public meetings, debates, and comments can be arbitrarily eliminated and replaced by an explanation of deviation from due process. In fact, the IASB has revoked due process even in light of highly conversational standards. For example, due process was revoked in the recent passing of IAS 39 and IFRIC 9 guidance on embedded derivatives in the wake of the financial crisis. This frustration is illustrated in a comment received by the FirstRand Banking Group (2009), "while we appreciate that the IASB had to react to an unfolding crisis we believe that lack of due process can and does impact on the credibility of the standards" (p. 1). Furthermore, in cases where local interest conflict with the international norms, collective action by these stakeholder groups is less likely to prevail (Caramanis, 2002; Gallhofer & Haslam, 2006; Graham & Neu, 2003; Loft et al., 2006; Perry & Nolke, 2005, 2006).

Recommendations for Related Research

The potentialities for subsequent research based on these findings are rich. Most directly it would be interesting to incorporate these results into a longitutidual comparison with an empirical basis. As early as 1983 DiMaggio and Powell advanced

several hypotheses to empirically predict organizational structure, process, and behavior using longitutidual comparisons. These hypotheses are certainly adaptable to the data utilized in the present study. Furthermore, Rowell (1997) and Jones et al. (1997) outlined several propositions that could be approached with a longitutidual comparison building on this work.

The rationale for a longitutidual comparison is twofold. First, as Geyer (1998) demonstrated historically situated developments can provide a deeper understanding into the present situation as well as its future prospects. Second, many social network theories, such as Jones et al. (1997), posit conditions in which networks are likely to emerge and thrive. As seen here, aspects of the IASB's governance network have certainly morphed in recent years. For example, since Brown's (2004) study geographic representation has increased and ties to the business industry have decreased. Moreover, several powerful global organizations, for example, the Mentoring Group and Public Interest Oversight Board, have secured dominate positions in international regulatory processes. If we assume that the IASB's governance network is adapting to safeguard and coordinate exchanges (Jones et al.), to exert stakeholder influence and constrain organizational behavior (Rowley, 1997), or to serve the interest of one stakeholder group at the expense of other stakeholder groups (Mattli & Buthe, 2005a, 2005b), then the longitudinal changes in this network can be used to draw particular conclusions.

Concluding Statement

As previously mentioned accounting regulations impact the lives of everyone in society. The regulations passed by the IASB are globally binding and inherently capable of serving certain stakeholder interest at the expense of other stakeholder groups. Based on these assumptions it appears that the structural forces of the IASB will lead it to serve the interest of financial markets which are typically aligned with investment, profit, and capital generation at the expense of labor and social relations (Brown, 2004). This arrangement is likely to benefit investors and financial stakeholders over the interest of workers and other social stakeholder groups (Langley, 2004; Perry & Nolke, 2006; Waldenburger, 2002). As many rely on personal investment to fund retirement goals this, in and of its self, may provide an overall benefit to society.

On this note it is worth mentioning the emerging status of the average investor. As Perry and Nolke (2006) asserted, "…the ultimate owners of shares do not—for the most part—actively participate in trading them and allocating their capital. Instead, that task falls to investment funds, pension funds, insurance companies and the proprietary trading desks of large international banks" (p. 566). Although these intermediaries control and benefit from these funds, the investment risk is still assumed by the average investor. In this respect it appears that banking controls a large portion of the flow of capital as well as maintains a strong structurally embedded influence in the regulation of the same capital. Moreover, given these and other issues the actual investor benefit as well as the long-term feasibility of this type of retirement funding is questionable

(Langley, 2004; Waldenburger, 2002). It would be interesting to study the checks and balances of such a system.

The graphic representations as well as social network measures presented herein raise substantial issues with the structural forces driving international accounting regulation. Of course, it is nearly impossible to predict with certainty the level of influence and/or regulatory actions of the IASB given that it operates in a complex, highly political global space. Moreover, the efficacy of accounting convergence, in general, is beyond the scope of this work. However, all stakeholder groups should be concerned by the existence of structural mechanisms and should consider their impact on international accounting standards. Although the IASB has a practical obligation to serve the public interest: what is in the public's interest and how can we be sure such interests will be regarded (Baker, 2005)? Perhaps a better way to conceive these issues is that powerful global financial organizations are employing structural mechanisms within the IASB's governance network which will likely ensure greater consideration in the accounting standard setting process. Consequently, if these interests conflict with labor groups, environmental organizations, humanitarian groups, or another such interested stakeholders, will they be duly considered by the IASB? Many would say that given the current structure and focus of the IASB, most likely not (Caramanis, 2002; Gallhofer & Haslam, 2006; Graham & Neu, 2003; Loft et al., 2006; Perry & Nolke, 2005, 2006).

The findings here suggest that the IASB's governance network is embedded within a much larger global financial infrastructure. Furthermore, powerful non-governmental organizations such as the World Bank and Bank of International Settlements are in a position to exert considerable influence over the accounting regulators. Of equal concern is the sheer number of professional ties to investment banks, which seem to be in a position not only to influence regulation but also to profit from the same regulation at the expense of the average investor (Perry & Nolke, 2006). Therefore the need for scholars, politicians, average investors, and interest groups to monitor the development of international financial reporting standards seems to be of more urgent concern than initially thought.

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APPENDIX: Reference for commonly used acronyms.

AICPA	American Institute of Certified Public Accountants
BCBS	Basel Committee on Banking Supervision
BIS	Bank of International Settlements
CPA	Certified Public Accountant
EAP	Expert Advisory Panel
EC	European Commission
EESC	European Economic and Social Committee
FASB	Financial Accounting Standards Board
FRB	Federal Reserve Board
FSF	Financial Stability Forum
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
IAASB	International Auditing and Assurance Board
IAESB	International Accounting Educational Standards Board
IAIS	International Association of Insurance Supervisors
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
IASCF	International Accounting Standards Committee Foundation
IESB	International Education Standards Board
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAB	International Public Sector Accounting Board
IOSOC	International Organization of Securities Commissions
IBRD	International Bank for Reconstruction and Development
ICSD	International Center for Settlement and Agency Disputes
IDA	International Development Association
IES	International Educational Standards
ISA	International Standards on Auditing
NGO	Nongovernmental Organization
OECD	Organisation for Economic Co-Operation and Development
PIOB	Public Interest Oversight Board
SAC	Standards Advisory Committee
SEC	Securities and Exchange Commission
PIOB	Public Interest Oversight Board
SEC	Securities Exchange Commission
TAAG	Trustees Appointment Advisory Group
WTO	World Trade Organization

CURRICULUM VITAE

Patricia Ann Rossman, CPA, MPA
37 Trails End~~Greenwood, IN 46142
Phone: (317) 883-4727
E-Mail Address: indypattyr@yahoo.com

EDUCATION

Ph.D., Accounting, *Walden University, A.B.D., expected graduation May 2009*
Concentration: International Financial Reporting

Masters of Professional Accountancy, *Indiana University, 2002 GPA 3.83*
B.S. Business Administration, *Northwood University, 1999 GPA 3.95*
A.S. Business Management, *Northwood University, 1998 GPA 3.95*

THESES

Rossman, P. (2009). *Defining the International Accounting Standard Board's Governance Network.* Unpublished Doctoral Dissertation, Walden University.

CERTIFICATIONS

Certified Public Accountant
Certified Identity Theft Risk Management Specialist, Institute of Fraud Risk Management

TEACHING EXPERIENCE

10/2002-present University of Maryland University College, Associate Professor

- Associate Professor in the accounting discipline.
- Served 2002 – 2004 as a full-time, contract Associate Professor of accounting for the European division located in Central Germany [English instruction]. From 2004-present adjunct Associate Professor for Distance Education department with a typical course load of 9-15 credit hours per term.
- Teaching experience includes face-to-face classroom instruction as well as distance education learning.
- Taught all levels of financial and managerial accounting as well as advanced accounting, taxation, auditing, governmental and not-for profit accounting.

10/2005-7/2006 DeVry University, Adjunct Accounting Instructor

- Teaching experience includes face-to-face classroom instruction as well as distance education learning.
- Taught Introduction to Accounting, Fundamentals of Accounting as well as Managerial and Business Accounting.

PROFESSIONAL EXPERIENCE

9/2001-1/2003 GS-11 Accountant, Department of Defense Finance & Accounting Service

- Provided professional accounting assistance to the organization and to other financial managers regarding the accounting functions and the application of accounting principles, policies and procedures.
- Ensured the integrity, propriety, accuracy and timeliness of accounting data.
- Identified issues and made recommendations for resolution utilizing Regulations, manuals and financial policies.

8/1999-8/2001 Staff Auditor, Indianapolis Public School Corporation

- Responsible for monitoring all internal and external funds within the School Corporation to ensure compliance with GAAP as well as Federal and Indiana State Statutes.
- Made oral and written reports to the Director, Superintendent and School Board as necessary to carry out all recommendations and to keep them informed on matters affecting financial reporting and procedures.

11/1997-8/1999 Staff Accountant, R.W. Armstrong & Associates, Inc.

- Performed full charge accounts payable and payroll in a job cost accounting system.
- Responsible for internal purchasing.
- Filed quarterly payroll and property tax returns.
- Managed internal requisitioning and technical support.

HONORS

Summa Cum Laude

AWARDS

Stanley J. Drazek Teaching Excellence Award, University of Maryland University College (2008 nominee).

MEMBERSHIPS

American Accounting Association
International Association for Accounting Education and Research