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Maintaining and extending hegemony: The politics of accounting standard setting

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ABSTRACT

This paper offers a critical analysis of the politics of accounting standard setting. The International Accounting Standards Board (IASB) hold an increasingly monopolistic role in accounting regulation across the globe, and make claims to transparency, neutrality and superior expertise to legitimize their hegemonic position. In 2009 the IASB extended their standard setting beyond listed entities to the International Financial Reporting Standard for Small and Medium-Sized Entities (*IFRS for SMEs*). This paper explores the political antagonisms surrounding this extension, finding that the IASB undertook this project to block counter articulations from several bodies. To unpack the politics of the IASB's extension this paper draws on Laclau and Mouffe's hegemony and Glynos and Howarth's political logics, to argue that the IASB maintain and extend hegemony by dismissing and blocking alternatives through the rhetoric of superior expertise, which ultimately enables them to extend ideologies of advanced financial capital and capital markets to new spaces.

1. Introduction

Since 2001 the International Accounting Standards Board (IASB), as a self-instituted, private body, has gained power across the globe, through claims to superior expertise in accounting standard setting, developing a hegemonic position. Their claims to superior expertise have traditionally focused on standard setting for listed entities and capital markets. However, several bodies across the globe argued that their standards were too complex for smaller organisations and created differential reporting standards for SMEs. In 2009, the IASB published the International Financial Reporting Standard for Small and Medium-Sized Entities (*IFRS for SMEs*) which extended their impact beyond capital markets. This paper argues that this extension was not just a technical response to a previous absence but an ideological and political move through which the IASB attempted to reclaim the space of SME standard setting to maintain and extend their hegemony and their capital market ideology. Following international political pressures, the IASB felt their hegemony was under threat and extended their remit to block alternatives.

In the geopolitical space, global capital movement and capital markets make demands for uniform financial reporting by corporate entities. Standard setting for financial reporting could fall to various bodies, so the IASB, as a private body with no enforcement power, must continuously maintain and legitimize their role in developing their 'global accounting language'. Usually this is through their standards for capital market entities. However, *IFRS for SMEs* is aimed at SMEs across developed and emerging economies. Yet the paper shows that the new standard maintains the same ideology and that their development followed a top-down approach. This paper therefore argues that the IASB's decision to extend beyond listed entities and capital markets to an area outside their previous

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expertise, in turn expands capital market ideologies beyond capital markets.

SMEs are economically and socially important across the globe, often taking precedence over listed entities in their economic and social contributions, so the IASB's extension to *IFRS for SMEs* impacts local economics, society and culture (Devi and Samujh, 2015; Perera and Chand, 2015; Ayyagari et al., 2007). The IASB claim that their standard acknowledges the needs of differential reporting by being 'high quality', 'internationally recognized', relieving reporting burdens and balancing the costs and benefits for SMEs (IASB, 2012). Whilst the standard is based on full IFRS and the IASB's brand is prominent in the standard, the IASB claim the standard has been 'tailored' for SMEs with international recognition (IASB, 2012). Through this rhetoric the standard is positioned as helping SMEs gain access to capital and increasing confidence in their financial statements (IASB, 2012). Whilst these claims reflect an objective position of improvement, superior expertise and positivistic solutions, international standard setting is inherently political, cultural, subjective, complex, and contestable (Botzem, 2012; Warren et al., 2019; Perry and Nölke, 2006). This complexity is exacerbated by the IASB's decision to extend their standard setting role and the political implications of that decision.

Even though the IASB are a private, self-instituted body without enforcement power, they have increasing regulatory backing and hold many different forms of hegemonic power that they need to maintain. They do this through logics of superior expertise, accountability, public interest, transparency, and due process (Botzem, 2012; Gallhofer and Haslam, 2007; Carter and Warren, 2019). The IASB's legitimizing rhetoric of objectivity, superior expertise and positivistic solutions, covers over the politics that informs their actions and decisions. However, the complexity and geopolitics of the IASB continues to be intensified as adoption increases across many countries, and the reach of *IFRS for SMEs* expands beyond listed entities, to the extent that they are becoming increasingly monopolistic (Sunder, 2011; Botzem, 2012). Through this work the IASB hold extensive geopolitical hegemonic power (Laclau and Mouffe, 2001).

Previous research has analysed the institutional diffusion of IFRS (Botzem, 2012; Durocher and Gendron, 2011; Laaksonen, 2022), the construction of the public interest (Carter and Warren, 2019), the legitimacy of the IASB (Burlaud & Colasse, 2011; Danjou and Walton, 2012), engagement with users (Young, 2003; Durocher & Georgiou, 2022), the regulatory capture of the IASB (Cortese et al., 2010) and – with particular relevance to this paper – their due process for developing *IFRS for SMEs* (Ram and Newberry, 2013; 2017; Devi and Samujh, 2015). This paper seeks to extend this research by exploring the politics of the IASB's extension in remit and space. Ram and Newberry (2017) describe how the standard entered the IASB's agenda, suggesting that the IASB added *IFRS for SMEs* to avoid criticisms that they were not meeting the needs of SMEs. However, this reproduces the logics of superior expertise, accountability, public interest, transparency, and due process. To build on this research this paper draws on political theory to offer in-depth critical analysis as to why the IASB expanded their agenda, which extends both literature on the IASB and literature that has specifically focused on *IFRS for SMEs*, by highlighting that the IASB's motivations in developing *IFRS for SMEs* were political and focused on maintaining and extending their hegemony.

Through the exploration of *IFRS for SMEs*, this paper will demonstrate that the IASB's political work goes beyond only establishing legitimacy and influence, but also is a site for geopolitical struggles where they are attempting to block alternatives. This case study focuses on how a self-instituted private body extends its hegemony. From this perspective, this paper explores the way that the IASB operates politically and attempts to maintain and extend their hegemony. Opening this up is imperative as the IASB have an extensive impact in the geopolitical space (Warren et al., 2019).

To explore this politics, this paper draws on political discourse theory (PDT), to theorize the extension of the IASB's geopolitical hegemony. Thus, by exploring the extension to *IFRS for SMEs* this paper offers a contribution beyond the IASB to explorations of the politics and hegemony of international institutions. Laclau and Mouffe's (2001) PDT is drawn upon in this paper to give primacy to hegemonic politics. For Laclau and Mouffe (2001) all discourse is antagonistic and is articulated in certain ways to bring contingent elements together in a discursive field (Howarth et al., 2000). Thus, drawing on Laclau and Mouffe, this paper extends the extant literature by showing that all attempts at articulation are political, rather than based on objectivity or neutrality, but articulations attempt to cover over antagonistic elements and fix meaning in line with particular interests, to construct hegemonic positions (Laclau and Mouffe, 2001). To explore the politics of developing this standard, Laclau and Mouffe's (2001) PDT is combined with Glynos & Howarth's (2007) political logics to analyse documents and interviews.

The main contributions of this paper are first, to offer an empirically informed case of the way that the IASB were able to extend their hegemony as they were highly recognized in some contexts but deemed unsuitable for others. As we will see, in response to this contingency and antagonism the IASB offers an alternative that fits with the initial parameters and maintains the core principles of their work, so that it is not threatening to their hegemony, whilst also extending their influence. Which in turn extends their ideological position of the superiority of capital markets and listed companies to a new area. Unpacking the politics of the IASBs work through this lens challenges the role and credibility of the IASB as they attempt to create standards for accounting outside of capital markets, and calls into question their standard setting efforts in general. By exploring the discourse surrounding *IFRS for SMEs* through the political logics, on one hand the paper unpacks the geopolitics of standard setting by highlighting moments of contestation and contingency in the politics of rival discourses (politicization) during the standards development, and on the other hand the paper unpacks the ways the IASB attempt to depoliticize the standard through rhetorical justifications and discursive strategies which hide politics (Tafon et al., 2019).

This leads to the second contribution which is focused on the IASB's standard, as the paper criticizes the IASB's claim to due process, as in the case of *IFRS for SMEs* the IFRS framework remained unchanged despite focusing on a standard for a very different context. This is, I argue, is due to the top-down development of the standard and the IASB's desire to avoid calling IFRS into question. The logics of equivalence and difference are mobilized to unpack this extension, identifying that the IASB constructed a modified version of IFRS rather than a bottom-up standard, bringing SMEs under IFRS. Thus, this shows the way that the IASB, due to public contestation, decided to develop the standard whilst also keeping it in line with full IFRS to maintain and extend their hegemony. The

third contribution of the paper is in highlighting the interconnected nature of the IASB's work with other bodies including the World Bank and the IMF, which extends our understanding of the geopolitical interactions between these organizations.

In this introduction the IASB's politics and their extension to *IFRS for SMEs*, has been problematized. The next section considers previous literature on the IASB's practices, particularly focusing on their power and politics. Following this, there is further elaboration on Laclau and Mouffe's PDT alongside discussion of *IFRS for SMEs* specifically. Which is followed by an overview of the logics framework and the data collection methods chosen, before the empirical analysis, discussion and conclusion.

2. The IASB: Power and politics

The IASB was self-instituted as a private body in 2001 to develop international accounting standards and resolve the perceived shortcomings of its predecessor – the International Accounting Standards Committee (IASC). The form that the IASB took in 2001 was the outcome of deliberations by a Strategy Working Party and external input, who concluded that "...the IASB members should know something about international issues but primarily they had to be technocrats" (Street, 2002, 78, Interview with David Tweedie). This led to the formation of an "epistemic community", as characterized by several authors (Martinez-Diaz, 2005; Perry and Nölke, 2006; Botzem, 2014).

Since their formation, the IASB have drawn on the rhetoric of superior expertise, due process, geographical representation, and transparency in their development of a global accounting language (Botzem, 2012), but this attempt at universality is always contingent and antagonized (Laclau and Mouffe, 2001). Critical accounting scholars have drawn attention to the subtle power that the accounting profession holds, which is hidden behind a focus on the technical and the objective (Hines, 1988; Botzem, 2012). These authors illustrate the ways in which accounting is both shaped by and shapes the cultural, social and political environment in which it operates (Hines, 1988).

Previous research has highlighted that the politics of the IASB is often disregarded and masked through the positioning of their procedural due process (Bengtsoon, 2011; Botzem, 2012; Burlaud & Colasse, 2011; Richardson & Eberlein, 2011). Some literature has revealed the political dimensions of this due process by focusing on the social practices of lobbying, through the analysis of comment letters (Georgiou, 2004; Jorissen et al., 2013). Research on the due process finds that those that can participate in the IASB's due process have major financial and intellectual capacity, which silences and dismisses others (Cortese et al., 2010; Cortese & Irvine, 2010). The IASB adopt a focus on agency theory, efficient market hypothesis and capital markets, disregarding any limits or contingencies in these approaches, or alternative ways of being (Burlaud & Colasse, 2011). Research has shown that very little dissent is heard with regards to the overall accounting approach in IFRS, and only powerful voices that would like a standard slightly changed to suit their self-interest become dominant (Cortese et al., 2010). For Botzem (2012) comment letters and due process consultation undertaken by the IASB offers little additional insight into the standard setting process and is instead used to legitimise and defend their position (Pelger & Spieß, 2017).

Indeed, several researchers have shown that the IASB's due process is exclusionary in multiple directions – professional, gender and geographical diversity (Botzem, 2012; 2014; Chiapello & Medjad, 2009; Cortese et al., 2010). Thus, meaning that usually the dominant voices are that of white, privileged, able-bodied, cis-gendered men with a history in corporate accounting. Later in the paper the research highlights this lack of diversity in relation to SMEs, raising questions about the IASB's decision to create *IFRS for SMEs*.

Despite contingencies and antagonisms, the construction of superior expertise creates an ever-expanding hegemonic monopoly for the IASB through which they impose normative practices, shape governance and gain increasing regulatory backing internationally (Sunder, 2011; Quack, 2010; Carter and Warren, 2019; Suddaby et al., 2015). Logics of "technical" and "objective" inherent in accounting give the profession the power to define, normalise and stigmatize (Hines, 1991, p. 327). This research provides us with the necessary foundation to consider the political and social impact of the IASB, moving beyond an objective positioning which is a common trope of accounting. Critical accounting research has demonstrated the role of accounting in capitalism, the domination of market logics and a focus on economic efficiency above all else (Cooper, 2005, Chiapello, 2007). Even though research has shed light on the implications of these approaches, the IASB's form of accounting continues to be implicated in the hegemony of advanced financial capital and the dominance of the powerful, wealthy elite (Cooper, 2015). These important political positions are constructed as superior expertise. Claims to expertise are constructed as objective, but they are inherently political as they construct boundaries between those included (experts) and those excluded (non-experts) (Lehman, 2013; Quack, 2007; Botzem, 2013). These boundaries are instituted continuously in the IASB's work (Botzem, 2013).

Critical literature has examined the IASB's role while they have been growing in power and impact (Botzem, 2012; 2014; Chiapello & Medjad, 2009; Gallhofer & Haslam, 2007), calling into question the legitimacy and purported rhetoric from the IASB (Bamber & McMeeking, 2016; Richardson & Eberlein, 2011; Pelger and Spieß, 2017; Stenka, 2022) and the discourse of other standard setters, such as the FASB (Young, 2003) creating a foundation for exploring *IFRS for SMEs*, as this standard extends the IASB's impact.

There are several strategies that the IASB employ to grow and expand their power and role in accounting and as the IASB have become increasingly powerful it has become difficult for countries to avoid adoption of IFRS (Hopper et al., 2017). Through the changing nature of society, the IASB must continuously maintain, adapt and extend their hegemonic position. Ultimately, the monopolistic status that is given to the IASB in standard setting eliminates the ability to develop, compare or learn from alternatives or to tailor standards according to local variation (Sunder, 2011). Whilst some tailoring can be undertaken locally using different policies, approaches, and decisions (Nobes, 2013), the spread of approaches that are only focused on profit, the markets, investors, capitalism and neoliberalism emerges from the IASB's construction of accounting and gradually infiltrates new areas (Devi & Samujh, 2015).

This paper focuses on the extension to *IFRS for SMEs*, which extends the IASB's monopoly to an area outside of the usual spaces that the IASB occupy. Building on the foundation of prior research outlined here, this paper studies how actors in the IASB maintained and

extended their hegemonic position through *IFRS for SMEs* as they were faced with contingencies and antagonisms. Indeed, the IASB's hegemony requires constant maintenance, re-stabilization, reconstitution, and extension to manage contingencies and antagonisms. This reveals the way that hegemonic forms of power operate in the geopolitical space. The paper will now turn to the literature on *IFRS for SMEs* before elaborating further on Laclau and Mouffe's political theory.

2.1. *IFRS for SMEs*

SMEs play an economically significant role in many countries, often more important than listed entities (Ayyagari et al., 2007; Perera & Chand, 2015). However, research on SMEs is limited in comparison to research that has focused on listed entities. The IASB make claims to knowledge in standard setting and self-define their role (Botzem, 2012; Devi & Samujh, 2015). In this case, the IASB self-define the extension of their remit to SMEs and make a conflation between SMEs and emerging economies in the development of the standard to employ a careful political game and ensure that they maintain their superior position as experts (Warren, 2017). Research in accounting has critiqued the IASB for ignoring emerging economies, and their limited divergence from full IFRS (Devi and Samujh, 2015; Ram and Newberry, 2013). Additionally, research has identified pressure placed on the IASB to create a standard for SMEs and emerging economies from several bodies (Ram and Newberry, 2017).

The IASB's claims to due process, structure, consultation, public interest, accountability, and independence are also present in the extension to *IFRS for SMEs*, alongside metaphors of 'designing' and 'tailoring' for SMEs. However, Chiapello & Medjad (2009) and Cortese & Irvine (2010) critique the IASB's claims of accountability to all, for instead serving private, powerful interests. Indeed, evidence shows that there is a lack of willingness from the IASB to engage with certain voices (Chiapello, 2007; Cortese et al., 2010; Devi & Samujh, 2015; Gallhofer & Haslam, 2007), and similar themes can be explored in the extension to *IFRS for SMEs*.

Whilst Ram and Newberry (2013) suggest that the threat of alternatives pushed the IASB to completion of *IFRS for SMEs* and identify this as "turf protection", they do not interrogate further the nuances of the contestations and contingencies or consider what the "turf" is. In other work, Ram and Newberry (2017) investigated the entrance of *IFRS for SMEs* into the IASB's agenda, and the complexities of changing their remit in order to encompass the project. They describe the pressure felt by the IASB to develop an SME standard from the ISAR, the Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises (SMEGA), the European Commission (EC), the World Bank (WB), the United Nations (UN) and multiple adaptations (Ram and Newberry, 2017), but do not unpack or offer theoretical explanation for this pressure. Building on this work, this paper focuses on the politics of the IASB's extension to *IFRS for SMEs*, and theorizes the phenomena observed. Moving outside of the due process this paper contributes to literature by exploring the politics surrounding the IASB's extension of hegemony. Through Laclau and Mouffe's political theory this paper extends the research already undertaken on *IFRS for SMEs*, methodologically, theoretically, and empirically, to offer a more in depth understanding of the geopolitics of standard setting, by mobilizing an exploration of the IASB's discourse which captures issues of power and exclusion and unpacks how power is contested, instituted, and transformed. This sits in line with the work of Warren et al. (2019) in which they explore the politics of central decision moments in the development of *IFRS for SMEs*. Drawing on the foundation of previous work, this paper explores how the IASB extended to *IFRS for SMEs* through a period of eight years from 2001 to 2009 with a focus on hegemonic politics. This approach offers a critical explanation and theorization of *why and how* the IASB extended to *IFRS for SMEs*.

3. Laclau and Mouffe's political theory

Regulation and standard setting are political and operate notions of hierarchy, domination and particular ideologies that become naturalised in society, forming hegemony. To study hegemony is to understand how a particular ideology becomes perceived as 'natural'. Political discourse theory (PDT) offers concepts that help explain this process, including antagonism, articulations, and the partial fixation of meaning. To deconstruct this naturalization, Laclau and Mouffe's (2001) PDT is drawn on as it is immanently political and focuses on revealing complex power dynamics, whilst exploring antagonisms (Laclau, 1990):

By 'the political' I refer to the dimension of antagonism that is inherent in human relations, antagonism that can take many forms and emerge in different types of social relations. 'Politics', on the other side, indicates the ensemble of practices, discourse and institutions which seeks to establish a certain order and organise human co-existence in conditions that are affected by the dimension of 'the political' (Mouffe, 2000, p. 101).

Laclau and Mouffe's (2001) conception of discourse is focused on discourse as a social practice, in which there can never be objectivity as discourses are always radically contingent, and there is always an 'other'. Exploring antagonisms identifies the other, revealing the way that power has attempted to mask contingent discourses. In this theorization, social reality is constructed through continuous hegemonic and counter hegemonic struggles and articulations (Laclau and Mouffe, 2001). For Laclau and Mouffe (2001) discourse includes both linguistic and non-linguistic elements, and in this sense, they do not call for simply identifying speech and writing, but instead they contend:

...that speech and writing are themselves but internal components of discursive totalities... Every social configuration is meaningful... it establishes a system of relations with other objects, and these relations are not given by the mere referential materiality of the objects, but are, rather, socially constructed (Laclau and Mouffe, 2001, p. 82).

In the development of hegemony, a range of elements become contingently linked together through articulatory practices, which creates meaning surrounding nodal points (Laclau & Mouffe, 2001; Howarth et al., 2000). Articulations are how agents influence the

political through discourse by creating meaning. This meaning becomes sedimented but is inherently contingent and limited, meaning that what appears as objective, neutral or natural, is only the outcome of particular fixations of meaning and frontiers of political inclusion and exclusion (Laclau and Mouffe, 2001; Tafon et al., 2019). For Laclau and Mouffe (2001, p. 125), there is always contingency and closed systems are always limited by a constitutive outside that antagonizes that system.

For Laclau and Mouffe (2001) antagonism produces contingency, revealing that all objectivity is partial. To develop hegemonic positions, actors rhetorically attempt to close systems and the floating signifiers (or nodal points) that they construct attempt to universalize meaning in a homogenous way (Laclau & Mouffe, 2001). Often standard setting in accounting is perceived as technical, objective and immune from politics, but it is inherently political, and the IASB is engaged in geopolitics throughout the standard setting process, that sees a gradual expansion of their remit and hegemony. Thus, this hidden politics requires further empirical and theoretical development.

Laclau and Mouffe (2001) characterize hegemony as attempts to universalize discursive signifiers that are representative of particular interests within a discursive field. Actors attempt to take signifiers, like accounting for SMEs into universal positions, but there is always remaining particularity which creates antagonisms in the discursive field:

At its core, hegemony is a form of politics within which a particularity articulates the ‘floating signifier’ for disparate groups, taking on a universality that becomes incommensurable with the particular (Laclau & Mouffe, 2001) (Howarth et al., 2000, pp.3–4, 15).

The transformation from the particular to the universal is a political activity which involves the articulation of disparate identities and subjectivities into a common signifier (Laclau & Mouffe, 2001; Howarth, 2013). Subsequently the development of hegemony constructs political frontiers, identifying those who are inside and those who are excluded.

Prior research in accounting has drawn on Laclau and Mouffe’s (2001) PDT. For example, Spence (2009) critiques social and environmental reporting (SER) from a neo-Gramscian perspective through the argument that the ideologies of the business case are hegemonic in SER and these ideologies cover over antagonisms. Additionally, the IASB is subject to significant critique through Laclau and Mouffe (2001). Gallhofer & Haslam (2003, p. 157) deconstruct the IASB’s hegemony by demonstrating that their claims to public interest, inclusion and open accountability are not fulfilled as they are instead narrow, closed and motivated by special interest (of wealthy, powerful capitalists).

This paper extends the extant literature by focusing on the geopolitical nature of accounting standard setting by the IASB. This paper explores the way the IASB respond to challenges to maintain, and in this case, extend their hegemony. Through articulation, hegemony is constructed to incorporate different interpretations, forming coalitions (Laclau & Mouffe, 2001; Howarth, 2013). Through the formation of hegemony, antagonisms are masked by presenting a particular discourse as universal, and this universalisation is created through logics of difference and equivalence:

The centrality of hegemonic relations in discourse theory comes from the fact that the desire for fullness is always present, but fullness, as such, is unachievable... This explains why equivalence and difference, - which broadly speaking correspond to... combination and substitution in linguistic analysis - are the two main dimensions of political life (Laclau, 2003, p. 6).

Logics of equivalence and difference are discursive strategies that cover over contingencies and antagonisms, to depoliticise. Logics of equivalence create equivalences to collapse differences in the discursive system. Whilst logics of difference expand the scope to incorporate seemingly disparate or oppositional perspectives (Glynos & Howarth, 2007; Laclau and Mouffe, 2001). Laclau and Mouffe (2001) draw on logics of equivalence and difference to explain how competing signifiers are formed into constitutive relationships or how competing signifiers are collapsed into one signifier. These two frames provide a tool kit for understanding how signification is extended across frontiers and how differences are incorporated. Logics of equivalence operate metaphorically by connecting disparate interests, which has the effect of simplification in a hegemonic process (Laclau & Mouffe, 2001; Laclau, 2003). Logics of difference incorporate competing articulations within a central signifier, through contiguity (Laclau & Mouffe, 2001; Laclau, 2001). In this paper, logics of equivalence and difference offer explanation for the standard setting process and the decisions made by the IASB. The logics of equivalence and difference enable us to unpack how the IASB attempt to develop, construct and control regulatory conversations (Black, 2008). Whilst the logics of equivalence and difference are relevant to the analysis of the IASB, Laclau and Mouffe are not clear about the process of analysis of data so I draw on the logics of critical explanation (LCE) from Glynos & Howarth (2007), which will be explained further in the following section, alongside the methods of data collection.

4. Methods and methodology

The concepts outlined above from PDT are drawn upon to analyze the empirical material in this paper. The empirical material includes all documents surrounding the development of *IFRS for SMEs*¹ and 27 semi-structured interviews. The documents cited in this paper can be found in the bibliography, but the full document archive consists of the IASB’s due process documents, comment letters (CL), and relevant documents from connected bodies including: the WB, the International Monetary Fund (IMF), the European Union (EU), the European Financial Reporting Advisory Group (EFRAG), the United Nations Conference on Trade and Development (UNCTAD), Pan African Federation of Accountants (PAFA), Eastern Central and Southern African Federation of Accountants (ECSAFA)

¹ For a detailed history of the IASB and development of *IFRS for SMEs* see Camfferman and Zeff (2015).

Table 1List of interviewees and connection to *IFRS for SMEs*.

Interviewee 1	Professional body SME expert, commented on <i>IFRS for SMEs</i> due process
Interviewee 2	Professional body SME expert, commented on <i>IFRS for SMEs</i> due process
Interviewee 3	Commented on <i>IFRS for SMEs</i> , and involved in the due process
Interviewee 4	Researcher focused on the development of <i>IFRS for SMEs</i>
Interviewee 5	Involved in developing <i>IFRS for SMEs</i>
Interviewee 6	Involved in developing <i>IFRS for SMEs</i> , through working group and International Financial Institutions
Interviewee 7	Involved in developing <i>IFRS for SMEs</i> , on the working group, and worked with the EFRAG
Interviewee 8	Researcher focused on SME financial reporting and observer of <i>IFRS for SMEs</i> development
Interviewee 9	Worked with the IPSASB with involvement in development of <i>IFRS for SMEs</i> and its connections to public sector accounting
Interviewee 10	Directly worked on international standard setting
Interviewee 11	Directly worked on international standard setting
Interviewee 12	Directly worked on international standard setting
Interviewee 13	Directly worked on international standard setting
Interviewee 14	Directly worked on international standard setting
Interviewee 15	Worked with the IFAC, with involvement in development of <i>IFRS for SMEs</i> and its connection to IFAC
Interviewee 16	National standard setter, and part of <i>IFRS for SMEs</i> working group
Interviewee 17	Directly worked on international standard setting
Interviewee 18	Transnational standard setter, and part of <i>IFRS for SMEs</i> working group
Interviewee 19	Directly worked on international standard setting
Interviewee 20	Directly worked on international standard setting
Interviewee 21	Directly worked on international standard setting
Interviewee 22	National standard setter and gave feedback on <i>IFRS for SMEs</i>
Interviewee 23	Researcher focused on the IASB
Interviewee 24	National standard setter, and commented on <i>IFRS for SMEs</i>
Interviewee 25	National standard setting, and part of <i>IFRS for SMEs</i> working group
Interviewee 26	Involved in international standard setting, the development of <i>IFRS for SMEs</i> and the education initiative
Interviewee 27	ISAR expert, work in IFIs, present and commenting on <i>IFRS for SMEs</i> development

and observer notes from IASBs meetings during the time of *IFRS for SMEs* development by International Standard-setting Reports (ISAR) (further details can be found in Appendix 1). The documents gave detailed insight into the politics and contestation of the extension by the IASB and supported the focus of the interviews. The interviews were conducted with those who were within the IASB during the development of the standard, and external actors involved in the standard's development from relevant organizations, including a range of perspectives on *IFRS for SMEs*, as follows: [Table 1](#)

To develop [Laclau and Mouffe's \(2001\)](#) theory [Glynos and Howarth \(2007\)](#) formed the LCE to offer a methodology and analytical tools through solutions to the questions: How do we study discourses? How do we describe, explain, criticize and evaluate? For them, the solution is the LCE. The analysis of the data collected for this paper was conducted through [Glynos and Howarth's \(2007\)](#) LCE. For [Glynos & Howarth \(2007\)](#) meaningful analysis emerges from detailed, concrete cases, applying analytical tools to the cases and ensuring that there is flexibility. This paper draws on the LCE as a methodological framework, for the broader social and political analysis of this case. In the main, [Glynos and Howarth's \(2007, p. 144\)](#) conception of the political logics is drawn on to explore and theorize antagonisms and contingencies in the development of *IFRS for SMEs*, and the way that those contingencies are depoliticized by the IASB as they carve out new frontiers:

... political logics can be said to focus more on the diachronic aspects of a practice or regime, whether in terms of how they have emerged, or in terms of how they are being contested and/or transformed. Political logics aim to capture those processes of collective mobilization precipitated by the emergence of the political dimension of social relations, such as construction, defence and naturalization of new frontiers. But they also include processes which seek to interrupt or break up this process of drawing frontier.

This is not to say though that the analysis then becomes pre-constituted by the political logics, instead the starting point is to begin with the data:

...the discourse analyst's starting point is not the mapping of pre-constituted, positively defined, theoretical categories... onto the socio-political landscape, and then invoking tools from corresponding idioms to conduct an analysis... Discourse theory's anti-essentialist stance is thus maintained by adopting an ontology of lack, this being a direct consequence of taking seriously the constitutive nature of discourse in human practices ([Glynos, 1999, p. 5](#)).

For PDT identifying critique, radical contingencies and exclusions are all inherent in the research process, but positive alternatives should also not be avoided ([Glynos & Howarth, 2007](#)). Employing the LCE leads to complex and immanent critiques that are legitimate within the project boundaries ([Glynos & Howarth, 2007](#)). For Glynos and Howarth, through Laclau and Mouffe, there is always an ontology of lack, and therefore always contingencies in any hegemonic position. So, it is important to deconstruct the rules that govern discourse, and the decisions made that construct inclusion and exclusion. The logics provide mechanisms to understand, identify and interpret the rules that govern social practice ([Glynos & Howarth, 2007](#); [Glynos et al., 2015](#)). The use of political logics facilitates an investigation of the IASB's regulatory conversations and political processes to investigate both why and how the IASB extend their standard setting to SMEs.

All the data collected was read and re-read and detailed thematic analysis was conducted, drawing on the LCE. This paper focuses on the analysis that emerged through the political logics thematic, and the key political tensions that were identified in the IASB's extension to *IFRS for SMEs* through contestation, transformation, and political frontiers. Through the data analysis two main sections were formed, first the antagonisms and contingencies that led to *IFRS for SMEs* (politicization), and second, the subsequent blocking of alternatives through rhetorical acts by the IASB (attempts to depoliticize), analysis of the first will now be elaborated on in more detail.

5. The extension to *IFRS for SMEs*

The IASB began discussing the development of an SME standard as part of their agenda in 2002. Their predecessor, the IASC, discussed SMEs, but significant action had not been taken until the IASB was formed. Moving *IFRS for SMEs* onto the agenda involved political contestations (Ram and Newberry, 2017; Warren et al., 2019). Subsequently, 86 countries require or permit *IFRS for SMEs* (IFRS, 2022), demonstrating the transnational impact of the IASB and the standard.

Below, the thick description of the events and processes surrounding the development of *IFRS for SMEs* is focused on through four examples that follow the passage of time, starting from discussion of contingencies created by differential reporting before official development began through to the contingencies that occurred during the development of the standard, they are subtitled as key political logics to highlight their contestation: the risk of simplification, the limits of one size fits all, the calls to respond to network governance and the development of differential reporting by other bodies. These sections are then followed by an explication of how the IASB blocked these antagonisms.

5.1. Antagonisms and contingencies in the IASB's politics

5.1.1. Political logic: The risk of simplification

Looking back to before *IFRS for SMEs* was created by the IASB, the IASC and the World Bank set up an accounting project focused on SMEs, but the project was not pursued as the IASB focused on capital markets:

The IASC had an SME accounting project, and it formed a committee to work on it... back in about 1999 or something like that, and my understanding was that when the IASB came in they really didn't want to pursue that... (Interviewee 27).

Moving forward in time some members of the IASB recognised the necessity for an SME approach, but largely there was reluctance on the board which was noted by several interviewees (2, 3 4, 5, 6, 11, 17, 19, 20, 21, 27) who explained that this reluctance was based on the boards focus on listed entities and capital markets, particularly as they were working closely with IOSCO:

...generally speaking the thinking was, that we were writing standards which would be applied by all businesses and if you go right back in the history of IASC, you will see that there was no distinction made [between listed and unlisted entities], but then during my time we started to focus more on capital markets, and establish this relationship with the international organisations securities commissions, which was all about producing standards which could be used by listed companies, in foreign listings (Interviewee 6).

As shown, throughout the operation of the IASC and the IASB there has always been concern that simplification of standards could diminish their brand value. Thus, as the IASB developed, they were not focused on SME expertise. Moreover, due to the IASB's focus on capital markets and the complexity that this created, there was concern that simplification by others would be problematic. This concern was articulated by interviewees when discussing *IFRS for SMEs*, through reference to 'IAS [International accounting standards] lite', as an example:

...the use of international accounting standards was not compulsory for anybody. A number of companies in a number of countries started picking individual standards to add to their local standard, this was particularly true in France, and they would say we report according to French GAAP and the international standards, and then you would have to read the notes, and see that yes, we do the pension standard except we don't do the liability. That was referred to as IAS Lite, and... the IASC was very concerned about that because it felt that this was diminishing the value of its product and they couldn't do anything about it. One of the issues for the IASB was to prevent people using individual, picking and choosing their standard (Interviewee 27, similar sentiments were made by interviewee 7 and 8).

As explained here, 'IAS lite' refers to a period when countries were picking and choosing which of the IASB's standards to follow and adopting simplifications but still claiming to follow the international standards. These simplifications and adaptations were perceived as diminishing the IASB's legitimacy and claims to superior expertise (Interviewee 7, 8, 27). The IASC and subsequently the IASB saw 'IAS Lite' and by extension, any simplification of IFRS as diminishing the value of their standards and threatening the legitimacy of international standards. At the time, the IASB required 'all or nothing' adoption of their standards, preventing adaptations, but board conversations during the development of *IFRS for SMEs* continued to reflect the IASB's concern with the concept: '... the use of the phrase 'IAS Lite' meant that they were already diminishing the IAS brand' (ISAR, 2003, p. 40). This example was given by interviewees in equivalence to *IFRS for SMEs* to illustrate the issue of differential reporting and calls for simplification as a threat to their hegemonic position. This departure from simplification, alongside the focus on listed entities in their remit, were the central reasons given by the board for not wanting to develop an SME standard. Over time, whilst many of the board members were initially opposed, their perspectives shifted and the members themselves changed.

As explained above, given these concerns, originally the IASB called for all entities to follow the same standards, even SMEs – 'one-

size-fits-all', but overtime further contingencies emerged to the extent that to maintain geopolitical hegemony, differential reporting and specifically *IFRS for SMEs* became unavoidable for the IASB, politically.

5.1.2. Political logic: Deconstructing one size fits all

Various bodies including, the IASB, the WB and the IMF originally advocated for full IFRS to be adopted by all entities through 'one-size-fits-all', in the name of enhanced comparability. However, as they had a focus on listed entities the IASB's standards became increasingly complex and there were many cost-benefit questions for non-listed entities, revealing contingencies. In other words, as the IASBs standards became increasingly unsuitable for unlisted entities, contingencies were revealed in the one-size-fits-all approach. As interviewee 6 explains:

...but by 2005 the World Bank had recognised that IFRS, or recognised what was happening in the world and its line had changed, it was going along the lines of saying IFRS for listed, for banks, for insurance, and for unlisted, for SMEs, something else... (Interviewee 22 and 4 also made similar sentiments).

Due to these contingencies various bodies called for, or developed differential reporting standards which antagonised the IASB's program of comparability and harmonisation in standard setting as the standards were increasingly seen as unsuitable for some. These contingencies and antagonistic positions are important for the IASB to pay attention to in terms of their hegemonic position in standard setting. To the extent that the IASB began discussing the possibility of different tiers for their standards as seen in the observations notes from a 2004 board meeting:

The Board... had already stipulated that it believed that full IFRSs were suitable for any company. The issue, he added, was whether the Board wished to see a two-tier structure or a three-tier structure. A three-tier structure would not be so far-fetched, he added, since the UK, Germany and some other countries already operate one (ISAR, 2004, p. 33).

This quote outlines that the IASB believed full IFRS was suitable for all, but they were gradually deconstructing the approach of one-size-fits-all. Interviewees recall the emergence of alternatives that were antagonistic to the IASB:

...constituents who were urging us to do something to simplify the standards and to make a set of standards that were appropriate for small or medium sized non-public entities... there were a number of jurisdictions who... already created a separate sort of standards (Interviewee 21, sentiments also supported by interviewee 4, 6, 18, 27).

I think generally speaking, if you ask why [IFRS for] SMEs came in or why any form of differential reporting came in, it was because of a growing feeling that GAAP as we had known it as a singular set of requirements was too ornate for smaller entities and many of the discourses in particular were becoming quite elaborate courtesy of financial instruments (Interviewee 22).

IFRS was problematised as too complex and unsuitable for SMEs. This was being discussed alongside the World Bank and IMF's work on the Report of Observance of Standards and Codes (ROSC) program which assessed compliance with international accounting standards and made recommendations for improvement in compliance for many developing countries. In the reports that were undertaken in the period from 2001 to 2003 the World Bank assessed 14 developing countries and found that SME reporting requirements were complex and unsuitable which they argued, impacted the quality of financial reporting, an impact that the WB and IMF subsequently tie to their development (several [World Bank ROSC](#) reports through 2001–2004 reference this). Many countries had adopted full IFRS for all entities which created many complexities for their SMEs:

...the first group are people who... were forced by the World Bank or the IMF to put in place the requirement to use IAS, that was a big problem... because IAS wasn't suited for those economies anyway... so they basically wanted to be part of, you know, they wanted reasonable accounting standards, the full IFRS or full IAS never mind IFRS was not suitable, but in order I think, in some cases to try to keep on side with those international agreements they needed some set of accounting standards... (Interviewee 21).

...although full IFRS is very useful in its prescribed role, its requirements are far too detailed and far too prescriptive and particularly its disclosure requirements are far too onerous for small companies that don't have a broad user base... (Interviewee 14).

As highlighted here, the pressure that was placed on these countries meant that IFRS was being used outside of its prescribed role. For legitimacy the IASB regularly refer to the fact that they have no enforcement power, and that adoption of their standards is voluntary and therefore countries use them of their own accord, which constructs logics of external demand and support for the IASB. However, this disregards how much power they draw from the pressure that international financial institutions place on countries to adopt. Thus, during these discussions and recollections, it is apparent that the challenges faced are not a simple case of concern with technical expertise to create *IFRS for SMEs*, but the decisions are instead political as the IASB needs support from particular organisations that is being called in to question, namely the World Bank and the IMF. This network critique is crucial, as the IASB have no enforcement power and instead rely on networked governance to enforce standards and legitimize their role (Black, 2008). In particular, the WB impacts the adoption of IFRS across many countries (Interviewee 27; Hopper et al., 2017). As the WB and the IMF contribute to the IASB's network governance, the IASB needed to respond to maintain their network in transnational standard setting. The identification of full IFRS as complex and problematic constitutes a subtle critique of the IASB by International Financial Institutions, and other bodies. Through [Laclau and Mouffe \(2001\)](#) we can see that the IASB had to respond to these antagonisms that were exposing contingencies in their standards to regain geopolitical control, legitimacy and hegemony. Highlighting that these contingencies always exist is a central function of this paper, as it is easy to assume that the IASB's hegemony is constant and unchallenged.

On the other hand, simplification is complicated for the IASB's brand, as their technocratic position is based on advanced expertise and complexity (Botzem, 2012). Indeed, many argued that the IASB had to act as "if it didn't then somebody else would" (Interviewee 6). As 'one-size-fits-all' was being deconstructed and others were developing differential reporting the IASB risked losing their standard setting influence to other bodies. Therefore, the board began to realise that despite their concerns, differential reporting was becoming increasingly important. From a hegemonic perspective, they needed to consider how to respond to differential reporting to maintain their position in standard setting, as alternatives were developed.

5.1.3. Political logics: Demands of network governance and antagonistic alternatives

The IASB and national standard setters have a long history of tensions over standard setting control (Camfferman and Zeff, 2015). These tensions also occurred around differential reporting. Prior to and during the differential reporting debate national standard setters in various countries were unsure if they wanted the IASB to develop standards for their SMEs, because they had already relinquished control over standards for listed entities to the IASB and many of them had already developed their own for SMEs or set disclosure exemptions (Interviewee 11). There were multiple sets of accounting standards dependant on jurisdictionally defined criteria (Perera and Chand, 2015; Warren et al., 2019). This proliferation of different accounting standards, alternative approaches and alternative focuses is antagonistic to the IASB's claims to comparability and the creation of a global accounting language for advanced financial capital. Creating this language is a focal point in their hegemonic rhetoric and power, as they position IFRS as the only option for standard setting. If there are standards that have different purposes and different focuses, this calls the IASB's role as international standard setter into question.

Whilst a single national standard setter developing an alternative does not necessarily constitute a major threat to the IASB, the existence of many reduces the technocratic dominance of the IASB by presenting antagonisms to their approach and contingencies to their framework. This is articulated by interviewee 18 who explains that the Eastern Central and Southern African Federation of Accountants (ECSAFA) developed a reporting framework:

... before the IFRS for SMEs was created... in Africa we developed a reporting framework, which we hoped would be used by SMEs, I believe that was part of the push... that made the IASB think about having an IFRS for SMEs... they start to think we are playing in their battlefield... I think the pressure, the pressure was growing... from various parts of the world, people wanted a reporting framework for SMEs, if they had continued to resist, it is possible that people would have created something that would have rendered [the IASB] irrelevant in certain parts of the financial reporting supply chain (Interviewee 18).

Alternative approaches to standard setting antagonised the IASB's hegemonic role, and created a risk that the IASB may lose their geopolitical standard setting influence. If others can simplify IFRS and/or create accounting standards, the IASB's hegemonic role as superior international standard setter is destabilised. Indeed, the issue is not the existence of an alternative, but instead that other groups may hold relevant expertise, "playing on their battlefield" and rendering the IASB's standards "irrelevant". These threats also came from articulations by transnational bodies. The UNCTAD developed a simplified standard called the Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises (SMEGA):

... [we developed] a four-tiered system which starts with cash accounting at the bottom end, no rules to speak of just cash... a simple accruals systems with or without debits and credits... (Interviewee 27).

This acts as a threat to the IASB, as although the standard is based on IFRS (and so does not constitute a full dislocation in Laclauian terms) the removal of complexity calls the IASB's construction of superior expertise into question.² This is especially the case when developing countries are creating their own standards as this creates issues for the IASB's work with the World Bank which is linked with development. Even though many differential reporting regimes were stemming from full IFRS, there is a risk that the IASB could lose their hegemonic position to another group who begins to gain control over national standard setting at the macro level. The UN's standard reduced complexity significantly, but the IASB were disapproving of these decisions and actions, as interviewee 27 recalls:

[An international standard setter from the IASB] was making the argument that look... even the UN, you know as much as we like you... if anybody is going to mess with our standards it had better be us, and so we should do it because if we don't do it there will be a proliferation of people doing their own standards.

The UN's standard threatened the IASB in terms of legitimacy, expertise, and simplicity. The EFRAG also stated they would create a standard if the IASB did not:

...EFRAG thought that they might do something about SME accounting which is part of the same issue... in the end the IASB restarted its project... it was necessary for the IASB to take that initiative to prevent other people taking those initiatives. So, I would say that was the political issue and the consequences of that to some extent... as I say, it stopped other organisations developing their own, which might have been a good thing, might have been a bad thing, but it did have that consequence... (Interviewee 27, this sentiment was also shared by interviewee 4).

This demonstrates a proliferation of alternative standards, antagonising the IASB. The following quotes go further to demonstrate the impact of these alternatives:

² This line of argument reinforces Hines (1991) work on legitimacy in the accounting profession, as Hines (1991) argues that accounting standards were developed to legitimize the profession, as expert accountants are constructed as the only people that can interpret accounting.

...I believed it [IASB] should do [create IFRS for SMEs] and pointed out that if it didn't then somebody else would (Interviewee 6).

If the IASB decides not to meet the demand for simplified *IFRS for SMEs*, several things could happen:

- national or regional bodies could develop their own or 'regional' simplified IFRS for SMEs;
- national bodies may continue to allow or require SMEs to comply with old IAS; or
- another body (for example, the United Nations, IFAC, the European Commission or the World Bank) could develop simplified IFRS for SMEs or even a competing set of SME Standards (CL90, 2004, p. 3)

...so there was this growing concern at the IASB whether they want competition... whether they want all these different countries to do their own different versions of SME standard[s] (Interviewee 4).

These quotes highlight a proliferation of standards from national standard setters in both developed and developing countries, from large bodies including the UN, the EFRAG, and PAFA (ECSAFA). These antagonistic approaches highlighted contingencies in the IASB's work so the IASB had to extend their standard setting to reinforce their expertise by blocking counter articulations.

At this stage, various alternatives either had already emerged or could emerge if the IASB did not react, which threatened the IASB's hegemonic position. Various actors identified the contingencies in the IASB's work, and potential antagonisms – that needed to be covered over to prevent threats. Subsequently, the IASB claimed SME reporting away from national standard setters and transnational bodies as their 'turf' (Ram and Newberry, 2013) and a new nodal point in their hegemonic position. The IASB did not want competition of different accounting standard versions, which was also reflected in their panic when the exposure draft (ED) was delayed, which was articulated in a meeting in 2006:

[IASB chairman]³... was concerned that the ED [exposure draft] was going to be delayed again, when many people were desperate to see the draft... He added that there was not time to complete a comprehensive Basis for Conclusions... [IASB board member]⁴ said the delay had already cause real problems and the Board was losing constituents every month while the ED failed to appear... He regretted how much time had been lost already but there was no alternative here. [Other IASB board member]⁵ suggested that the Basis could be published later than the body of the ED. [Other IASB board member]⁶ said she would be hesitant about doing that. [IASB staff member]⁷ said he would do his best to complete as much as possible by the end of August (ISAR, 2006, p. 25).

Multiple board members were concerned about the delays to the ED as 'many people were desperate to see the draft', to the extent that they were considering not including the basis for conclusion at the same time as the release of the ED. Indeed, an important take away here is that the board member was concerned 'the board was losing constituents every month', which illustrates the concern of a gradual loss of control and power in the IASB's standard setting. This conversation called for the necessity to move faster on the standard as the IASB were losing constituents, and this concern continued throughout the development of the standard:

[IASB board member]⁸ urged caution, saying that there was tremendous competition from people who wanted to write standards for micros... (ISAR, 2008, p. 11).

As demonstrated, the board members saw alternatives as threatening to their role as standard setters. The political logics offers a language to illustrate the way that contingency was revealed, their practices were deconstructed, and their role was threatened by alternatives. Alongside the threats of alternatives there was also demand, and actors that were calling for response to contingencies, particularly from the World Bank and the IMF as they had been promoting the IASB's standard for many years. Through this work the World Bank and the IMF shared some of the risk with the IASB in their political power struggles.

Indeed, both the WB and the IMF began recommending the adoption of *IFRS for SMEs* to developing countries before the standard had even reached completion in their ROSC reports. For example:

In this perspective, the IASB has initiated a project to issue a standard dealing with Financial reporting by small and medium sized entities. The IASB has recently announced that it would release a discussion document in the second quarter of 2004. In this context, SMEs in Ecuador should continue to follow NEC until IASB releases an international "SME standard". By improving the quality of the financial information they produce, Ecuador's SMEs will gain easier access to credit, which in turn will help boost their development (World Bank, 2004c, p. 20).

This section has uncovered the geopolitics at play around the IASB and their standard setting, which is crucial to the IASB's role as an agent for advanced financial capital, with a focus on access to capital and development in their work with international

³ This name has been anonymized.

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development organisations. Through [Laclau and Mouffe \(2001\)](#) we can uncover the complex power dynamics at play in standard setting and the antagonisms that threaten the IASBs hegemonic position in standard setting. These connections offer further support for arguments made by accounting scholars that the IASB are acting in an imperialistic manner ([Hopper et al., 2017](#); [Poullaos & Sian, 2010](#)). The following section takes this further to explore how the IASB respond to these antagonisms and counter hegemonic approaches to standard setting as the IASB attempt to regain, maintain and extend their hegemony, extending and naturalising new frontiers and covering over alternatives.

5.2. Blocking antagonisms

The previous section outlined the contingencies in the IASB's standards that were exposed by the counter articulations in SME reporting. Following this, once the development of the standard began by the IASB there were many ways that the IASB blocked the contingencies and antagonisms that had emerged. Subsequently, this section explores the discursive and expert strategies employed by the IASB and the impact that they have in maintaining the IASB's standard setting hegemony by creating new frontiers. Here, five key and overlapping strategies are outlined.

5.2.1. Political logic: Due process

First, during the due process the IASB claimed to consider the views of others, including, for example, the UNCTAD, The EFRAG, the European Commission and PAFA, by drawing in some of their perspectives whilst still maintaining the overall hegemonic position of IFRS. Through the due process various bodies are positioned as working with the IASB, as the IASB appear to incorporate their input:

...In their response to the 2004 IASCF Constitution Review, the European Commission also said the need exists and the IASB should develop an IFRS for SMEs. Similarly EFRAG's response said that development of an IFRS for SMEs should be a specific objective of the IASB ([IASB, 2008, p. 5](#)).

...we worked very closely with [the project leader] those days (Interviewee 18).

ISAR requests the IASB to take up this issue as a priority and on a timely basis. ISAR further indicates to the IASB that it has requested the ad hoc consultative group to continue its work and that ISAR is ready to cooperate with the IASB ([UNCTAD, 2001, p. 3](#)).

However, the IASB ultimately published a cut back version of full IFRS to discursively maintain hegemony, through a logic of difference. This is a focal point of their due process. Ultimately, these organizations hand over control to the IASB and the IASB become central in regulatory conversations. Despite some incorporation of their views and positions into *IFRS for SMEs*, once the standard is released disappointment is expressed by these organizations, as reflected in the following quotes:

...it is EFRAG's view that a more thorough analysis of users' information needs should have been carried out and the results of this should have been reflected in the final standard ([EFRAG, 2009, p. 30](#)).

...it's a great shame, it's a disaster really actually that the IASB decided to issue that standard... Ok, its achieved a lot, but a lower level standard could possibly have achieved more, and you certainly get developing countries coming to the SME committee and saying can't we use this... (Interviewee 27 (who worked on the UN's differential reporting standard)).

...you know because, if they had met the needs then we would have had a reporting framework for the majority of our organisations, the fact that they don't have a reporting framework shows that the needs were not met (Interviewee 18 from PAFA (formerly ECSAFA at the time of *IFRS for SMEs* development)).

These quotes highlight the political contestability of *IFRS for SMEs* and the geopolitics surrounding the development and publication of standards, a politics which is simplified by the due process. In other words, the IASB make claim to an inclusive ethos through the due process, but the IFRS framework remained unchanged despite being extended to a different context. This protects the dominant brand of IFRS. This political logic shows that the IASB can use their due process to appease external concerns and draw them in through a logic of difference, which expands the scope to incorporate seemingly oppositional perspectives, whilst maintaining the hegemonic position of full IFRS.

5.2.2. Political logic: The IASBs brand

Second, in connection to the above, the IASB construct political frontiers, protecting their dominant brand and constructing other standards as inferior:

...there is the IFRS brand, nowadays, that brand is very powerful... [we would say] why don't you use the UN guideline, it's better than the IFRS for SMEs, and they would say yes but it is not put out by the IASB, Ok... The brand is powerful and they think that it makes the financial statements more credible (Interviewee 27, similar sentiments are made by interviewee 7).

The EU's adoption of IFRS created a domino effect as many other countries followed the EU, but this did not meet the needs of SMEs, which is important as SMEs play a crucial role in economies:

After the initial success of IFRS being adopted in Europe and some other jurisdictions, there was a lot of demand, a lot of interest in international reporting and the benefits that it produces, the evidence had started to emerge that there were economic benefits, but in a lot of jurisdictions most of the economy is private companies, SMEs (Interviewee 2).

Due to this increase in power the IASB were perceived as the only board or organisation with the credibility, legitimacy and expertise to create the standard. Alternatives were depicted as illegitimate and despite the threats of alternatives previously outlined, international and national bodies handed over control to the IASB. Through the political logics and the engagement with frontiers we can see that this placed the IASB in the centre of the regulatory conversation and others became subservient to their dominant discourse. Further, they changed their remit to block political contestation, extending their political frontiers.

5.2.3. Political logic: Extending their remit

The third demonstration of the way that the IASB blocked antagonisms, is the IASB's extension of their remit in response to arguments that SMEs were 'outside the scope of the IASB remit' (Interviewee 27) and critiques that creating this standard challenged their single standard mandate:

...their mandate was to create a single set of accounting standards, well how the hell can you say you were successful doing that when you have just invented a second (interviewee 17).

Interviewee 27 further elaborates on what others were saying at the time:

...we just established that there is no such thing as an alternative to IFRS and now you are saying we should write other form of IFRS, you're kidding, it doesn't make sense and there was that kind of thing going on.

Alongside being outside of their remit, the IASB members themselves did not originally believe that it was their area of expertise to develop a standard for SME's:

...the IASB was, I think I am right in saying, expressly set up to write standards for the capital markets, for companies that are listed, raise money on the capital markets, that was their remit, and it means that they're clearly looking at the most complex issues that companies are likely to encounter in financial reporting terms. I don't think they saw it as their remit or their expertise to develop as standard for SMEs (Interviewee 2).

However, as this position gradually changed over time, the IASB worked quickly to change their remit as interviewee 27 recalls:

...the IASB is never simple, his view was that no it was outside the scope of the IASB remit... I don't think it was expertise, I think it was purely to do with [a board member's]⁹ objection, and [the chairman]¹⁰ recognised that [the board member]¹¹ was right, you know read the words in the constitution, what does it say here, other than about listed companies and the answer is nothing at all. The trustees would have been committed to doing a review of the constitution after 3 years I think, and so I think [the chairman]¹² just slipped that in and said ok while were updating the constitution lets nail that one as well, so that nobody, and particularly sponsors or anybody else can come back to us and say why are you doing this, it's outside your legal competence, it's outside your mandate.

This change in remit prevented further challenges and criticisms, meaning that actors could no longer object based on the remit. Through this lens we can see that the chairman pushed the standard through to avoid resistance because the external political pressure had to be responded to:

He was a very good politician, the former chairman of the UK standards board... he became the chairman of the IASB, he believed strongly in a separate simplified standard for SMEs, our trustees did as well, see they weren't accountants, they didn't have to worry about recognition and measurement simplification issues, they worried about the politics, the acceptability (Interviewee 11).

As the development of the standard progressed, the project leader reported directly to the chairman to avoid resistance from board members (Ram, 2012). Changing the remit constructs an equivalence between knowledge of financial reporting for listed entities and SMEs, in turn drawing an equivalence from IFRS to *IFRS* to *SMEs*. Through this equivalence the IASB extended their focus on global capital mobility through *IFRS for SMEs*. This extension appeased geopolitical concerns about the acceptability of the standard (Interviewee 11) and enabled the IASB to dominate further "turf", reinforcing their hegemony. Taking the extension to *IFRS for SMEs* at face value could be a deceptively simple reduction of the politics and contestation in standard setting. Invoking political analysis demonstrates the way that the IASB attempt to restabilise contingencies that have emerged in SME reporting. The equivalence from IFRS to *IFRS for SMEs* draws disparate groups and interests together, to reach new constituents. Hegemonic extensions are gradual (SME accounting has been on the international agenda from before the IASB existed), but also spontaneous once the right moment for the extension emerges and action begins taking place (Laclau and Mouffe, 2001).

⁹ This name has been anonymized.

¹⁰ This name has been anonymized.

¹¹ This name has been anonymized.

¹² This name has been anonymized.

5.2.4. Political logic: Full IFRS as superior

The fourth political strategy enacted by the IASB is the top-down development of the standard, and a focus on maintaining the superiority of full IFRS, drawing an equivalence from full IFRS to *IFRS for SMEs*:

The goal was to distil the full IFRSs down to the ones that would truly serve small and medium-sized entities around the world, especially in those countries where regulations are less developed (IASB 2007, p. 10).

Arguably, the IASB developed *IFRS for SMEs* from full IFRS, to avoid calling full IFRS into question. This can be explained through the logics of difference, which was employed to effectively construct a modified version of IFRS rather than a bottom-up creation of a standard that was specifically developed for SMEs and would be appropriate for them, drawing in SMEs under IFRS. Simultaneously, the board wanted the standard to be as close to full IFRS as possible, through equivalences from full IFRS to *IFRS for SMEs*:

Notwithstanding my support for IFRS for SMEs, I am very concerned about the complexity and length of the draft. This reflects the IASB's apparent policy of making all its standards as complex and difficult to understand and interpret (while some of this complexity results from the increasing complexity of business transactions, much of it is the IASB's own doing) ... The draft IFRS for SMEs has been compiled by extracting the relevant parts of other IFRS... this is similar to the "cut and paste" approach adopted by the old IASC with IAS 39. But, as IAS 39 shows clearly, the "cut and paste" approach has many problems. The draft IFRS for SMEs also suffers for its apparent failure to focus on SME issues (Cairns, 2006, p. 1).

Thus, due to political contestation, the IASB had to simultaneously develop the standard, but also keep it in line with full IFRS to ensure that they are maintaining and extending hegemony. Which led to various criticisms regarding the suitability of the approach and the outcomes:

The IFRS for SMEs at hand represents a complex set of regulations, which is difficult to understand for a new user... the chosen top-down-approach does not lead to the fact that the specific basic conditions for medium-sized businesses are considered sufficiently (CL66, 2007, p. 2).

The Committee understands that while the differential reporting has been welcomed by some market participants, others have suggested that with full GAAP as a starting point, the differential reporting does not meet the needs of private companies (CL65, 2005, p. 7).

The IASB, through consultation, work to draw in some differences from the recommendations of these bodies through logics of difference, but the bodies are subsequently disappointed with *IFRS for SMEs* as seen above through the quotes on page 18–19 and the following comment letter:

Experience and competence. As far as could be judged, the IASB has its primary experience and competence in dealing with the needs of listed companies. It can therefore be questioned whether the IASB has an appropriate composition in terms of experience and competence to constructively deal with the SMEs project. • Lack of focus. The IASB has struggled with the question: which companies that typically should be the users of SMEs and what, if any, the specific user needs related to SMEs are. As far as could be understood from the outside, the IASB has not paid attention enough to this question... Not much seems to have been achieved simply by assuming that such surveys are not needed for the developing of other standards and therefore not for the developing of standards for SMEs (CL13, 2005, p. 1).

Whilst the logics of difference highlights the way that the IASB draw in some differences, there is still a dominance of IFRS that makes the standard unsuitable for users and SMEs in many ways. As interviewee 27 explained, the standard is suitable for small, listed entities because of its capital market orientation and the IASB's inability to see SMEs as different, with different aims than to grow and become listed. Arguably, due to their dominant hegemony, narrow focus on particular ideologies and the necessity to uphold their brand, *IFRS for SMEs* was bound to be disappointing. The IASB have created the opportunity to not only respond to the contingencies and alternatives that were emerging but also keep the standard in line with *IFRS for SMEs* by drawing equivalences to cover over contingencies and drawing in differences to extend their hegemony. Comment letter 13 suggests that not enough research has been undertaken ahead of the creation of *IFRS for SMEs*, which arguably is because IFRS limited the discussion, because: 'The IASB has indicated that the SME standards must be based on the same IASB Framework as IFRSs' (CL44, 2005, p. 2).

Other suggestions were made about what could have been done in the standards development. For example, the following comment letter proposes that the SME standard should instead be based on a framework specifically suitable for SMEs:

The significantly different nature of the requirements applying to SME accounts calls for a draft standard that is original from bottom up. It was neither purposeful nor sensible simply to base it on full IFRS (CL132, 2007, p. 2).

Instead of a bottom-up approach, the IASB narrows the due process through a top-down approach. The IASB place themselves at the centre of all aspects of the decision-making process – questions, analysis and solutions. This narrows the due process. The questions asked at different stages of the development by the IASB are focused on full IFRS, already delegitimising alternative views:

The draft IFRS for SMEs was developed by: extracting the fundamental concepts from the IASB Framework and the principles and related mandatory guidance from full IFRSs (IASB, 2007, p. 5).

Are there other recognition or measurement simplifications that the Board should consider? In responding, please indicate: (a) the specific transactions, other events or conditions that create a specific recognition or measurement problem for SMEs under IFRSs; (b) why it is a problem; and (c) how that problem might be solved (IASB, 2007, p. 5–6).

And in the Recognition and Measurement questionnaire:

Question 1: What are the areas for possible simplification of recognition and measurement principles for SMEs? In responding, please indicate: · the specific accounting recognition or measurement problem for an SME under IFRSs; · the specific transactions or events that create the recognition or measurement problem for an SME under IFRSs; · why is it a problem; and · how that problem might be solved (IASB, 2009, p. 6).

These quotes are examples of some of the ways that the ED and the Recognition and Measurement Questionnaire were communicated with external parties, and the way that the IASB narrow the focus of the debate to full IFRS. This protects and extends capital market reporting ideologies and IFRS to new areas and defends the IASBs hegemony as they are constructed as the only people that can determine any variation on full IFRS. Throughout the due process the IASB dismiss alternative practice or simplification that is not in line with full IFRS.

Despite the criticisms posed, and a lack of suitability, *IFRS for SMEs* holds political legitimacy through full IFRS. CLs called for a different approach in the development of the standard, as creating the standard in a top-down manner leads to high cost constraints, burdens, and a capital market orientation, for example, CL151 (2007, p. 1) states:

Although IFRS for SMEs is aimed at unlisted companies, the proposed IFRS for SMEs is heavily based on the framework of IFRS. Therefore, it has a very strong focus on the needs of capital markets and investors.

Here, there is a political push and pull between creating something new because of the emerging contestation and contingency, whilst also keeping the standard in line with full IFRS to maintain its dominance and avoid critique, illustrating the careful construction and naturalization of new frontiers. Many bodies are critical of the IASB for creating differential reporting from full IFRS, but as the IASB hold an increasing hegemonic power they reinstate their hegemonic position against counter articulations and contingencies by constructing themselves as the experts that can resolve differential reporting problems. This ability stems from their brand, their expertise and their legitimacy (Black, 2008; Quack, 2010). Even though they hold this hegemonic position they must continuously adapt to changing political circumstances as they emerge, to temporarily fix the discourses until further contingencies are revealed.

5.2.5. Political logic: Legacy and logic

This leads us to the final publication of the standard and the fifth political strategy that the IASB adopt is through 'legacy and logic', which is key to their naturalization. Through the extension of the IASBs remit, they are quickly able to appease any criticisms through the different strategies outlined above and then they largely go unquestioned in their extension of hegemony because of their focus on and claims to consistency, superior expertise and 'there is no alternative' to IFRS. In addition, in this attempt to fix the differential reporting discourse, the IASB also rely on the rhetoric of legacy and logic, reframing the standard and depoliticising without reference to alternatives, politics, or turf protection:

[Why did the IASB create *IFRS for SMEs*?].

The answer is that this is both a legacy and a logic issue. For Bob Garnett, a Board member since the founding of the IASB, it is about facing up to responsibilities. 'When the IASB was set up in 2001', he said, 'the Trustees told the Board that it should deal with the world's capital markets.' That was the focus that has led to the implementation of IFRSs for listed companies in Europe and around the world and has now opened up the possibility of IFRSs becoming the world's accounting language. To get there has been an immense achievement. But it has been a different focus from that of the IASB's predecessor standard-setting body, IASC, which was charged with producing accounting standards that attempted to be relevant to all companies, not just listed ones. Consequently, once IFRS implementation was under way, the legacy question of the small and medium-sized entities (SMEs) returned to the agenda (IASB, 2007, p. 10).

This 'legacy and logic issue' constructs a form of inevitability in the development of *IFRS for SMEs*, as does the IASB's creation of this standard from full IFRS, naturalising a new frontier for the IASB. Despite its name, this standard was never actually going to be for SMEs, but was created instead for political reasons, to ensure that the IASB could maintain its political position as the dominant nodal point in standard setting. This quote makes the claim that due to the IASC's original aims of 'producing accounting standards' that are 'relevant to all companies' the IASB had to 'live up to its obligation'. However, this paper has shown that the IASB only acted on this standard due to threats to their status. The IASB claimed SME reporting back from national standard setters to create a hegemonic extension due to the macro-threat to their role as principle standard setters and the increasing attention SMEs were being given in the global political arena. The rhetorical construction of obligation, legacy and logic operate metaphorically to legitimate the movement to *IFRS for SMEs* and offer ideological cover for the politics of the extension. Indeed, there was not only a proliferation of differential reporting standards that already exist, but there was also other bodies who threatened to create international standards for SMEs.

The approach to blocking alternatives and covering over the political form the strategic response to contingencies and counter articulations by the IASB in the development of *IFRS for SMEs*. As illustrated in Fig. 1:

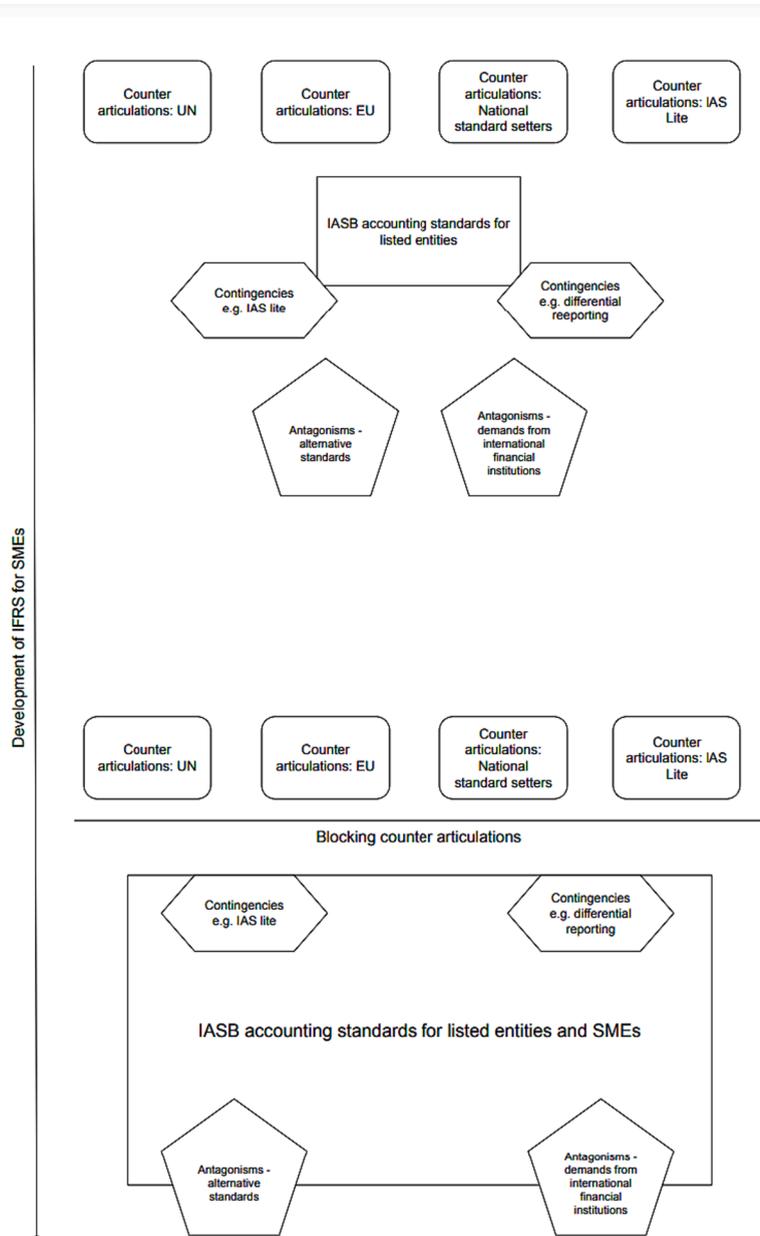


Fig. 1. Extending to IFRS for SMEs.

This figure shows the movement in the development of *IFRS for SMEs*, and the way that counter articulations were blocked by the IASB, and antagonism and contingencies were brought in to their remit, gradually expanding their hegemony, by drawing logics of equivalence to new areas and incorporating seemingly alternative viewpoints through logics of difference. The impact of this and the key contributions of the paper will be discussed in further detail in the following discussion and conclusion.

6. Discussion and conclusion

This paper has examined the political logics of the extension to *IFRS for SMEs* to offer an explanation as to *why* the IASB decided to extend their remit to *IFRS for SMEs*, highlighting the political reasons for doing so. Through the logics we can see that the IASB extended to *IFRS for SMEs* to protect and enhance their hegemonic role as a technocratic regulator in the hegemony of advanced financial capital. The empirical findings demonstrate that the increasing proliferation of differential reporting standards threatened the IASB's role as international standard setter, so the IASB acted to counter these articulations that are antagonistic and restabilise

their control over international standard setting through rhetorical strategies. These political decisions were unpacked in this paper through the logics of equivalence and difference which enabled the illustration of the way that the IASB drew in some differences and created equivalences in the extension to *IFRS for SMEs* to cover over contingencies and external antagonisms that threatened their role, and ultimately maintained and extended their hegemonic position.

By unpacking the contingent politics and multiple powers at play in accounting standard setting, this paper also highlighted the interconnected nature of the IASB's work with other bodies, including the World Bank and the IMF. The IASB hold a unique position in their role as accounting standard setter as they do not have enforcement power, nor are they connected to a particular government. Nevertheless, they hold extensive power in the space of international standard setting and spread political ideologies of advanced financial capital in this role under the guise of expert discourse and objectivity. These international bodies give them a lot of their power so if these bodies are questioning their role, the IASB need to respond to maintain their position in the geopolitical space.

Whilst the IASB go some way to try to balance different views through the due process, the geopolitics outside of the due process is more important to unpack if we are to understand the politics of international standard setting. Often these external engagements have more implications for the outcome of their work than the stages of their due process that present their official engagement with stakeholders. The IASB constructed *IFRS for SMEs* in a manner that draws in different counter articulations through their due process in a logic of difference. Additionally, the logics of equivalence drawn from *IFRS to IFRS for SMEs* covers over the contingencies in *IFRS* and allows them to continue to focus on their role as expert standard setters without calling the legitimacy of full *IFRS* into question. This approach reinforces their claims to technical expertise, protecting and de-politicising the extension to *SMEs*. This also constructs the political frontiers around the IASBs standard setting, making it clear who can adjust *IFRS* and who cannot, by blocking the counter articulations. The IASB have narrowed the regulatory conversation around differential reporting by focusing on full *IFRS*, the narrow aims of globalisation and the lens of capital markets, dismissing alternative approaches. Therefore, unpacking this extension demonstrates that they maintain and extend their hegemony to new spaces incrementally. This has the impact of extending the hegemony of advanced financial capital into spaces (*SME's* and emerging economies) that were not previously dominated by these approaches. The IASB rhetorically presents their role and the accounting standards that they develop as a natural part of society and not politically instituted, but there are extensive political and power relations at play in the work of the IASB.

The IASB works to promote neoliberal, advanced financial capital technologies and ideologies, whilst claiming to be neutral and only focused on technical standards for capital markets. This is problematic in the extension to *SMEs*, as through *IFRS for SMEs* the approach inherent in *IFRS* has been extended to national capitalisms and local environments to a greater extent than before by reaching their *SMEs*. The core tenants of neoliberalism are imperialistically expanded across many countries and increasingly entangled in everyday lives, in a gradually expanding and adapting hegemony, through a narrative of helping countries to improve their standards (Hopper et al., 2017; Lazzarato, 2012). The IASB, as a private organisation construct their role as technocratic regulator but operate political processes. In other words, *IFRS for SMEs* represents a significant change for the IASB and an extension to new constituents, whilst also maintaining their original hegemonic position as superior expert standard setter (Devi & Samujh, 2015; Howarth, 2013; Laclau & Mouffe, 2001).

This research extends previous work that has explored the politics of accounting standard setting and the role of the IASB (Perry and Nölke, 2006; Botzem, 2012; Warren et al., 2019) and the literature specifically focused on *IFRS for SMEs* (Ram and Newberry, 2013; 2017; Devi and Samujh, 2015). The political logics from Glynos and Howarth (2007) enable the unpacking of the contingent discourses surrounding *IFRS for SMEs* and the strategies that the IASB use to dismiss these alternatives and naturalize new frontiers. While previous research has examined the politics of standard setting (Botzem, 2012; Warren et al., 2019), this paper extends those projects by identifying the push and pull of antagonisms and contingencies surrounding the IASB through the political logics and hegemony. The development and extension to *IFRS for SMEs* by the IASB had to be carefully managed by the IASB in response to geopolitical pressures that threatened their standard setting hegemony. This extension, instead of being focused on creating a standard that would be useful for *SMEs*, was focused on managing their political environment and ensuring that they can maintain their hegemonic role in developing a global accounting language. A key task for any hegemonic project is to keep bringing in that which is outside to expand in a gradual manner. We can now see this happening through sustainability reporting, an area that requires further exploration.

Through Laclau and Mouffe's (2001) conception of discourse and hegemony and Glynos and Howarth's (2007) political logics, this paper has developed further the interface of politics and accounting and our understanding of the role of politics in accounting decision making. Laclau and Mouffe (2001) enables this paper to mobilise a way of understanding the antagonisms and contingencies that differential reporting revealed. Mobilising the logics of equivalence and difference also helped to elucidate the role of the rhetorical responses from the IASB which blocked these antagonisms and covered over contingencies that were exposed. Drawing the antagonism of *SMEs* into the nodal point. This push and pull involved various geopolitical actors which saw the IASB simultaneously extending their remit whilst also ensuring that they are still in line with full *IFRS*. This highlights the careful political game that the IASB play of maintaining and extending hegemony. This paper outlines a case study which demonstrates the way that the IASB continuously adapt to maintain their legitimacy and hegemony, according to changing situations geopolitically to temporarily fix discourse until further contingencies and antagonisms emerge. As contingencies were revealed the IASB extended their remit, which revealed other contingencies. There are multiple political power relations at play in this extension that the IASB need to appease, and this analysis demonstrates that far from a neutral due process, the IASB operate multiple forms of politics and rhetoric in their extension to maintain and extend their geopolitical, hegemonic position. If the IASB had not responded, the contingency of differential reporting was a potential area for dislocation in the full *IFRS* structure, their power, and their superior expertise, as this is a contingent system that had become antagonised. These threats were subsequently solved and turned into an opportunity for the IASB to extend their control in the creation of *IFRS for SMEs*, restabilising and extending their hegemony.

Whilst the external influence that had an impact on the IASB's decision to extend to *IFRS for SMEs* has been acknowledged in the

extant literature, the use of Laclau and Mouffe (2001) in this paper extends this research by enabling detailed interrogation of the role of the IASB as a geopolitical agent in the hegemony of advanced financial capital and how they work to protect that role when faced with external threats to their position. This paper illustrates the interconnected nature of the IASB with other external bodies and the way that they interact as antagonisms emerge and they attempt to cover them over through top-down creation of a standard. *IFRS for SMEs* was always going to be a cut down version of full IFRS, so the claims to difference are misleading. The IASB have moralised the right way of doing accounting for other countries, so the due process does not influence these ideologies. This approach silences the local and dismisses alternatives, pushing a particular neoliberal approach onto many organisations and places, to the extent that it becomes an economic decision focused on logic and necessity, depoliticising the political.

The paper has demonstrated the value of drawing on the political logics (Glynos and Howarth, 2007) to explore this complexity. Analysis through Glynos and Howarth's (2007) political logics highlighted that IFRS and the IASB's role was seen as contingent and limited, the IASB's superior expertise, prominence in standard setting, and claims to developing a global accounting language were threatened and rendered contingent by differential reporting standards, giving explanation as to why the IASB extended to *IFRS for SMEs*. Whilst some criticize the IASB for not creating a more suitable standard, this paper argues that due to the geopolitical background of the standard development, it was bound to be disappointing and was never supposed to be a bottom-up, democratic approach to development because of the IASB's narrow focus and ideologies, the necessity to uphold their brand (the same brand that renders them the 'right' board to create the standard), and their attempts to condense all contingencies into one standard. Throughout the development of the standard the IASB had to maintain their hegemony so they could not move away from their focus on capital markets, despite the standard being for entities that are not part of capital markets. In other words, the IASB developed *IFRS for SMEs* from full IFRS to maintain their hegemony, rendering the standard unsuitable. Any other options would have been threatening to full IFRS, and that is the core politics that the IASB were concerned with in their extension to *IFRS for SMEs*. *IFRS for SMEs* was subsequently unsuitable in many ways, for users and SMEs. As those involved indicated, the standard has a dominant capital market orientation (Devi & Samujh, 2015), which is fundamental to the IASB's position and their inability to see SMEs as different, with potentially different aims outside of maximization of profit, growth and becoming listed (Warren et al., 2019).

Accounting could be different, certain decisions are taken by the IASB for political reasons that are tied to particular values, beliefs and ideologies that could, if different decisions were taken and different values prioritized, look different. The IASB attempt to naturalise their form of accounting into our accounting practices, but other bodies could gain legitimacy and construct different ways of thinking and doing accounting. Through Laclau and Mouffe this paper, highlights the role of the IASB as a geopolitical agent and the position that they take in extending the reach of IFRS to a new area that is not their expertise and where the values and positions that they take may not necessarily align. For example, it is assumed in extending *IFRS to SMEs* that SMEs are interested in capital market ideology, meritocracy, neoliberal positioning, competition, comparability on capital markets, access to capital (the tenants inherent within IFRS) without acknowledgement that this may not be the case and they may have different aims, particularly across different cultures. This interlinks with the IASB's brand which impacts the decision to adopt, as actors see their standards as high-quality and important for development before they are even released, providing ideological cover to the IASB to ignore antagonisms, contexts and local differences.

In line with the politics that this case has uncovered, further research exploring the way that the IASB are expanding their hegemony in other spaces is vital. This would serve to further elucidate the way that politics and particular ideologies are fundamental to their practice and further highlight the way that their work is therefore not neutral or based on superior expertise. Whilst we are experiencing several crises, including a crisis of accountability at the hands of advanced financial capital, the practices of organisations like the IASB should be continuously called into question so that capital market practices are not naturalised into society at the cost of all else and any alternative. It is particularly worrying to see that the ideologies inherent in IFRS and the practices of the IASB continue to expand into other fields as it did in the case of *IFRS for SMEs*, the far-reaching impacts of which should not be underestimated.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

The data that has been used is confidential.

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Appendix 1: Documents analyzed.

Type of document	Year of publication
IASB publications: IFRS for SMEs	
Due process documents, such as: Request for information, Discussion paper, Exposure Draft, Field test details and reports, Questionnaires, full standards, basis for conclusion, working group information, agenda papers	2002–2009
Comprehensive review documents	2012–2015
Press Releases	2002–2009 (related to IFRS for SMEs and relevant issues of due process and structure)
Information for observers	2002–2010
Project history	2009
Update newsletters	2001–2016
Annual reports	2009
Insight Newsletters	2001–2009
Training materials and guidance and Implementation issues and SMEIG Q&As	2009 onwards
SMEIG documents	2013 onwards
Guidance for Micro-sized entities	2013
Education initiative: Train the trainers documentation	2010–2015
Presentations about IFRS for SMEs	2010–2014
Staff overviews and snapshots	2002–2015 (related to IFRS for SMEs)
IASB webpages, such as “What are IFRS?”, “How we are structured“	Many webpages over time, both new and archived
IASB publications	2001–2009
Due process handbooks	2006, 2008, 2010
Constitution documents	2003, 2004, 2005
Constitution review documents	2003–2004
IFRS as global standards: Pocket guide	2015 & new editions
Who we are	2015 & new editions
Working in the public interest	2012
Comment letters	
R&M Questionnaire	101 comment letters
Discussion paper comment letters	120 comment letters
Exposure draft comment letters	161 comment letters
IASB/ IFRS Foundation publications	
Meeting Agenda documents	
Private documents	Multiple jurisdictions 2013–2017
	Given by interviewees from various points in time
ISAR	2003–2009
EFRAG	2002–2015
	2014 onwards (once I started the project)
European Commission	2015
IOSCO	2005 onwards
World Bank	2002–2009 (every month that discussed IFRS for SMEs in a meeting)
	2010
	2004
	2012
UNCTAD	2000
	2003–2009
	2000 onwards
	2009 onwards
	2013
	2014 onwards (once project began)
IFAC	2009 onwards
IAS Plus	2014 onwards (once project began)
ICAEW	2014 onwards (once project began)
	2015
Ernst & Young	
KPMG	
Deloitte	

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