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Tracking Convergence: The Impact of Public Lobbying on Business Combination Financial Reporting Standards

This study seeks to determine the extent to which due process procedures of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) impact the convergence and formation of accounting standards. The study focuses on the content of the 283 comment letters submitted to one or both of the Boards in response to the Boards' 2005 issuance of *Proposed Statement of Financial Accounting Standards Business Combinations a replacement of FASB Statement No. 141 and IFRS Statement No. 3*. These letters contain the opinions and concerns of diverse constituents. I summarize the composition of the letter writers by geographic region and by author type, and through the use of statistical tests, determine where the content of the comment letters appears to have influenced one or both Boards to make changes from the exposure draft to the final standard. The business combination project was one of the first joint undertakings by either board and provides a unique opportunity to examine the affect of due process procedures on convergence. The results of this study help identify the impact of the due process mandate on each board, reveal the relative success of different constituencies when lobbying the boards, and help identify the offsetting effects of different constituent beliefs on the convergence efforts of the Boards.