

# Stakeholder participation in the ISSB's standard-setting process: the consultations on the first exposure drafts on sustainability reporting

ISSB's  
standard-  
setting process

349

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## Abstract

**Purpose** – This paper aims to provide empirical evidence on formal stakeholder participation (or “lobbying”) in the early phase of the International Sustainability Standards Board’s (ISSB’s) standard-setting.

**Design/methodology/approach** – Drawing on a rational-choice framework, this paper conducts a content analysis of comment letters (CLs) submitted to the ISSB in response to its first two exposure drafts (published in 2022) to investigate stakeholder participation across different groups and jurisdictional origins. The analyses examine participation in terms of frequency (measured using the number of participating stakeholders) and intensity (measured using the length of CLs).

**Findings** – Preparers and users of sustainability reports emerge as the largest participating stakeholder groups, while the accounting/sustainability profession participates with high average intensity. Surprisingly, preparers do not outweigh users in terms of participation frequency and intensity; and large preparers outweigh smaller ones in terms of participation intensity but not participation frequency. Internationally, stakeholders from countries with a private financial accounting standard-setting system participate more frequently and intensively than others. In addition, country-level economic wealth and sustainability performance are positively associated with more participating stakeholders.

**Practical implications** – This study is of interest for organizations and stakeholders involved in or affected by standard-setting in the field of sustainability reporting. The finding of limited participation by investors and from developing countries suggests the ISSB take actions to enhance the voice of those stakeholders.

**Social implications** – The imbalances in stakeholder participation that were found pose potential threats to an important aspect of the input legitimacy of the ISSB’s standard-setting process.

**Originality/value** – To the best of the authors’ knowledge, this paper is the first to explore stakeholder participation by means of CLs with the ISSB in terms of frequency and intensity.

**Keywords** Stakeholder participation, Standard-setting process, Sustainability reporting, Comment letters, Legitimacy, IFRS Foundation, International Sustainability Standards Board (ISSB)

**Paper type** Research paper

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## 1. Introduction

In recent years, sustainability reporting has gained increasing attention relative to traditional financial accounting in both corporate reporting and its regulation. In a complex regulatory landscape, institutions at the national, international and supranational levels work to develop sets of standards on sustainability reporting, consequently struggling with the interconnectivity with financial accounting standards (Afolabi *et al.*, 2022, 2023; Ali *et al.*, 2023; Giner and Luque-Vilchez, 2022; Sellhorn and Wagner, 2022). At the international level, in 2021, the International Financial Reporting Standards (IFRS) Foundation established the International Sustainability Standards Board (ISSB) as a “sister board” (IFRS Foundation, 2022e) to the International Accounting Standards Board (IASB) (IFRS Foundation, 2021). While the IASB has set global standards on financial accounting for decades, the ISSB is a new private standard-setter in the field of sustainability reporting, “responsible for developing IFRS Sustainability Disclosure Standards, to provide a truly global baseline of sustainability disclosures” (IFRS Foundation, 2022e).

In developing the IFRS Sustainability Disclosure Standards, the ISSB operates a formal due process similar to that of the IASB that involves public consultations on proposed standards (IFRS Foundation, 2022a, 2022d). As stated by Allan Beller, former chair of the IFRS Foundation Trustees’ Due Process Oversight Committee, this due process enables “stakeholders all over the world to scrutinise and contribute and help us ensure that the best thinking globally leads to the development of the [. . .] requirements” (Beller, 2020). In March 2022, the ISSB, represented by its chair and vice-chair, published its first two exposure drafts (EDs): *General Requirements for Disclosure of Sustainability-related Financial Information* (ED IFRS S1) and *Climate-related Disclosures* (ED IFRS S2) (IFRS Foundation, 2022b, 2022c), culminating in final standards issued in June 2023, (IFRS Foundation, 2023b, 2023c). Stakeholders were invited to comment on the issues addressed in the two EDs through comment letters (CLs) (IFRS Foundation, 2022b, 2022c). CLs are assigned “a pivotal role” in the ISSB’s deliberations by providing the opportunity for “considered and public responses to a formal consultation” (IFRS Foundation, 2022a, par. 3.67). Stakeholder response through consultations matters to the ISSB in two key ways. First, it is important with regard to the standard-setting process to collect technical input from various perspectives. Second, it is important to gain input legitimacy as a new private standard-setter. Since input legitimacy requires that the standard-setting process represents those affected by the standards to be set, widespread and balanced participation operates as a proxy for the ISSB’s input legitimacy (Richardson and Eberlein, 2011; Suchman, 1995). To that end, substantial representation imbalances between stakeholder groups and (for an international standard-setter) between stakeholder jurisdictional origins may pose potential threats to an important element of the ISSB’s input legitimacy.

Such assessments are well known from research on standard-setting at the IASB, where exploring publicly observable CLs as a proxy for overall participation (or “lobbying” [1]) has a long tradition (Dobler and Knospe, 2016b; Georgiou, 2004, 2010). Considering standard-setting as not merely a technical but also a political process, such evidence offers manifold insights into the political dimension of international standard-setting at the IASB (e.g. Giner and Arce, 2012, 2014; Jorissen *et al.*, 2012, 2013; Larson and Herz, 2011, 2013; Shields *et al.*, 2019). Although the IASB and the ISSB are sister boards under the roof of the IFRS Foundation, they differ in their scope and experience as regards setting international standards; therefore, it cannot be taken for granted that findings on stakeholder participation at the IASB can be generalized to the ISSB.

This paper analyzes formal stakeholder participation through CLs in the ISSB’s initial consultations on the first two EDs on sustainability reporting, i.e. ED IFRS S1 and ED IFRS S2.

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Since these two EDs share substantial institutional characteristics, the respective consultations are very closely interrelated. In fact, the CLs submitted in response to the two EDs cannot unambiguously be attributed to either one of the consultations. Therefore, we treat the formally separate consultations on ED IFRS S1 and ED IFRS S2 as one consultation in our study, and in line with [Gäumann and Dobler \(2024\)](#) and [Hansen \(2011\)](#), choose the individual stakeholders participating through CLs (rather than CLs themselves) as our level of analysis. Drawing on a rational-choice framework ([Sutton, 1984](#)), we derived six sets of hypotheses to investigate patterns of participation by stakeholder group and by jurisdictional origin, and in terms of frequency (measured by the number of participating stakeholders) and intensity (measured by the length of CLs).

Our results reveal considerable variation in participation frequency and intensity across stakeholder groups and jurisdictional origins. Furthermore, our results on participating stakeholder groups with the ISSB differ from those reported for the IASB. Perhaps most surprisingly, preparers (i.e. stakeholders who are required or potentially get required to publish sustainability reports) do not dominate users of such reports in either participation frequency or participation intensity, even if users are narrowly defined as users of financial statements. When we additionally consider non-governmental organizations (NGOs), non-profit organizations (NPOs) and inter-governmental organizations (IGOs) as users of sustainability reports in a broad sense, we even observe more participating users than preparers. These findings are not only in sharp contrast to evidence of a “passive user community” in research on participation in financial accounting standard-setting ([Bamber and McMeeking, 2016](#); [Durocher \*et al.\*, 2007](#)). They also differ from evidence regarding the preparer–user imbalance in participation with the International Integrated Reporting Council (IIRC) ([Reuter and Messner, 2015](#)). We also find country-level institutional, economic and sustainability-related factors associated with participation at the ISSB: notably, stakeholders from countries with a private financial accounting standard-setting system – which suggests familiarity with consultation processes – participate more frequently and intensively than others. Moreover, higher country-level economic wealth and sustainability performance are associated with a higher number of stakeholders participating. Similar to existing evidence on participation with the IASB, participating stakeholders are concentrated in North America and Europe. This finding is noteworthy, given that the US and the European Union (EU) are developing their own standards on sustainability reporting.

Our paper responds to the recent call for empirical research on the sustainability reporting standard-setting process by [Giner and Luque-Vilchez \(2022\)](#), who assume that such research can impact the evolution of standard-setting for sustainability reporting, just as related research did in the field of financial accounting. Our paper contributes in various ways. First, it contributes initial evidence regarding the patterns of stakeholder participation in the ISSB's consultations, demonstrating that these patterns differ substantially from those documented for its sister board, the IASB. Second, this paper contributes to the limited stream of empirical research on international standard-setting in sustainability-related fields ([Flasher \*et al.\*, 2018](#); [Gibassier, 2018](#); [Reuter and Messner, 2015](#); [Shoaf \*et al.\*, 2018](#)) [2]. Particularly, we add evidence regarding the determinants of country-level participation and participation intensity, neither of which has been investigated in this stream of research. Third, at the institutional level, our empirical results on patterns of participation imply potential threats to an important aspect of the ISSB's input legitimacy. These threats relate more to imbalances in representation across jurisdictions than across stakeholder groups. In this way, our paper may contribute to the debate on institutional arrangements at the ISSB. Overall, we contribute to the literature on sustainable development. This is not only because regulated sustainability reporting is meant

to harmonize public information about corporate sustainable development but also because regulated sustainability reporting is likely to affect corporate behavior and development in this field (Tregidga *et al.*, 2018; Tsalis *et al.*, 2020). To that end, evidence on patterns of stakeholder participation in standard-setting illuminates a neglected facet relevant to sustainable development.

The remainder of the paper is structured as follows. Section 2 provides institutional background on the ISSB and the consultation process for its first two EDs, while Section 3 reviews empirical research on stakeholder participation in international standard-setting. We develop our sets of hypotheses in Section 4, and we explain the research methodology in Section 5. Section 6 presents and discusses our empirical results. Finally, Section 7 presents the conclusions, implications and limitations of our study.

## 2. Institutional background

While the IFRS Foundation has long focused on harmonizing the field of financial accounting through standards developed by its IASB, it recently established the ISSB to set standards in the field of sustainability reporting. The IASB and the ISSB are independent boards but collaborate to ensure connectivity and comparability between their standards (Afolabi *et al.*, 2022; Giner and Luque-Vilchez, 2022; IFRS Foundation, 2022d). The IFRS Foundation officially announced the formation of the ISSB at the United Nations global summit COP26 in Glasgow in November 2021 (IFRS Foundation, 2021). Previously, the IASB had initiated a consultation on sustainability reporting in September 2020, requesting feedback from stakeholders on integrating nonfinancial information into the IFRS (Adams and Mueller, 2022; Adams and Abhayawansa, 2022). The general – albeit not unanimous – feedback supported an active role of the IFRS Foundation in setting standards for sustainability reporting with a focus on the information needs of investors (Giner and Luque-Vilchez, 2022) [3].

The ISSB's purpose is to develop high-quality, enforceable, applicable and globally-accepted standards on sustainability reporting – the so-called IFRS Sustainability Disclosure Standards (IFRS Foundation, 2022d, 2022e). To develop these standards, the ISSB operates a formal due process, adhering to the principles of accountability, transparency, and full and fair consultation. This due process coincides with that of the IASB and includes public consultations on the EDs of proposed standards (IFRS Foundation, 2022a, 2022d). Like the IASB, in the course of the consultations, the ISSB seeks widespread input from various stakeholder groups across different jurisdictions around the globe (IFRS Foundation, 2023a).

Working closely with the Climate Disclosure Standards Board, the Value Reporting Foundation, the International Organization of Securities Commission and the Sustainability Accounting Standards Board, and building on the preliminary work of the Technical Readiness Working Group, the ISSB (represented by its chair and vice-chair) published its first two EDs on March 31, 2022 (Giner and Luque-Vilchez, 2022):

- (1) ED IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*: This ED proposes general requirements for an entity's disclosures of sustainability-related financial information, with an emphasis on significant sustainability-related risks and opportunities (IFRS Foundation, 2022b).
- (2) ED IFRS S2 *Climate-related Disclosures*: This ED proposes requirements for an entity's disclosures on its exposure to and management of climate-related risks and opportunities, in light of particularities of industry sectors (IFRS Foundation, 2022c).

Beyond addressing the fundamentals of sustainability reporting, the two EDs share substantial institutional characteristics. Both EDs were published under special powers

warranted to the ISSB's chair and vice-chair that specifically enabled publishing "Exposure Drafts for public comment on climate-related disclosures and/or general requirements for disclosure of sustainability-related financial information" before the ISSB was quorate [IFRS Foundation, 2022d, par. 56(b)]. In addition, both EDs were published on the same date and invited written feedback through CLs from stakeholders until July 29, 2022. Therefore, the formally separate consultations on ED IFRS S1 and ED IFRS S2 are very closely interrelated in the course of developing the groundwork for a global baseline for sustainability reporting (IFRS Foundation, 2021). With limited changes as compared to the EDs, the ISSB issued final versions of IFRS S1 and IFRS S2 in June 2023. Both standards are effective for annual reporting periods beginning on or after January 1, 2024 (IFRS Foundation, 2023b, 2023c). The standards are not binding *per se*, and jurisdictional authorities can decide whether to require companies to apply them.

Like the IASB, the ISSB is a private standard-setter and faces similar issues with regard to acceptance and legitimacy. For a private standard-setter, legitimacy is not inherent but must be gained (Burlaud and Colasse, 2011; Durocher *et al.*, 2007). Since the ISSB is a new standard-setter, doubts around its legitimacy do not come as a surprise (Adams and Abhayawansa, 2022; Adams and Mueller, 2022; Giner and Luque-Vilchez, 2022; Rowbottom, 2023) and may pose threats to the organization (Pittroff, 2021; Suchman, 1995).

Focusing on standard-setting processes, Richardson and Eberlein (2011) distinguish between output, throughput and input legitimacy. The concept of input legitimacy is of particular interest in the context of participation in the ISSB's consultations through CLs. According to Richardson and Eberlein (2011), input legitimacy refers to "the participation of affected parties in [...] standard-setting to establish congruence between affectedness and voice in decision-making" (p. 223). In other words, input legitimacy requires the standard-setting process to represent those stakeholders who are affected by the standards being set. As in the literature on participation in the IASB's standard-setting process (Dobler and Knospe, 2016b; Jorissen *et al.*, 2014; Larson and Herz, 2013), widespread and balanced participation in the ISSB's consultations represent crucial aspects of an important element of the ISSB's input legitimacy. Since the ISSB's consultations are open, every stakeholder is entitled to participate in the consultations. While this is a prerequisite for actual participation, input legitimacy is related to the patterns of actual stakeholder participation in the ISSB's consultations. Absence of participation or substantial imbalances in participation – in regard not merely to stakeholder groups but to jurisdictional origins – would suggest potential threats to the ISSB's input legitimacy in its mission to be a global standard-setter in the field of sustainability reporting.

### 3. Prior empirical research on participation in international standard-setting

The literature considers standard-setting to be not just a technical but also a political process (Burlaud and Colasse, 2011; Königsgruber, 2010; Sutton, 1984; Zeff, 2002). Standard-setters (such as the IASB and the ISSB) seek input from a wide range of stakeholders to make use of stakeholder expertise and to build legitimacy, and stakeholders can participate in standard-setting processes as a means of "lobbying" the standard-setter. Therefore, most empirical studies on participation in standard-setting draw on legitimacy theory (Richardson and Eberlein, 2011; Suchman, 1995) or Sutton's (1984) rational-choice framework of "lobbying" based on Downs (1957) [4]. In the field of financial accounting, such studies typically focus on formal participation in the standard-setting process through CLs. A pragmatic reason for this focus is that CLs are publicly available and easy for researchers to access (Gäumann and Dobler, 2024; Königsgruber, 2010). The focus on CLs, as observable means of formal participation, neglects informal and other means of



participation; however, ample evidence suggests that participation through CLs is a suitable proxy for overall participation in standard-setting in financial accounting (Georgiou, 2004, 2010).

Early empirical research on stakeholder participation through CLs in financial accounting standard-setting concentrates on consultations in the national contexts of common-law countries, such as Australia (e.g. Ang *et al.*, 2000; Deegan *et al.*, 1990; Tutticci *et al.*, 1994), the UK (e.g. Gilfedder and Ó hÓgartaigh, 1998; MacArthur, 1988; MacArthur and Groves, 1993) and the USA (e.g. Deakin, 1989; Francis, 1987; Tandy and Wilburn, 1992, 1996). This concentration does not come as a surprise because these countries have long-standing traditions of private standard-setting. With the growing acceptance of IFRS, research has shifted to concentrate attention on the bodies of the IFRS Foundation, particularly the IASB (Becker *et al.*, 2021, pp. 163–168; for the International Accounting Standards Committee, e.g. Kenny and Larson, 1993; Larson, 1997; for the International Financial Reporting Interpretations Committee Larson, 2007). Empirical research on stakeholder participation in the IASB's consultations through CLs can be categorized into three strands:

- (1) studies that explore the patterns and determinants of stakeholder participation;
- (2) studies that explore the characteristics of the content of CLs; and
- (3) studies that relate the attributes of stakeholder participation that have a successful impact on the outcome of the standard-setting process.

The first strand is the largest and is closely related to our study. This strand includes large-scale studies using a multi-issue/multi-period approach to investigate stakeholder participation through CLs by stakeholder group (Jorissen *et al.*, 2012; Larson, 2007), by jurisdictional origin (Jorissen *et al.*, 2006, 2013; Larson and Herz, 2011, 2013) or both (Dobler and Knospe, 2016b). With regard to stakeholder groups, key findings demonstrate that preparers of financial statements participate more frequently than any other stakeholder group, including users of financial statements. Several studies identify the accounting profession as the second-largest participating stakeholder group (Jorissen *et al.*, 2012, 2013; Larson, 2007). Among preparers, firm size and industry sector affiliation are two of the factors that drive participation (Georgiou, 2005; Jorissen *et al.*, 2006; Jorissen *et al.*, 2012). With regard to jurisdictional origin, stakeholders domiciled in Europe or in the USA typically participate most frequently in the IASB's standard-setting processes through CLs. Country-level economic wealth or capital market size and country-level institutional and cultural familiarity with IFRS also seem to drive stakeholder participation (Jorissen *et al.*, 2013; Larson and Herz, 2013). These results indicate imbalances in participation across and within stakeholder groups and across jurisdictional origins. Dobler and Knospe (2016b), along with mixed results on individual consultations (Georgiou, 2010; Giner and Arce, 2012; Jorissen *et al.*, 2006; Kosi and Reither, 2014), further suggest that the patterns of stakeholder participation are related to the phase of the standard-setting process and the characteristics of the standard to be set.

The second strand of studies reveals that characteristics of the content of CLs – such as length, tone, type of arguments raised or level of disagreement with the standard-setter's proposals – vary across stakeholder groups (Ang *et al.*, 2000; Giner and Arce, 2012; Mellado and Parte, 2022; Shields *et al.*, 2019; Tutticci *et al.*, 1994). The third strand indicates that stakeholder and CL content characteristics are associated with the “success” of participation in the standard-setting process, in terms of affecting the outcome (Cortese *et al.*, 2010; Giner and Arce, 2014; Hewa *et al.*, 2020). For the context of our study, it is important to note that,

*ceteris paribus*, the pure length of CLs (as a measure of participation intensity) seems to affect the outcome of the standard-setting process by changing the standard-setter's proposed positions (Dobler and Knospe, 2016a; Hansen, 2011; Shields *et al.*, 2019).

In sharp contrast to the considerable body of evidence on stakeholder participation in the international financial accounting standard-setting of the IASB, only a few studies address stakeholder participation in standard-setting processes related to sustainability reporting. This paucity of evidence is at least partly grounded on the recentness of the prominence that sustainability reporting has gained (i.e. just in the past few years) and on the limited number of institutional bodies in the field that used to operate a formal due process, including public consultations, which researchers could exploit. In the field of sustainability reporting, evidence suggests participation by a rather broad spectrum of stakeholder groups (Gibassier, 2018; Shoaf *et al.*, 2018). For the US Securities and Exchange Commission's (SEC's) consultation for the concept release on sustainability reporting, Shoaf *et al.* (2018) find frequent participation by individuals, whereas Flasher *et al.* (2018) emphasize the active role of Big-4 audit firms. With respect to the content of CLs, evidence suggests that the concerns that are voiced differ across stakeholder groups (Gibassier, 2018; Shoaf *et al.*, 2018).

At the international level, evidence related to sustainability reporting is very scant. Studies are devoted to assessing patterns of participation by stakeholder group rather than by stakeholders' jurisdictional origin. Reuter and Messner (2015) examine stakeholder participation in response to the IIRC's discussion paper *Towards Integrated Reporting—Communicating Value in the 21st Century*. Analyzing 214 CLs, the results indicate that preparers outweigh users in terms of participation frequency unless NGOs and NPOs are considered as users and that large preparers participate more frequently than small ones. The authors do not find substantial differences between preparers and the accounting/sustainability profession in terms of participation frequency or arguments raised. For the IIRC's consultation draft *International IR Framework*, Setia *et al.* (2022) show that preparers are the most active stakeholder group, representing approximately one-third of overall responses and of responses referring to sustainability. Adams and Mueller (2022) investigate academics' participation in response to the IFRS Foundation Trustees' consultation paper on sustainability reporting; they examine 39 CLs submitted by academics, with the majority opposing key proposals of the consultation paper, including the establishment of the ISSB.

In summary, stakeholder participation in international standard-setting processes has been widely examined in relation to financial accounting at the level of the IASB but rarely explored in relation to sustainability reporting. While existing evidence may not be indicative of stakeholder participation at the ISSB as the new international standard-setter, we are unaware of published empirical research on stakeholder participation in the ISSB's standard-setting process.

## 4. Hypotheses development

### 4.1 Rational-choice framework

Responding to the call of Giner and Luque-Vilchez (2022) for empirical research on standard-setting processes in the field of sustainability reporting, our study aims to provide the first empirical evidence on the patterns of stakeholder participation through CLs in the ISSB's consultations on ED IFRS S1 and ED IFRS S2. Our study seeks to explore patterns of participation by stakeholder group and by jurisdictional origin; moreover, we seek to address stakeholder participation not only in terms of participation frequency but also in terms of participation intensity, captured by the length of CLs submitted to the ISSB.

Following prior literature on participation in standard-setting processes in various contexts, we base our hypotheses development on [Sutton's \(1984\)](#) rational-choice framework.

[Sutton \(1984\)](#) derived his framework from [Downs's \(1957\)](#) voting model to explain stakeholder participation behavior toward a (national) standard-setter in the field of financial accounting. We acknowledge the differences between financial accounting and sustainability reporting in terms of their particular contents and institutional contexts. Yet, [Sutton's \(1984\)](#) framework has been found useful in explaining stakeholder participation in various settings that also cover auditing ([Gros and Worret, 2016](#)), public sector accounting ([Bisogno et al., 2022](#)) and integrated reporting ([Reuter and Messner, 2015](#)) and substantially differ in their institutional characteristics. Therefore, we generally assume that the fundamentals of [Sutton's \(1984\)](#) framework are applicable to investigating stakeholder participation behavior toward the ISSB.

According to [Sutton \(1984\)](#), a stakeholder will participate in a standard-setter's consultation if and inasmuch as the difference in benefits between two alternative outcomes of the standard-setting process exceeds the costs of participation, adjusted by the probability that participation will affect the outcome. This framework infers that cost-benefit considerations determine a stakeholder's participation behavior. In our context, a stakeholder's decision on whether to participate – and if so, to what intensity – relates to the cost-effectiveness of participation behavior. Participation through CLs is not free of cost: assessing the ISSB's proposals, gathering sufficient expertise to respond and drafting the stakeholder's views is costly. Such costs can be prohibitive and a barrier to participating in the consultation. Once a stakeholder decides to participate, it is common to assume that participation costs increase as the participation intensity increases ([Bamber and McMeeking, 2016](#); [Tuttici et al., 1994](#)). Benefits of participation are related to the potential impact on the standard-setter in [Sutton's \(1984\)](#) framework [5]. With regard to the benefits of participation, stakeholders who are heavily affected by a proposed standard should more frequently and more intensively participate in the standard-setting process. Furthermore, there is (albeit limited) evidence of a positive association between participation intensity and the probability of affecting the standard-setter's decisions as the ultimate benefit for the participating stakeholder ([Dobler and Knospe, 2016a](#); [Hansen, 2011](#); [Shields et al., 2019](#)).

[Sutton \(1984\)](#) developed his framework in a national setting, focusing on differences between stakeholder groups (and within the stakeholder group of preparers) in participation with a national standard-setter. Although [Sutton \(1984\)](#) did not consider an international setting, research has adopted his framework, and its inherent cost-benefit considerations at an international level to explain differences in participation across jurisdictions ([Dobler and Knospe, 2016b](#); [Jorissen et al., 2013](#); [Orens et al., 2011](#)). Therefore, the development of our hypotheses related to stakeholder groups grounds more directly on [Sutton \(1984\)](#) than the development of our hypotheses related to jurisdictional origin.

#### *4.2 Participation by stakeholder group*

Most closely related to the inferences drawn by [Sutton \(1984\)](#), our first three sets of hypotheses concentrate on participation by different stakeholder groups, specifically preparers (of sustainability reports), users (of sustainability reports) and the accounting profession.

A key inference of [Sutton \(1984\)](#) is that preparers participate more than users in standard-setting processes. Arguments explaining this imbalance posit that preparers are likely to be wealthier and to have more resources and expertise than users, as well as that preparers are likely to obtain greater potential benefits in protecting their position *vis-à-vis* the standard-setter than users ([Ang et al., 2000](#); [Deakin, 1989](#); [Georgiou and Roberts, 2004](#);



Koh, 2011). In addition, Georgiou (2010) found that a key reason for the nonparticipation of users is the substantial effort to acquire the expertise to respond to specific proposals in combination with the time and cost to participate in standard-setting, with lower perceived benefits. Evidence for stakeholder participation at the IASB substantiates the imbalance between preparers and users in terms of participation frequency (Dobler and Knospe, 2016b; Jorissen *et al.*, 2006; Jorissen *et al.*, 2012; Kosi and Reither, 2014) and participation intensity (Giner and Arce, 2012; Mellado and Parte, 2022).

Although the ISSB corresponds with the IASB in focusing on investors' information needs, sustainability reporting generally follows a more comprehensive stakeholder approach than financial accounting does, including (for instance) NGOs and NPOs as specific stakeholders. Therefore, user participation at the ISSB may differ from user participation at the IASB, depending on how users of sustainability reports are defined. To account for this potential ambiguity, we follow Reuter and Messner (2015) and use two definitions of users: the first one is a narrow definition that is in line with prior research on participation in financial accounting standard-setting (Giner and Arce, 2012; Jorissen *et al.*, 2006; Kosi and Reither, 2014); the second one is a broad definition that further includes NPOs, NGOs and IGOs to better incorporate the public eye. Against this background, our first set of hypotheses is formulated as follows:

*H1.1.* Preparers participate more frequently than users.

*H1.2.* Preparers participate more intensively than users.

Sutton (1984) highlights the ambivalent role of the accounting profession, including the Big-4 audit firms, which may pursue the positions of its clients – i.e. the preparers – or its own positions in financial accounting standard-setting. While evidence on this ambivalence is mixed, Sutton's (1984) cost–benefit considerations suggest intensive participation in standard-setting through CLs by the accounting profession. Similar to (at least large) preparers, the profession is likely to enjoy relative wealth as well as the resources and expertise that enable stakeholders in this group to participate intensively through CLs at relatively low costs. The accounting profession is also likely to be heavily affected by standards set by the ISSB, which affect the assurance and consulting services they provide. One particular benefit the profession can gain from intense participation through publicly observable CLs is enhanced visibility and recognition of their expertise (Hines, 1989; Puro, 1984; Tutticci *et al.*, 1994). Supporting this line of reasoning, evidence on financial accounting standard-setting indicates that the accounting profession typically participates at high intensity and, on average, submits the longest CLs (Giner and Arce, 2012; Tutticci *et al.*, 1994).

There is no obvious reason why the profession should not participate intensively in standard-setting on sustainability reporting. Sustainability reporting represents an important market for the assurance and consulting services of the accounting and sustainability profession. In addition, the profession is likely to participate intensively as a “power player” (Ali *et al.*, 2023, p. 783) and a norm carrier (Larrinaga and Bebbington, 2021) in the field of sustainability reporting. Although cost–benefit considerations suggest that some users – such as NGOs or NPOs under the broad definition of users – and some (large) preparers are likely to participate intensively, our second set of hypotheses is formulated as follows:

*H2.1.* The accounting/sustainability profession participates more intensively than users.

*H2.2.* The accounting/sustainability profession participates more intensively than preparers.

With particular regard to the stakeholder group of preparers, [Sutton \(1984\)](#) postulates that large preparers participate more than smaller ones. This assessment is based not only on large preparers' relative wealth, greater resources and better access to expertise; large preparers are also more likely to be under close public attention and, therefore to benefit from participation ([Ang et al., 2000](#); [Deakin, 1989](#); [Orens et al., 2011](#)). These reasons infer that participation in terms of both frequency and intensity increases with preparers' size. Evidence on participation in financial accounting standard-setting is consistent with this assessment ([Jorissen et al., 2012](#); [Kosi and Reither, 2014](#); [Larson, 2007](#)), as are the results of [Reuter and Messner \(2015\)](#), who find that large preparers outweigh smaller ones in terms of participation frequency with the IIRC.

When it comes to sustainability reporting, we suggest that [Sutton's \(1984\)](#) above inference will hold. Some medium-sized and small preparers may not even be aware of the ISSB and its proposed standards ([Adams and Abhayawansa, 2022](#); [Adams and Mueller, 2022](#); [Giner and Luque-Vilchez, 2022](#)), which inevitably prevents them from participating in the ISSB's consultations. Relatedly, we suggest that, *ceteris paribus*, small participating preparers bear greater costs for intense participation relative to large preparers. Against this background, our third set of hypotheses states:

*H3.1.* Large preparers participate more frequently than smaller preparers.

*H3.2.* Large preparers participate more intensively than smaller preparers.

#### *4.3 Participation by jurisdictional origin*

In the adaptation of [Sutton's \(1984\)](#) framework, and its inherent cost–benefit considerations, to the international level of standard-setting, stakeholder participation depends on country-level characteristics that determine the cost–benefit efficiency of participation. To this end, our hypotheses address how stakeholder participation relates to key institutional, economic and sustainability-related differences between stakeholders' home jurisdictions.

In institutional terms, a common assumption derived from [Sutton's \(1984\)](#) framework is that stakeholders from countries that have private standard-setting participate more. This is because stakeholders' familiarity with the processes of private standard-setting lowers the relative costs of participation and is arguably associated with a greater perceived impact in the standard-setting process ([Jorissen et al., 2013](#); [Orens et al., 2011](#)). In other words, those familiar with a private standard-setting system in their domestic context are likely to participate more in terms of frequency and intensity.

We argue that stakeholders' familiarity with private standard-setting is likely to stem from their familiarity with a private financial accounting system in their home countries. Even if one assumes that perceived benefits from participation do not differ substantially between countries with and without private financial accounting standard-setters, the lower costs of participation entail more participation by stakeholders who are familiar with private standard-setting. This relationship is supported by evidence on participation in financial accounting standard-setting ([Gäumann and Dobler, 2024](#); [Jorissen et al., 2013](#); [Orens et al., 2011](#)), and we expect this relationship to hold for participation in the ISSB's sustainability reporting standard-setting process. Thus, we state our fourth set of hypotheses as follows:

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H4.1. Stakeholders from countries with a private financial accounting standard-setting system participate more frequently.

H4.2. Stakeholders from countries with a private financial accounting standard-setting system participate more intensively.

Sutton's (1984) argument that relative wealth is *ceteris paribus* associated with more participation has been adopted by prior literature to explain cross-country differences in participation. This line of reasoning assumes that stakeholders from relatively wealthy countries are likely to perceive the costs of participation to be relatively low (Hansen, 2011; Larson, 2007; Larson and Herz, 2013). Consequently, the argument of relative wealth suggests more participation in terms of frequency and intensity by stakeholders from economically wealthy countries than by those from economically poor countries. Evidence on participation in financial accounting standard-setting is largely consistent with this assessment, albeit less so when wealth per capita measures are used to control for country size (Dobler and Knospe, 2016b; Larson, 2007; Larson and Herz, 2013).

Although we are unaware of corresponding evidence on sustainability-related standard-setting, we assume the above arguments to hold for stakeholder participation at the ISSB. To investigate whether Sutton's (1984) argument of relative wealth is reflected in cross-country differences in participation in the ISSB's consultations, we formulate the following set of hypotheses:

H5.1. Stakeholders from wealthier countries participate more frequently.

H5.2. Stakeholders from wealthier countries participate more intensively.

Specific to sustainability reporting, a country's sustainability performance may determine stakeholder participation in the ISSB's standard-setting process. Sutton (1984) argues that stakeholder participation is concentrated among those who are most affected by the standard to be set. International financial accounting literature has substantiated this argument through the lens of the costs of implementing a proposed standard, which are assumed to be high in countries where a proposed standard's requirements substantially differ from prior practice. Jorissen *et al.* (2013) report evidence on participation frequency in support of this argument.

Applying this argument to participation in the ISSB's standard-setting process would suggest that stakeholders from countries with poor sustainability performance are likely to be more affected by IFRS S1 and IFRS S2 and, thus are likely to participate more in the ISSB's consultation than stakeholders from countries with better sustainability performance. However, it must be acknowledged that unlike the IASB, the ISSB is a new standard-setter in a relatively new arena. Similar to the argument put forth by Gäumann and Dobler (2024) concerning the European Financial Reporting Advisory Group (EFRAG), some stakeholders from countries with poor sustainability performance may not even be aware of the ISSB and its mission, which prevents their participation. Additionally, it can be argued that stakeholders from countries with poor sustainability performance have less expertise in sustainability reporting and may encounter relatively high costs of participation in the ISSB's consultations, which infers less participation than from countries with high sustainability performance. Against this background, our final set of hypotheses states:

H6.1. Stakeholders from countries with better sustainability performance participate more frequently.

## 5. Research methodology

This study investigates stakeholder participation through CLs in response to the ISSB's ED IFRS S1 and ED IFRS S2. While following prior literature in relying on CLs as an observable proxy for overall stakeholder participation (Georgiou, 2004, 2010), we chose individual stakeholders participating through CLs, rather than CLs themselves, as our level of analysis. This choice is not new in research on participation in standard-setting (Gäumann and Dobler, 2024; Hansen, 2011), and it especially coincides with our hypotheses, the institutional characteristics of the consultations (discussed in Section 2) and the actual participation behavior.

At the institutional level, the two EDs align in terms of special powers granted by the IFRS Foundation [IFRS Foundation, 2022d, par. 56(b)], publication date and consultation period. These features entail that the consultations on ED IFRS S1 and ED IFRS S2 are very closely interrelated. In addition, our initial screening of CLs submitted to the ISSB found heterogeneous stakeholder participation behavior that does not reasonably allow for separate analyses of responses to ED IFRS S1 or ED IFRS S2. For example, some stakeholders provided feedback on both EDs in one CL, while others sent two identical or more than two CLs in response to the two EDs. These reasons led us to treat the formally separate consultations on ED IFRS S1 and ED IFRS S2 as one consultation in our study. In other words, we assess whether and to what intensity a stakeholder participated based on the aggregate of the individual stakeholder's CL(s) in response to both ED IFRS S1 and ED IFRS S2.

We collect the CLs addressing ED IFRS S1 and/or ED IFRS S2 from the website of the IFRS Foundation and assign them to individual participating stakeholders. The website lists a total of 1,435 CLs in response to the two EDs; we cannot collect two of the CLs due to technical issues. We observe 295 pairs of identical CLs from the same stakeholder published twice on the website, and we treat these pairs as one CL [6]. Our procedures yield a final sample of 1,138 CLs [7]. Then, we assign these CLs to individual stakeholders. Following prior research (Gäumann and Dobler, 2019; Jorissen *et al.*, 2012, 2013), we select the first author as the participating stakeholder when a CL was signed by two or more authors. Consequently, our research sample consists of 864 different stakeholders who participated in the ISSB's consultations through CLs.

To test our hypotheses, we classify each participating stakeholder according to stakeholder group affiliation and jurisdictional origin [8]. Similar to Reuter and Messner (2015), we distinguish the following stakeholder groups:

- Preparers (i.e., corporate stakeholders that are or potentially get required to publish sustainability reports, with subcategories of business organizations, coalitions, banks, insurers and associations of banks or insurers);
- Users (i.e. narrowly defined as users of financial statements, with subcategories of investors, coalitions and sustainable investment services) [9];
- Accounting/sustainability profession (with subcategories of professional bodies and professional services, each either accounting-related or sustainability-related);
- Regulators (with subcategories of standard-setters, financial market authorities, governmental institutions and sustainability oversight boards);
- NPOs, NGOs and IGOs (with subcategories of closely sustainability-related organizations and others);

- Academics;
- Individuals (who are not tied to an organization or explicitly state that they present their individual views) [10];
- Others (as a residual category).

With regard to *H1.1*, *H1.2* and *H2.1*, we distinguish between a narrow definition and a broad definition of users. Consistent with research on participation in financial accounting standard-setting (Dobler and Knospe, 2016b; Giner and Arce, 2012; Jorissen *et al.*, 2006; Kosi and Reither, 2014), the narrow definition includes users in category (2), and the broad definition of users covers stakeholders in categories (2) and (5), thereby arguably emphasizing the public interest (Reuter and Messner, 2015).

To classify stakeholders by jurisdictional origin, we categorize each participating stakeholder by their country of origin. In line with prior literature (Jorissen *et al.*, 2006; Jorissen *et al.*, 2013; Larson and Herz, 2013), corporate preparers were assigned to the jurisdiction where they are headquartered. Stakeholders with more than one headquarter or that cannot reasonably be assigned to one country are assigned to continent-based supranational or to international (i.e. global) stakeholders. Thus, for instance, the European Banking Authority is assigned to the category of supranational European stakeholders, and globally-operating accounting firms (such as the Big-4 audit firms) are assigned to the category of international stakeholders [11].

Our hypotheses require measurement of participation in terms of both frequency and intensity. As explained above, we treat participation in the ISSB's consultations on ED IFRS S1 and ED IFRS S2 as an aggregate. First, we measure participation frequency based on the number of participating stakeholders per stakeholder group or per jurisdictional origin (Kosi and Reither, 2014; Larson, 2007; Larson and Herz, 2013; Setia *et al.*, 2022). Second, we measure participation intensity based on the (adjusted) number of words – that is, the length of all CLs a stakeholder submitted in response to ED IFRS S1 and ED IFRS S2.

Our measure of participation intensity warrants further explanation. We acknowledge that the length of CLs is just one (albeit important) dimension of participation intensity and does not directly capture other dimensions, such as tone or type of arguments raised. Our choice to use the length of CLs as a proxy for participation intensity was pragmatic but nevertheless in line with prior studies (Dobler and Knospe, 2016a; Giner and Arce, 2012; Hansen, 2011; Shields *et al.*, 2019). For instance, Hansen (2011) reports a correlation of 0.811 between the length of CLs and his more sophisticated factor measuring participation intensity. To the extent that longer CLs convey more information, the length of a CL (which we measure based on the number of words) is likely to work as a proxy for participation intensity. To mitigate concerns that the number of words in a CL is biased by repetitions or materials that do not specifically address the consultations, we took the following steps. First, we excluded identical CLs submitted by one stakeholder in response to ED IFRS S1 and ED IFRS S2. Second, we excluded from the participation intensity analyses 107 participating stakeholders whose CLs did not respond to questions posed in ED IFRS S1 or ED IFRS S2; these CLs include submissions of research papers on sustainability reporting or general material for consideration. Third, we excluded general company information, headings, repetitions of questions posed in the EDs and other content taken directly from the EDs. As a result, when counting the number of words, we only consider the parts of the CLs that explicitly address issues raised in ED IFRS S1 or ED IFRS S2.

A further concern relates to potential bias due to the use of questionnaires as opposed to open letters. We observe a higher number of words in open letters than in questionnaires, both of which we consider as CLs. This imbalance is partly mitigated by aggregating the



number of words in all CLs in response to ED IFRS S1 and ED IFRS S2 at the stakeholder level. Notably, the stakeholder group that most participated through questionnaires was “individuals”. To address concerns that the results of our hypotheses tests on participation intensity are biased by stakeholders who only participated through questionnaires, we rerun these tests after eliminating stakeholders who only participated by means of questionnaires and did not submit at least one open letter. We observe that the results of our hypotheses tests related to participation intensity remained qualitatively unchanged except for *H2.2*. Therefore, we consider the results on participation as largely robust, and we discuss the particular findings for *H2.2* in Section 6.1.2.

To address our *H3.1–H6.2*, additional data has to be collected. With regard to *H3.1* and *H3.2*, we assign each preparer a categorical size variable based on the Forbes 2000 Global list. Following prior literature (Jorissen *et al.*, 2006; Larson, 1997; Reuter and Messner, 2015), we consider a preparer to be large if it is included in the Forbes 2000 Global list. To test *H4.1* and *H4.2*, we use information from the website of the International Federation of Accountants and cross-check it with recent institutional material and academic literature to determine whether a private financial accounting standard-setting system is in place in a stakeholder’s country of origin. This approach is in line with Jorissen *et al.* (2013) and Gäumann and Dobler (2019). To test *H5.1* and *H5.2*, we use two variables representing a stakeholder’s home country’s wealth: the country’s gross domestic product (GDP) per capita and its gross national income (GNI) per capita. Both figures are retrieved from the World Bank database for 2022. Finally, to test *H6.1* and *H6.2*, we use two variables as proxies for a country’s sustainability performance. The first variable, with a broader coverage of sustainability performance, is the recent sustainability development goals (SDG) index score collected from the current SDG report (Sachs *et al.*, 2022). For a more targeted focus on environmental sustainability performance, the second variable is the recent Environmental Performance Index (EPI) score collected from the EPI website. Both variables have been used in prior sustainability research (Nhemachena *et al.*, 2018; Pimonenko *et al.*, 2018; Schmidt-Traub *et al.*, 2017; Tang *et al.*, 2020) [12].

To test our hypotheses, we use Chi<sup>2</sup> tests for *H1.1* and *H3.1*, Mann–Whitney U tests for *H1.2*, *H2.1*, *H2.2*, *H3.2*, *H4.1* and *H4.2*, and Spearman correlations for *H5.1*, *H5.2*, *H6.1* and *H6.2*. These approaches are consistent with empirical research on participation in standard-setting in the field of financial accounting (Gäumann and Dobler, 2019; Giner and Arce, 2012; Jorissen *et al.*, 2006; Larson and Herz, 2013).

## 6. Results and discussion

### 6.1 Participation by stakeholder group

6.1.1 *Descriptive results.* Table 1 reports stakeholder group descriptive results on participation in terms of frequency and average intensity. Overall, we observed 864 participating stakeholders; the 757 stakeholders included in our analyses on participation intensity provided, on average, 4,964 words of feedback in response to ED IFRS S1 and ED IFRS S2.

We identified 222 participating preparers, with an average participation intensity of 4,655 words. This means that preparers form the largest stakeholder group, representing more than one-fourth (25.7%) of participating stakeholders. While studies on participation in standard-setting at the IASB also typically find preparers to be the largest participating stakeholder group, the dominance of preparers in terms of relative participation frequency seems to be more pronounced in financial accounting standard-setting (e.g. Jorissen *et al.*, 2012). In turn, the relative participation frequency is slightly higher than that reported by Reuter and Messner (2015), who attribute 21% of stakeholders responding to the IIRC to the stakeholder group of preparers. Within the preparers group, we observed 57 banks, insurers

Stakeholder group	Participation frequency		Participation intensity (mean)
	N	%	
<i>Preparers</i>	222	25.7	4,655
• Business organizations	93	10.8	3,890
• Coalitions	72	8.3	3,495
• Banks	20	2.3	6,062
• Insurers	14	1.6	7,598
• Associations of banks or insurers	23	2.7	8,111
<i>Users (narrow sense)</i>	199	23.0	4,449
• Investors	99	11.5	4,374
• Coalitions	46	5.3	5,381
• Sustainable finance and responsible investment services	54	6.3	3,932
<i>Accounting/sustainability profession</i>	114	13.2	5,571
• Professional bodies (accounting-related)	57	6.6	5,672
• Professional services (accounting-related)	14	1.6	10,369
• Professional bodies (sustainability-related)	7	0.8	5,560
• Professional services (sustainability-related)	36	4.2	3,282
<i>Regulators</i>	82	9.5	7,963
• Standard-setters	26	3.0	14,246
• Financial markets authorities	19	2.2	5,362
• Governmental institutions	26	3.0	5,054
• Sustainability oversight bodies	11	1.3	2,615
<i>NPOs, NGOs and IGOs</i>	90	10.4	4,841
• Sustainability-related	68	7.9	5,098
• Other	22	2.6	4,016
<i>Academics</i>	46	5.3	5,439
<i>Individuals</i>	76	8.8	2,538
<i>Others</i>	35	4.1	5,833
<i>Total</i>	864	100.0	4,964 (N = 757)

**Table 1.**  
Descriptive statistics  
on participation per  
stakeholder group

**Notes:** A total of 107 stakeholders are excluded from analyses of participation intensity as explained in Section 5

**Source:** Created by authors

and associations of banks or insurers who on average participated with particularly high intensity. This finding appears to reflect rather strong participation incentives in financial sectors.

There were 199 participating stakeholders from the group of users as narrowly defined, for which we observed an average participation intensity of 4,449 words – just slightly lower than that of preparers. Within this stakeholder group, the average participation intensity is highest for coalitions. The relative participation frequency of narrowly-defined users (23.0%) is rather high compared to previous research on participation at the IASB and to [Reuter and Messner \(2015\)](#). Interestingly, this finding suggests relatively high participation interest from users in the field of sustainability reporting compared to the field of financial accounting. In the context of this difference, however, it is surprising to see that investors amount to only 11.5% of participating stakeholders. While investors and their information needs are part of the focus of the ISSB's proposed standards, this target is not reflected by the limited participation frequency of investors that we observed. Investors' low participation frequency may even cast doubt as to whether the standards that will be set will meet the particular needs of investors.

The participation frequency of users is even more pronounced when we added NPOs, NGOs and IGOs to consider users as broadly defined. We documented 90 participating NGOs, NPOs and IGOs, most of them sustainability-related, with an average participation intensity of 4,841 words. At over 10% of participating stakeholders, the relative proportion of this stakeholder group is even higher than that reported by [Reuter and Messner \(2015\)](#). Interestingly, this finding suggests that NGOs, NPOs and IGOs form a significant stakeholder group and a potential intermediary that participates in sustainability reporting standard-setting.

The accounting/sustainability profession is another active stakeholder group. We identified 114 participating stakeholders belonging to this group (13.2%), with an average participation intensity of 5,571 words. This finding suggests that the profession plays an active role as a norm carrier in sustainability reporting ([Larrinaga and Bebbington, 2021](#)). We observed that both participation frequency and average participation intensity are higher for the accounting profession than for the sustainability profession. With regard to participation intensity, this finding seems to reflect that the accounting profession – as compared to the sustainability profession – has more experience with private standard-setting (e.g. at the IASB) and thus can participate intensively at low cost. Compared to research on financial accounting standard-setting, the relative participation frequency of the profession is relatively low, although we included stakeholders belonging to the profession in the field of sustainability reporting. Unsurprisingly, all Big-4 audit firms participated in response to ED IFRS S1 and ED IFRS S2.

In addition, we identified 82 participating regulators, which emerged as the stakeholder group with the highest average participation intensity at 7,963 words. The high participation intensity in this group seems to be driven by standard-setters, who participate by giving 14,246 words on average. This result is consistent with [Sutton's \(1984\)](#) arguments about relative wealth and expertise and with standard-setters striving to enhance their legitimacy through publicly observable CLs ([Gäumann and Dobler, 2019](#)). Approximately 5% of participating stakeholders were classified as academics, which is in line with prior results in financial accounting and sustainability reporting standard-setting ([Adams and Mueller, 2022](#); [Larson and Herz, 2013](#)). We observed 76 participating individuals, representing 8.8% of participating stakeholders. On the one hand, individuals' relative participation frequency is relatively high compared to prior studies in the field of financial accounting; on the other hand, this stakeholder group has the lowest participation intensity,

at only 2,538 words on average. Both observations seem to relate to the fact that individuals mostly used the questionnaire to respond to ED IFRS S1 and ED IFRS S2. This indicates that questionnaires can be used to enable participation at relatively low costs and that providing questionnaires for response can stimulate participation among individuals.

In summary, our descriptive results indicate considerable variation in participation frequency and participation intensity in the ISSB's consultations on ED IFRS S1 and ED IFRS S2. The findings indicate imbalances in participation behavior across stakeholder groups that partly differ from those documented in participation behavior at the IASB. In the next section, we test whether significant imbalances in participation across stakeholder groups exist as hypothesized.

*6.1.2 Results of hypotheses tests.* Our first set of hypotheses states that preparers participate more frequently (*H1.1*) and more intensively (*H1.2*) than users do. [Table 2](#) reports the results when using the narrow and the broad definitions of users. Although we observe more frequent participation by preparers than by narrowly-defined users, the difference is not significant in statistical terms according to a Chi<sup>2</sup> test. However, when users are considered in the broad sense – i.e. including NPOs, NGOs and IGOs as users – a Chi<sup>2</sup> test indicates that users significantly outweigh preparers in terms of participation frequency ( $p = 0.003$ ). Mann–Whitney U tests do not show a significant difference in participation intensity between preparers and users, either narrowly or broadly defined. Therefore, our results support neither *H1.1* nor *H1.2*.

Surprisingly, these findings stand in contrast to the typical preparer–user imbalance documented in research on financial accounting standard-setting ([Bamber and McMeeking, 2016](#); [Durocher et al., 2007](#)) and also deviate from results of [Reuter and Messner \(2015\)](#) on the IIRC. In particular, our findings indicate no dominant role of preparers over users in the ISSB's consultations on ED IFRS S1 and ED IFRS S2 in terms of either participation frequency or participation intensity. We reveal that preparers and users (narrowly defined) are not represented in the consultations in an imbalanced way; rather, preparers are less frequently represented than users (broadly defined), which seems in line with the broader audience of sustainability reporting compared to that of financial accounting. One possible explanation for limited participation by preparers involves preparer's uncertainties about which standards are likely to be adopted in their home jurisdiction. For example, the EFRAG is developing its own European sustainability reporting standards, and the SEC is working on establishing their own sustainability reporting standards for the USA ([Giner and Luque-Vilchez, 2022](#)). In addition, some companies may already disclose sustainability reports in accordance with a framework of institutions that belong to one of the ISSB's consolidated organizations. These preparers are less likely to concern themselves with

<i>H1.1</i>	Participation frequency	Chi <sup>2</sup> tests: preparers vs users
Preparers	222	–
Users (narrow sense)	199	$\chi^2 = 1,257$ (df = 1; $p = 0.284$ )
Users (broad sense)	289	$\chi^2 = 8,785$ (df = 1; $p = 0.003$ )
<i>H1.2</i>	Participation intensity (mean)	Mann–Whitney <i>U</i> tests: preparers vs users
Preparers	4,655 ( $N = 194$ )	–
Users (narrow sense)	4,449 ( $N = 159$ )	$Z = -1.112$ ( $p = 0.459$ ; one-sided)
Users (broad sense)	4,591 ( $N = 236$ )	$Z = -0.473$ ( $p = 0.320$ ; one-sided)

Source: Created by authors

**Table 2.**  
Results on testing  
*H1.1* and *H1.2*

participating in the ISSB’s consultations because the requirements to be set may not differ substantially from their current practice.

Our second set of hypotheses states that the accounting/sustainability profession participates more intensively than users (*H2.1*) or preparers (*H2.2*). Table 3 presents the results of the Mann–Whitney U tests performed. The profession significantly outweighs users in terms of participation intensity when users are defined in the narrow sense ( $p = 0.052$ ) and in the broad sense ( $p = 0.096$ ); therefore, our findings support *H2.1*. Although average participation intensity is higher for the profession than for preparers, a Mann–Whitney U test indicates that this difference is insignificant ( $p = 0.126$ ); this result suggests rejecting *H2.2*.

The latter result seems to contrast results on participation in standard-setting for financial accounting, where the profession is typically the stakeholder group that submits the longest CLs (Giner and Arce, 2012; Tutticci *et al.*, 1994). The difference in participation intensity can be partly attributed to differences in group composition: in our study, the profession includes stakeholders in not only the accounting but also the sustainability profession. Our descriptive results reveal higher average participation intensity in the accounting profession than in the sustainability profession; therefore, including the sustainability profession is likely to mitigate differences in participation intensity between the profession and preparers. In addition, the result for *H2.2* changes when we eliminate stakeholders in the profession and preparers who participate only by means of questionnaires; at this point, a Mann–Whitney U test indicates higher participation intensity by the professions than by preparers ( $Z = -2.647$ ;  $p = 0.008$ ). This change is the only substantial change in the results of all our hypotheses tests on participation intensity that occurs when stakeholders who only participated via the questionnaire are eliminated. Given this phenomenon, our main result on *H2.2* should be interpreted with care.

Our third set of hypotheses states that large preparers participate more frequently (*H3.1*) and more intensively (*H3.2*) than smaller preparers do. Table 4 displays our results. We identified 127 corporate preparers – e.g. business organizations, banks and insurers – of which 68 are listed (59 not listed) in the Global Forbes 2000 and therefore classified as large preparers (smaller preparers). Although there are more large preparers than smaller ones participating in the ISSB’s consultations, a Chi<sup>2</sup> test indicates that this difference is statistically insignificant; therefore, this result does not support *H3.1*. However, the results of a Mann–Whitney U test show that large preparers participate significantly more intensively than smaller ones ( $p < 0.001$ ), thereby supporting *H3.2*.

Our finding on *H3.1* – i.e. that large and smaller preparers do not significantly differ in participation frequency – is surprising and merits further discussion. This finding contrasts with the results of studies on participation at the IASB (Jorissen *et al.*, 2006) and the IIRC

<i>H2.1</i> and <i>H2.2</i>	Participation intensity (mean)	Mann–Whitney <i>U</i> tests: accounting/ sustainability profession vs users or preparers
Accounting/sustainability profession	5,571 ( $N = 106$ )	–
Users (narrow sense)	4,449 ( $N = 159$ )	$Z = -1.606$ ( $p = 0.052$ ; one-sided)
Users (broad sense)	4,591 ( $N = 236$ )	$Z = -1.289$ ( $p = 0.096$ ; one-sided)
Preparers	4,655 ( $N = 194$ )	$Z = -1.138$ ( $p = 0.126$ ; one-sided)

Source: Created by authors

**Table 3.**  
Results on testing  
*H2.1* and *H2.2*



(Reuter and Messner, 2015) that use the same approach as ours to identify large preparers and to test for differences in participation frequency. In other words, the overrepresentation of large preparers *vis-à-vis* smaller ones that is well-documented in consultations at other standard-setters does not prevail in the ISSB's consultations. This lack of a substantial imbalance in participation frequency can be interpreted as a positive sign for the ISSB's input legitimacy because large preparers do not outweigh smaller ones in terms of participation frequency. Our finding also indicates that among preparers, the large ones are not the only ones who are aware of and who concern themselves with the ISSB's proposed standards.

## 6.2 Participation by jurisdictional origin

**6.2.1 Descriptive results.** As we turn to the international dimension of the ISSB's consultations, Table 5 presents the descriptive results on participation frequency and average participation intensity per jurisdictional origin. While 77 stakeholders (most of them individuals who participated by questionnaire) could not be assigned a jurisdictional origin, we identified 32 supranational stakeholders and 112 international stakeholders that, on average, participated with rather low intensity.

Overall, we observed participation from 62 different jurisdictions (including the Cayman Islands, Hong Kong and Taiwan) and all continents (except Antarctica). The number of jurisdictions covered by participating stakeholders in the consultations for ED IFRS S1 and ED IFRS S2 is considerable and roughly comparable to the one documented in IASB consultations. The coverage generally suggests rather widespread participation around the world and broad international interest in the ISSB's consultations. The latter can be interpreted as a positive achievement for a new standard-setter.

On the continent level, most participating stakeholders were domiciled in Europe (233, 27.0%), followed by North America (214, 24.8%). We observed low participation frequency from Africa (30, 3.5%) and South America (31, 3.6%). This pattern is largely in line with evidence on participation at the IASB (Dobler and Knospe, 2016b; Jorissen *et al.*, 2013). On average, stakeholders from Australia and Oceania appeared to participate with the highest intensity at 7,203 words, while stakeholders from South America exhibit the lowest participation intensity at 3,211 words. Stakeholders from Asia participated at intermediate levels in terms of both participation frequency and average participation intensity.

With regard to participation frequency, stakeholders from Canada and the US participated most (105, 12.1% each), followed by stakeholders from the UK (102, 11.8%) and Australia (41, 4.7%). Participation from South America was concentrated in Brazil; participation from Asia was concentrated in Japan and Singapore; and participation from Africa was concentrated in South Africa. France and Germany are the EU member states

H3.1	Participation frequency	Chi <sup>2</sup> test
Large preparers	68	$\chi^2 = 0.638$ (df = 1; $p = 0.478$ )
Small preparers	59	
H3.2	Participation intensity (mean)	Mann–Whitney <i>U</i> test
Large preparers	5,806 ( $N = 60$ )	$Z = -3.326$ ( $p < 0.001$ ; one-sided)
Small preparers	3,056 ( $N = 54$ )	

Source: Created by authors

**Table 4.**  
Results on testing  
H3.1 and H3.2

Country	Participation frequency		Participation intensity (mean)
	N	%	
Belgium	3	0.4	5,318
Czech Republic	1	0.1	12,627
Denmark	5	0.6	4,990
Finland	1	0.1	1,597
France	27	3.1	6,601
Germany	26	3.0	5,897
Ireland	1	0.1	5,608
Italy	7	0.8	10,505
Luxembourg	1	0.1	2,209
Moldova	1	0.1	203
The Netherlands	6	0.7	6,957
Norway	3	0.3	3,910
Romania	1	0.1	1,648
Russian Federation	1	0.1	200
Spain	2	0.2	6,193
Sweden	3	0.3	5,975
Switzerland	17	2.0	2,095
Türkiye	2	0.2	10,397
Ukraine	1	0.1	1,155
UK	102	11.8	6,521
Supranational Europe	22	2.5	4,516
<i>Europe</i>	233	27.0	4,882
Canada	105	12.1	3,614
Cayman Islands <sup>+</sup>	1	0.1	1,495
Mexico	3	0.3	5,923
USA	105	12.1	4,772
<i>North America</i>	214	24.8	3,578
Argentina	3	0.3	3,614
Brazil	18	2.1	4,816
Colombia	4	0.5	4,113
Costa Rica	1	0.1	3,354
Jamaica	1	0.1	9,196
Supranational South America	4	0.5	2,908
<i>South America</i>	31	3.6	3,211
Australia	41	4.7	5,406
New Zealand	2	0.2	44,037
<i>Australia and Oceania</i>	43	5.0	7,203
Bahrain	1	0.1	1,416
Bangladesh	4	0.5	206
China	9	1.0	1,819
Georgia	1	0.1	264
Hong Kong <sup>+</sup>	13	1.5	2,409
India	7	0.8	4,118
Indonesia	2	0.2	723
Japan	24	2.8	7,875
Korea	7	0.8	4,632
Lao	1	0.1	7,325
Malaysia	9	1.0	5,874
Nepal	1	0.1	80
Pakistan	3	0.3	2,436
Philippines	3	0.3	831

**Table 5.**  
Descriptive statistics  
on participation per  
jurisdictional origin

(continued)

Country	Participation frequency		Participation intensity (mean)
	<i>N</i>	%	
Saudi Arabia	8	0.9	5,172
Singapore	19	2.2	3,353
Sri Lanka	2	0.2	4,063
Taiwan <sup>+</sup>	3	0.3	3,337
Thailand	1	0.1	3,372
United Arab Emirates	1	0.1	1,835
Supranational Asia	5	0.6	11,636
<i>Asia</i>	<i>124</i>	<i>14.4</i>	<i>4,030</i>
Botswana	2	0.2	3,310
Burkina Faso	2	0.2	3,974
Ghana	1	0.1	26,273
Kenya	3	0.3	6,204
Namibia	1	0.1	170
Nigeria	4	0.5	6,118
Rwanda	1	0.1	1,868
South Africa	11	1.3	5,580
Tunisia	1	0.1	157
Uganda	1	0.1	1,531
Zimbabwe	2	0.2	3,427
Supranational Africa	1	0.1	4,144
<i>Africa</i>	<i>30</i>	<i>3.5</i>	<i>3,645</i>
International	112	12.9	4,305
Not classifiable	77	8.91	2,422
<i>Total</i>	<i>864</i>	<i>100.0</i>	<i>4,964 (N = 757)</i>

**Notes:** A total of 107 stakeholders are excluded from analyses of participation intensity as explained in Section 5. <sup>+</sup>When testing *H5.1* through *H6.2*, we add the stakeholders from Hong Kong and Taiwan to China, add the stakeholder from the Cayman Islands to the UK and assigned the scores of the UK

**Source:** Created by authors

**Table 5.**

from which we observed the most participating stakeholders. With regard to average participation intensity, Japan (7,875 words), France (6,601 words) and the UK (6,521 words) ranked highest among countries from which more than ten stakeholders participated.

Despite widespread participation across jurisdictions, participation is centered in the USA, Canada, the UK and Australia: putting aside supranational and international stakeholders, more than half of participating stakeholders were domiciled in one of these four countries. While participation came from all G20 jurisdictions, we identified no participation from several Oceanian jurisdictions and limited participation from African jurisdictions, which are likely to be heavily affected by issues of sustainability and environmental sustainability in particular. The latter finding suggests enduring barriers to (or disinterest in) participation in the ISSB's initial consultations. Compared to participation at the IASB, we noted relatively low participation frequency from the EU member states Italy, The Netherlands and Spain, and no participation from more than half of individual EU member states. This finding may relate to the institutional setting of the EU, where EFRAG, rather than the ISSB, is the standard-setter in the field of sustainability reporting (Giner and Luque-Vilchez, 2022) [13]. Nevertheless, national standards on sustainability reporting did not seem to keep stakeholders from the US from participating in the ISSB's consultations on ED IFRS S1 and ED IFRS S2 with an intensity that is near the overall mean.

In summary, our descriptive statistics suggest that the jurisdictional imbalances in participation frequency documented in prior financial accounting research partly prevail in the ISSB’s consultations. We further reveal sizeable variation across jurisdictions in terms of participation intensity. In the next section, we test whether significant imbalances in participation across jurisdictions exist as hypothesized.

*6.2.2 Results of hypotheses tests.* Our fourth set of hypotheses states that stakeholders from countries with a private financial accounting standard-setting system participate more frequently (*H4.1*) and more intensively (*H4.2*) than stakeholders from other countries. [Table 6](#) shows our results. Looking at the participating stakeholders who could be assigned to an individual jurisdiction, we observed a per-country mean of 20.480 stakeholders for countries with a private financial accounting standard-setting system and of only 3.765 stakeholders for countries without such a system; a Mann–Whitney U test indicates that this difference is significant ( $p < 0.001$ ). Another Mann–Whitney U test suggests that the average participation intensity is significantly higher among stakeholders from countries with a private financial accounting standard-setting system compared to those from countries without such a system ( $p = 0.093$ ). These results support *H4.1* and *H4.2*.

The results indicate more frequent and more intensive participation by stakeholders from countries where they are familiar with institutional private standard-setting in the field of financial accounting. This does not merely suggest that a country’s institutional characteristics affect stakeholders’ participation behavior in the ISSB’s consultations. More specifically, our results imply spill-over effects of familiarity with private standard-setting in the domestic financial accounting system in regard to participation in international standard-setting on sustainability reporting.

Our fifth set of hypotheses states that stakeholders from wealthier countries participate more frequently (*H5.1*) and more intensively (*H5.2*) than stakeholders from poor countries. With the Cayman Islands connected to the UK and Hong Kong and Taiwan connected to China (as explained in footnote 9), [Table 7](#) presents the results ( $N = 59$ ). The Spearman correlations between the number of participating stakeholders per country and GDP per capita and between the number of participating stakeholders per country and GNI per capita are positive and significant at the 1% level. The Spearman correlations between mean per-country participation intensity and each of our measures for country wealth are positive but insignificant. Therefore, our results support *H5.1* but not *H5.2*.

<i>H4.1</i>	Participation frequency (mean per country)	Mann–Whitney <i>U</i> test
<i>H4.1</i>		
Stakeholders from countries with private financial accounting standard-setting system	20.480	$Z = -3.679$ ( $p < 0.001$ ; one-sided)
Stakeholders from countries without private financial accounting standard-setting system	3.765	
<i>H4.2</i>	Participation intensity (mean per country)	Mann–Whitney <i>U</i> Test
Stakeholders from countries with private financial accounting standard-setting system	5,693 ( $N = 34$ )	$Z = -1.335$ ( $p = 0.093$ ; one-sided)
Stakeholders from countries without private financial accounting standard-setting system	4,001 ( $N = 25$ )	

**Table 6.**  
Results on testing  
*H4.1* and *H4.2*

**Source:** Created by authors

Our finding of greater participation frequency from wealthier countries in the ISSB's consultations indicates an underrepresentation of economically poor or developing countries. Viewed through our rational-choice framework, it seems that there are barriers to participation for stakeholders domiciled in these countries that particularly relate to [Sutton's \(1984\)](#) argument about relative wealth. Consistent with this argument, our findings may partly relate to domestic standard-setters or other regulators being the only participating stakeholders from poorer countries, such as Burkina Faso, Kenya and Rwanda. However, our finding of no significant correlation between economic wealth and average participation intensity does not fit this argument of relative wealth.

Our final set of hypotheses states that stakeholders from countries with better sustainability performance participate more frequently (*H6.1*) and more intensively (*H6.2*) than stakeholders from other countries. Our two variables on country-level sustainability performance (i.e. SDG and EPI scores) are positively and significantly correlated ( $r_s = 0.794$ ;  $p < 0.001$ ), implying a considerable overlap; however, the SDG score is assumed to cover sustainability-related aspects more comprehensively than the EPI score. The results on participation frequency, reported in [Table 8](#), are mixed: while Spearman correlations between the number of participating stakeholders and SDG scores and between the number of participating stakeholders and EPI scores are positive, only the former correlation is significant ( $p = 0.060$ ). These results provide limited support to *H6.1*. Spearman correlations between mean per-country participation intensity and each of our measures for sustainability performance are positive but insignificant; thus, the results do not support *H6.2*.

The findings on the country-level associations between stakeholder participation and wealth or sustainability performance seem quite similar. We note that our country-level variables for wealth and for sustainability performance are positively associated across the countries in our sample. As understood through the rational-choice framework, our hypotheses regarding country-level wealth and sustainability performance offer different perspectives on participation behavior. This is primarily due to how the variables emphasize different aspects of the framework and differ in terms of specific links to sustainability reporting. The findings on country-level wealth as a determinant of participation likely relate to [Sutton's \(1984\)](#) general argument on relative wealth, which is not specific to standard-setting in the field of sustainability reporting. In particular, the findings on country-level sustainability performance rather emphasize the lack of sustainability-related experience as a more specific barrier to participating in the ISSB's consultations. Given this, our findings indicate another cross-country

<i>H5.1</i> and <i>H5.2</i>	Participation frequency (per country)	Participation intensity (mean per country)
GDP per capita	$r_s = 0.403$ ( $p = 0.001$ ; $N = 59$ )	$r_s = 0.209$ ( $p = 0.111$ ; $N = 59$ )
GNI per capita	$r_s = 0.412$ ( $p < 0.001$ ; $N = 59$ )	$r_s = 0.215$ ( $p = 0.101$ ; $N = 59$ )

Source: Created by authors

**Table 7.**  
Results on testing  
*H5.1* and *H5.2*:  
Spearman  
correlations

<i>H6.1</i> and <i>H6.2</i>	Participation frequency (per country)	Participation intensity (mean per country)
SDG score	$r_s = 0.243$ ( $p = 0.060$ ; $N = 59$ )	$r_s = 0.204$ ( $p = 0.122$ ; $N = 59$ )
EPI score	$r_s = 0.192$ ( $p = 0.138$ ; $N = 59$ )	$r_s = 0.126$ ( $p = 0.341$ ; $N = 59$ )

Source: Created by authors

**Table 8.**  
Results on testing  
*H6.1* and *H6.2*:  
Spearman  
correlations



imbalance in participation frequency (albeit not in participation intensity) in the underrepresentation of stakeholders from countries with poor sustainability performance. Our findings related to *H5.1* and *H6.1*, on imbalances in participation frequency, cast some doubt as to whether the ISSB receives sufficiently widespread input from economically poor countries and countries with poor sustainability performance.

## 7. Conclusions

This paper provides evidence on the patterns of stakeholder participation in the early phase of the ISSB's standard-setting through the analysis of CLs submitted for the consultations on ED IFRS S1 and ED IFRS S2. The results reveal considerable variation in participation frequency and intensity across stakeholder groups and jurisdictional origins, as well as imbalances in the representation of stakeholder groups and jurisdictions, which indicate potential threats to the input legitimacy of the ISSB's standard-setting process. Our findings substantially differ from those documented for the ISSB's sister board, the IASB, in the field of financial accounting and contribute to the understanding of international standard-setting processes in sustainability-related fields.

With regard to participation by stakeholder group, perhaps the most surprising result is that preparers do not dominate users in either participation frequency or intensity. In fact, when users are broadly defined to include NGOs, NPOs and IGOs, we observe significantly less participating preparers than users. Not only do these results differ from related findings for the IIRC reported by [Reuter and Messner \(2015\)](#). More importantly, they do not support the preparer–user representation imbalance that is widely documented in financial accounting standard-setting. Overall, our results suggest a relatively active user community participating in the ISSB's early consultations. While this can be seen as a good sign, the low participation frequency of investors – who, according to the ISSB, are defined as the primary users of sustainability reporting – may cast doubt on whether the standards that will be set will meet the particular information needs of investors.

In addition, we observed no imbalance between large and smaller preparers in terms of participation frequency. Again, this result differs from related findings on stakeholder participation with the IASB and the IIRC that gave raise to concerns as to whether participating preparers are representative for the business community in terms of firm size. Our finding implies that this concern is not substantial with respect to the ISSB's early consultations. Moreover, our finding indicates that large preparers are not the only ones who are aware of and who concern themselves with the ISSB's proposed standards. Our results also reveal that the accounting/sustainability profession is a stakeholder group that participates with particularly high intensity; this is consistent with the notion of the profession playing an active role as a norm carrier in sustainability reporting ([Ali et al., 2023](#); [Larrinaga and Bebbington, 2021](#)).

With regard to participation by jurisdictional origin, our results on stakeholder participation are novel with respect not only to the ISSB but to standard-setting in the field of sustainability reporting as well. We reveal country-level institutional, economic and sustainability-related factors associated with stakeholder participation. One interesting result is that stakeholders from jurisdictions with a private financial accounting standard-setting system participate more frequently and more intensively than others. This finding contributes to standard-setting literature by implying that familiarity with private standard-setting gathered in financial accounting in home jurisdictions affects participation in standard-setting processes in the field of sustainability reporting at the international level. In this important regard, domestic institutional factors in the field of financial accounting

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seem to prevail in explaining patterns of stakeholder participation not only at the IASB (Jorissen *et al.*, 2013; Orens *et al.*, 2011) but also in the ISSB's early consultations.

Our country-level results further show that participation frequency positively relates to economic wealth and sustainability performance. Notably, jurisdictions with low economic wealth or low sustainability performance seem to be underrepresented in the ISSB's standard-setting process. In turn, we observed high participation from North America and Europe; this implies that stakeholders from jurisdictions that are developing their own standards on sustainability reporting engage in the ISSB's consultations. The latter finding may arguably relate to motives to harmonize sustainability reporting internationally or to uncertainty in a complex and potentially disrupted sustainability reporting standard-setting field (Ali *et al.*, 2023; Giner and Luque-Vilchez, 2022).

Since substantial representation imbalances in consultations pose potential threats to a standard-setter's input legitimacy, our results have implications for an important element of the ISSB's legitimacy. In this regard – and despite the active group of users – the low participation of investors in the ISSB's early consultations is one worrying result. While the ISSB's focus on investors as primary users of sustainability reports has received conceptual critique (Adams and Abhayawansa, 2022; Rowbottom, 2023), our evidence suggests that these primary users are underrepresented in the ISSB's consultations. This underrepresentation is particularly crucial and seems to imply a threat to the input legitimacy of the ISSB's standard-setting process. Moreover, imbalances in stakeholder participation across jurisdictions should concern the ISSB as an international standard-setter. Despite covering stakeholders from 62 different jurisdictions, participation in the ISSB's initial consultations is centered in a few countries. Particularly, participation from developing countries – e.g. in Oceania and Africa, which are likely to be heavily affected by issues of environmental sustainability – is low or even absent. To the extent that economically poor countries and countries with poor sustainability performance are not represented by powerful individual stakeholders or through intermediaries at the supranational or international levels, this imbalance in participation frequency is likely to pose a potential threat to the input legitimacy of the ISSB's consultation process. To enhance its input legitimacy, the ISSB could more actively encourage stakeholder participation from underrepresented jurisdictions.

This paper has several limitations that offer fruitful avenues for future research. First, by focusing on CLs, it is limited to one (albeit important) means of formal stakeholder participation and does not assess the range of formal and informal means of participation; investigating these other means of participation as well, such as through interviews or surveys, would be an interesting complement to CL-based research (Georgiou, 2010; Weiß, 2019). Second, by focusing on participation frequency and participation intensity (measured by the length of CLs), we consider neither the effects of CLs on the ISSB nor other characteristics of their content. Literature on the IASB's consultations could illuminate future research paths for investigating the characteristics of the content of CLs and how these interact with stakeholder characteristics to successfully influence the ISSB's decisions (Hansen, 2011; Shields *et al.*, 2019). Third, by focusing on the consultations on ED IFRS S1 and ED IFRS S2, our evidence is limited to the ISSB's initial consultations. With more consultations to come, we leave it to future research to assess how the patterns of stakeholder participation develop and depend on the characteristics of a specific standard set by the ISSB. Finally, whether and to what extent standards set by the ISSB will harmonize sustainability reporting in the international arena and actually impact international sustainable development remain key questions that go well beyond the scope of our paper.

## Notes

1. Many studies on standard-setting at the IASB and beyond refer to “lobbying” through CLs and tend to use “lobbying” and “participation” as synonyms. However, it can be argued that stakeholders may have other motives than “lobbying” for participating in a standard-setting process, particularly when the standard-setter explicitly invites stakeholders to provide feedback through CLs, as in our case (Gipper *et al.*, 2013). To avoid this debate, our paper uses the term “participation” rather than “lobbying.”
2. Reuter and Messner (2015) is arguably the paper most closely related to ours. However, their paper investigates participation with the IIRC, does not address participation intensity, and rather neglects cross-country differences in participation.
3. While the ISSB focuses on investors as the primary users of sustainability reporting, EFRAG considers a broader group of stakeholders from the outset. Notably, the ISSB’s and EFRAG’s materiality approaches substantially differ (Abhayawansa, 2022; Giner and Luque-Vilchez, 2022), which may have deleterious effects for users of sustainability reporting (Jørgensen *et al.*, 2022). Such differences are also likely to affect European stakeholders’ attitudes toward the ISSB’s proposals.
4. Put in simple terms, Sutton’s (1984) rational-choice framework relies on cost–benefit considerations to explain whether and how a stakeholder participates in a standard-setting process. Section 4 discusses the framework and how we use it to develop our hypotheses.
5. Literature also considers positive effects on a participating stakeholder’s public perception as a benefit of participation through publicly available CLs (Gäumann and Dobler, 2024; Puro, 1984; Tutticci *et al.*, 1994).
6. The latter step avoids double-counting, which is important for our measure of participation intensity.
7. Stakeholders could participate through open letters, questionnaires provided by the standard-setter or both. We considered both open letters and questionnaires as CLs. The 1,138 CLs identified include 906 open letters and 232 questionnaires.
8. In a few cases where the classification of the participating stakeholder was not evident, we clarified it through online searches based on the information in the CLs. While the first author’s attributes are decisive when a CL is signed by two or more authors, we find that the classification holds for the other authors in almost all cases.
9. Corporate banks and insurers can be seen as (potential) preparers or users (of sustainability reports). Following Reuter and Messner (2015) and studies on participation in financial accounting standard-setting (e.g. Gäumann and Dobler, 2019; Jorissen *et al.*, 2012), we categorize corporate banks and insurers as preparers. This choice works for our *H1.1*, which nevertheless is not supported by our evidence.
10. Following Larson (2007), individuals with ties to a specific organization who did not explicitly state that they were presenting their individual views were grouped with that organization.
11. We could not assign 77 stakeholders to one of the categories of jurisdictional origin; most of these stakeholders were individuals participating through the ISSB’s questionnaire.
12. In testing our *H5.1–H6.2*, we incorporated the stakeholders from Hong Kong and Taiwan into China and the stakeholder from the Cayman Islands into the UK using the scores of China or the UK, respectively. This is because SDG scores and EPI scores are not available for Hong Kong, Taiwan and the Cayman Islands.
13. It is worth noting that EFRAG did not submit a CL in response to ED IFRS S1 or ED IFRS S2.

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