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## **Rhetoric in International Standard Setting Process: Constructing Accounting Reality**

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### **ABSTRACT**

The paper seeks to explore in depth the ways in which rhetorical strategies are employed in the international accounting standard setting process. The study proposes that rather than simply detailing new accounting requirements, the texts and drafts of accounting standards are artefacts, i.e. deliberately and carefully crafted products, that construct, persuade and encourage certain beliefs and behaviours. The persuasive and constructive strategies are also employed by the constituents submitting comment letters on the regulatory proposals. Consequently, the international accounting standard setting process is an 'interactive process of meaning making' (Fairclough, 1989). The study regards accounting as a social construct based on intersubjectivity (Searle, 1995; Davidson, 1990, 1994) and posits language as a constitutive factor in the process (Saussure, 1916; Peirce, 1931-58). This approach to the use of language and the role of rhetoric as a persuasive tool to convince others to our perception of 'accounting reality' is supported by the sociological work of Bourdieu (1990, 1991). Bourdieu has drawn our attention to how language becomes used, controlled, reformed and reconstituted by the social agents for the purposes of establishing their dominance. In our study we explore in particular the joint IASB and FASB proposals and subsequent regulations on the scope of consolidation and relevant disclosures that address issues of off-balance sheet financing, a subject that is very timely and of great topical importance. The analysis has revealed sophisticated rhetorical devices used by both the Boards and by the lobbyists. These reflect Aristotelian ethos, pathos and logos. The research demonstrates that those using accounting standards as well as those reading comment letters on the proposals for new standards should be aware of the normative nature of these documents and the subjectivity inherent in the nature of the text.

**Keywords:** standard-setting, group accounts, rhetoric, semiotics, social constructionism