

Group Agency, Collective Attitudes and Intragroup Deliberation

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Recent attempts to understand the phenomenon of group agency have done so by looking at conditions required for the formation of group attitudes ([List and Pettit, 2011](#)), particularly using axiomatic methods. In this paper, we argue that this methodology is unhelpful, both on normative and descriptive grounds, for understanding how groups form collective attitudes. Drawing upon a case study involving the formation of accounting regulation by the International Accounting Standards Board, we show that this group (and, we suggest, many other groups) routinely behave in ways which violate their proposed axioms. We argue that attending to details of the dynamics of intragroup deliberation seems to shift responsibility to the individuals involved, rather than the group. This suggests alternate methods for analysing group agency and group attitude formation are required.

1. Introduction. There are many reasons to be interested in group agency, collective attitudes, and how we might attribute attitudes to groups.¹ One reason stems from concerns about corporate accountability. It is frequently held that only *moral agents* are the sorts of entities which can be held responsible for what they do, in the sense of being blamed, praised, rewarded or punished. (This sense of responsibility goes beyond causal responsibility; it makes no sense to punish the toaster, when it burns the bread, even though it is causally responsible for the outcome.) Agency, on the standard view, (see [Davidson, 1963, 1980](#); [Dretske, 1988](#); [Bratman, 1987](#)) exists when an entity is capable of intentional action.² On the Davidsonian picture, a necessary condition for intentional action is that the entity possesses a reason (consisting of a pro-attitude and a belief) and the reason causes the action.³ Group agency, then, requires that we be able to

¹In this paper, we use “group” and “collective” as synonyms, as our discussion never concerns what one might call a “mere collection” of individuals.

²In what follows, we shall be working entirely within this standard tradition, largely as a simplifying assumption. If one follows [Frankfurt \(1971\)](#) in thinking that there is a difference between human agents and other agents, deriving from the structure of the will, then this difference may likely manifest itself between human agents and group agents, as well. Are group agents capable of forming second-order desires? If not, then groups are not agents in the same sense as human agents. Does this mean that groups cannot be moral agents, and held responsible for their actions? We think that whether a group can be held responsible turns on whether groups have the right kind of control over what they do ([Watson, 1987](#), pg. 258). In the end, we are sceptical about whether this condition is satisfied.

³This is only a necessary condition, and not a sufficient one, due to the problem of deviant causal chains. These occur when behaviour appropriate to an agent’s intention is caused, but not “in the right way” (see [Mayr, 2011](#)).

attribute suitable beliefs and pro-attitudes to groups as a whole.⁴ Hence, a theory of corporate *accountability* would thus seem, at least *prima facie*, to require a theory of corporate *agency*, which in turn requires attributing attitudes to groups.

A second reason to be interested in collective attitudes is that many organisations aim at some kind of collective action, whether it be realising certain governmental ends, the design and manufacturing of certain goods, the marketing and selling of certain services, and so on. End-directed action of this kind is only possible when there is some common aim or purpose which the group tries to realise. A group which does not have a common aim and a common purpose regarding what it is trying to achieve is, at best, ineffective and, at worst, self-defeating. Yet given that groups are composed of individuals, each of whom has his or her opinion on what the group should try to achieve, how does the group, as a whole, arrive at agreement about the collective end? In short, how does the group attitude supervene on the attitudes of individuals? Closely related to this are questions of how to understand the phenomenon of collective intentionality and collective action (see Gilbert, 1989; Searle, 1990; Tuomela, 1991; Bratman, 1999; Pettit, 2001a).

And, finally, a third reason for being interested in the formation of collective attitudes is that some groups are explicitly tasked with formulating strategy or policy. These cases, although they share some features of attitude aggregation, also contain acts of collective creativity. Studying these cases may involve processes where a group of individuals arrive at a collective attitude or decision, where individuals might not only have disagreed about what to do, they might not even have *conceived*, at the outset, of the decision arrived at the end. These cases are important for understanding group agency and group responsibility, for they touch upon matters related to control. According to the merit-based view of responsibility, an agent can only be blamed or praised for what they could have done otherwise. Whether a group agent could have done otherwise can thus be approached via the question of how did a group decide what end to pursue in the first place (a question about the formulation of strategy), or how did it decide to pursue that end (a question about the formulation of policy). Are groups capable of exercising the right kind of control, to be responsible?

In this paper, we examine how groups form collective attitudes by concentrating on examples of this third kind. We focus on the process of constructing accounting regulation by a global accounting regulator, the International Accounting Standards Board (IASB) and its immediate predecessor the International Accounting Standards Committee (IASC). These two groups strike us as a relevant

⁴There may be a further question as to whether group agents count as moral agents. Nevertheless, if a group is a moral agent, then it is an agent, and so under the standard picture we have to be able to attribute attitudes to groups as a whole.

and interesting area for studying group agency through the formation of group attitudes for several reasons. First, it is a reasonably “pure” form of collective attitude formation because the members of these boards are not accountable to an electorate, but only to their stakeholders through consultation processes and transparency considerations.⁵ Second, because we have access to detailed interview data involving key members of these regulatory bodies, we are able to open up the “black box” of the group, partially revealing the internal dynamics through which collective decisions are made by these groups (see [Morley, 2016](#)). This matters because specific attention to the dynamics of intragroup deliberation is largely overlooked in some recent work about group agency (see, for example, [List and Pettit, 2011](#)). Neglecting details of intragroup dynamics matters because formal questions about the very *possibility* of group agency — which play such a central role in the work of [List and Pettit \(2011\)](#) — seem much less philosophically relevant once one appreciates how intragroup dynamics play out, in some cases. In particular, we argue that worries about the very possibility of group agents based upon the impossibility results of the judgement aggregation literature loses much of its bite.

In what follows, we investigate the relationship between intragroup dynamics and the formation of collective attitudes, proceeding from abstract theory, to empirical detail, and back again. We begin by examining the view of [List and Pettit \(2011\)](#), who argue that the very possibility of collective attitude formation (and, for their purposes, group agency) is problematized by results from the judgement aggregation literature. We argue that their axiomatic constraints on the supervenience relation between individual attitudes and the collective attitude place a number of implausible (and unrealistic) constraints on the matter. Thus, if their axioms are seen as establishing *normative* constraints on the relation between collective attitudes and individuals, they fail, in general, to be plausible. We then argue that, if their axioms are seen as attempting to provide a *descriptive* characterisation of what the actual relation is between collective attitudes and individual attitudes, that this, too, fails in multiple cases (and the failure is probably widespread, in general).⁶

From this, we conclude two things. First, that a full and complete understanding of the relationship between collective attitudes and individual attitudes requires engaging with the dynamics of intragroup deliberation. Second, that attempting to understand the problem of collective attitude formation from an

⁵The board members appointed by the IFRS Foundation are selected to form a board containing a range of accounting and business skills and to reflect the geographical composition of stakeholders.

⁶We do so by consulting extensive interview data of IASB board members, reflecting on the dynamics of intragroup deliberation when attempting to establish regulation on several different projects (see [Morley, 2016](#), for more detail).

axiomatic perspective — although perhaps helpful for some kinds of groups in some cases (such as groups seeking to preserve a concept of democratic legitimacy) — is unlikely to be helpful when seeking to understand groups, in general. Instead, concentrating on the intricacies of intragroup dynamics and social psychological factors (such as groupthink, bystander effects, and the influence of social norms) will be much more illuminating. We suspect many of the phenomena we identify as being powerful causal influences on how the IASB formed a collective attitude reappear across many other groups. We suggest that, contrary to recent work in the literature (e.g., [List and Pettit, 2011](#)), attending to the dynamics of intragroup deliberation favour an eliminativist account of group agents.

2. Why collective attitude formation is allegedly hard to achieve. Recall that, according to the standard model of agency, an agent needs to act intentionally. Collective agency, then, naturally requires that one be able to ascribe to the collective those intentional states required for intentional action. According to [List and Pettit](#) an agent is any system featuring representational states, motivational states, and “a capacity to process them and to act on their basis” ([List and Pettit, 2011](#), pg. 20). Given this they then offer the following definition:

“What, then, is a ‘group agent’? It is a group that exhibits the three features of agency as introduced above. However this is achieved, the group has representational states, motivational states, and a capacity to process them and to act on that basis in the manner of an agent. Thus the group is organized so as to seek the realization of certain motivations in the world and to do so on the basis of certain representations about what that world is like. When action is taken in the group’s name — say, by its members or deputies — this is done for the satisfaction of the group’s desires, and according to the group’s beliefs.” ([List and Pettit, 2011](#), pg. 33)

A group agent, then, is a collective for which it makes sense to speak of the beliefs and desires of the collective *itself*, rather than just the beliefs and desires of each individual member. In speaking of beliefs and desires, we intend these terms to be interpreted broadly: “beliefs”, for us, stands for cognitive attitudes, generally, and “desires” stands for what Davidson called “pro-attitudes.” Hence, the desires of a collective include, in part, the collective’s goals and ambitions.⁷ Of

⁷Although section 3 examines, in considerable detail, how a group such as the IASB tries to achieve its goal of creating accounting regulation covering certain kinds of issues — such as non-financial liabilities — we do not address questions of how that goal is itself established. For our present purposes, we take the overall objective to be specified in the terms and conditions of the document constituting the group. The important question, as we see it, is how different group members interpret and understand what it means to fulfil the overall objective.

course, since a group cannot exist without being realised in some set of members, there is an important sense in which the beliefs and desires of a group cannot exist independently of its members. Yet since groups may outlive any individual member, and “churn” in the membership of a group may mean that its current composition does not include any individual who played a part in arriving at a particular collective attitude, philosophical questions exist in how we attribute collective attitudes to a group across time.⁸ However, what, exactly the nature of the relationship is between the beliefs of the individual group members and the beliefs of the group turns out to be a surprisingly difficult and delicate question to answer, even if we ignore the intertemporal aspects.

2.1. The challenge of the discursive dilemma. The reason why, according to List and Pettit, forming collective attitudes is hard has to do with difficulties in finding an appropriate mechanism, or aggregation function, for aggregating individual attitudes into collective attitudes. This problem was first discussed in the political science literature by Kornhauser and Sager (1986) under the name of the “doctrinal paradox”, with the problem later being generalised by Pettit (2001b) as the “discursive dilemma”. Yet the real explosion in the contemporary literature occurred as a result of an impossibility result of List and Pettit (2002; 2004). Since then, an entire subdiscipline has developed around a number of issues related to judgement aggregation and attitude aggregation more generally.

The essence of the problem derives from the following insight: each individual person who belongs to a group might have a consistent set of beliefs regarding the matters about which the group needs to form a collective belief, yet intuitively

⁸This raises a question on the extent to which, say, a corporation can be identified with the group agent constituted by its employees, directors or deputies. There seems to be good reason to think that the relationship between the two can be quite complicated. Firstly, as Searle notes in *The Construction of Social Reality*, some parts of social reality are abstract formulations with no physical realisation. A corporation may exist without having any physical realisation: no head office, no employees, and no assets. This shows that a corporation is conceptually separable from the group agent associated with it. Secondly, just as we might want to speak of the same group agent existing over time, despite there being changes in the individual members (say, when there is turnover on the board of directors), we may also want to speak of the same corporation existing over time, despite non-trivial changes in the group agent associated with it. In extreme cases, we might even want to deny that the group agent currently associated with a corporation is the same group agent as was previously associated with it, despite there being certain types of continuity (e.g., that there has always been a board of directors of the company). Consider, for example, the arguable lack of identity between the group agent associated with the Nokia Corporation’s original board of directors, which initially was a pulp mill company, and its current board of directors, when Nokia is a manufacturer of telecommunications equipment and computer software. We do not propose to enter in to these questions to any extent in this paper — we mention them simply to note that the relationship between group agents and corporations can be metaphysically complex

plausible requirements on how to aggregate generate inconsistent beliefs at the collective level.⁹ What might some “intuitively plausible requirements” on moving from individual beliefs to aggregate group beliefs look like? List and Pettit propose the following constraints on the “aggregation function” which takes, as arguments, the profile of beliefs of each individual in the group and returns, as output, the group belief profile:

Universal domain. The aggregation function admits as inputs any possible profile of individual attitudes towards the propositions on the agenda, assuming that individual attitudes are consistent and complete.

Collective rationality. The aggregation function produces as output consistent and complete group attitudes towards the propositions on the agenda.

Anonymity. All individuals’ attitudes are given equal weight in determining the group attitudes. Formally, the aggregation function is invariant under permutations of any given profile of individual attitudes.

Systematicity. The group attitude on each proposition depends only on the individuals’ attitudes towards it, not on their attitudes towards other propositions, and the pattern of dependence between individual and collective attitudes is the same for all propositions.

Given these four requirements on the aggregation function, one can establish an impossibility result: there is no aggregation function capable of meeting all these criteria for any nontrivial group. This, then, creates the following philosophical problem for List and Pettit: Insofar as these requirements seem *prima facie* reasonable requirements characterising the supervenient relationship between individual attitudes and the collective attitude, there is no way of reconciling the

⁹The canonical example of the discursive dilemma is listed below. Suppose three individuals need to form a collective judgement on the propositions “ p ”, “if p , then q ” and “ q ”. The table below shows how each of the three individuals may have a consistent set of beliefs yet, if we consider the outcome of majority voting, the resulting set of beliefs is inconsistent.

	p	if p then q	q
Individual 1	True	True	True
Individual 2	True	False	False
Individual 3	False	True	False
Majority	True	True	False

collective attitude with the individual attitudes. How, then, are we to understand the dependence of the collective attitude upon on the individual members of the group?

List and Pettit consider a number of possible responses as to which of the various axioms are more or less reasonable, and ultimately settle on Systematicity as the one most likely worth dispensing with. In the rest of this section, we will argue that this is too weak. Rather, we suggest that, if viewed as a *normative* requirement on the dependency relation between collective attitude and individual attitudes, in fact *all* of the axioms are reasonable candidates for being disregarded.

2.2. *How seriously should we take the impossibility result?* Consider the first axiom of Universal Domain. On the face of it, this seems an innocuous requirement. List and Pettit (2011, pg. 51) defend the requirement as follows: “An aggregation function satisfying universal domain exhibits a certain kind of ‘robustness’: it works not only for certain special inputs but for all possible inputs that may be brought to it.” Yet why should we require this sort of robustness?

As an intuition pump, consider the case of board deliberations at a regulator tasked with revising aspects of the international tax code. Suppose that members of the board of regulators are selected in order to ensure appropriate diversity regarding geographical representation, areas of expertise, and past experience. (Suppose further that such diversity is required by the board’s constitution.) Universal Domain states that the aggregation function must allow, as possible arguments, *any combination of logically possible belief profiles*, so long as they are consistent. But given the design of the board, this seems an *unnecessarily* robust requirement. Firstly, since the board is tasked with revising aspects of the international tax code, no member would suggest scrapping all aspects of the tax code, even though this is a logically consistent belief profile over the agenda (much less all members of the board suggesting this). And, given the diversity requirements of geographical representation, expertise and experience, other combinations of belief profiles almost surely would never be presented as arguments to the aggregation function.

The point generalises: we need to distinguish between the set of all *logically possible* (consistent) belief profiles, and the set of all *reasonably permissible* (consistent) belief profiles. Many groups are created with specific purposes and aims in mind, even if only loosely specified. The aggregation function only need to be defined for those belief profiles which cohere, in a very broad sense, with the purpose and remit of the group.¹⁰ The set of reasonably permissible belief profiles is restricted

¹⁰Another way of putting the point is that, for any sufficiently complex problem of attitude aggregation, the set of all logically possible belief profiles which are consistent will typically include profiles that fail to cohere with the general set of background knowledge and assumptions

by an implicit filter, based on various considerations, which constrains the kinds of attitudes that will be party to the deliberation. The point is this: universal domain is an unnecessary requirement since many possible belief profiles will simply never be real, live possibilities in the group deliberation problem.

Now consider the second axiom of Collective Rationality. This may appear to be the most unproblematic of the axioms, as it only requires that the group attitude be consistent and complete. Yet, even here, there are two causes of concern. First, completeness may not always result from group deliberation. In difficult cases, it is important to allow the possibility of the group refraining from judgement, even if a particular proposition is up for debate. Second, although consistency is a reasonable requirement when we consider the aggregation of *beliefs*,¹¹ it is less clear that mere consistency is the right requirement when we consider the aggregation of pro-attitudes such as desires. Here is the difference: whereas a set of beliefs is consistent if there is a possible world in which they are all true, a set of desires is consistent if there is a possible world in which they are all satisfiable. This satisfiability requirement just checks whether they are compossible, yet compossibility, on its own, is insufficient to ensure that a set of desires is rational. Consider the following: suppose we want to be a successful and popular businessperson, while being ruthless and impulsive, and, at the same time, ignorant of economics and regulation. Although this set of desires is, strictly speaking, compossible, there is an important sense in which the set of desires are partially self-undermining, or partially incompatible with each other from the perspective of developing plans for future action. Although there is a possible world in which being a successful and popular businessperson co-exists with being ruthless and impulsive and ignorant of economics and regulation, in the actual world choosing to be ruthless and impulsive greatly lowers the likelihood of being a popular businessperson, and being ignorant of economics and regulation lowers

required to make the attitude aggregation problem possible; hence not all logically possible consistent belief profiles would actually be considered as reasonable. The initial plausibility of the axiom of universal domain, we suggest, derives from the fact that it is typically introduced by means of a simple intuition pump: a toy example involving three simple propositions of which the only attitudes permitted are the belief that it is “true” or “false”. And even the generalisation of this, presented by [Dietrich and List \(2010\)](#), only moves from binary to non-binary judgements in the sense of considering ordinal rankings, probabilities or utilities.

¹¹Note, though, that even with the aggregation of beliefs consistency is a potential concern the moment we consider consistency across time. A group may find itself forced to take a position on several issues as a result of unexpected stochastic shocks in its external operating environment. In doing so, the new beliefs adopted might well be inconsistent with past beliefs agreed by the collective. This may happen in several different ways. The individual *composition* of the group might have changed, so if the current group had been asked to consider a past agenda, they would have arrived at a different collective belief. Alternatively, the membership of the group might have remained the same, but the individuals have updated their beliefs in light of new evidence over time.

the likelihood of being successful. It seems that rational consistency of desires thus requires a higher standard than merely compossibility: it should identify a set of desires which are mutually supportive, in that aiming to satisfy one desire does not simultaneously thwart one's ability to satisfy others. Since this holds in the case of individual desires (as illustrated) we think a similar point should equally be imposed upon the aggregate desires of a collective.¹²

Now consider the axiom of Anonymity, which says all individuals' attitudes are given equal weight in determining the group attitude. As a principle underwriting democratic legitimacy, and hence groups constituted with that end in mind, this arguably makes sense. (In those cases, treating all members equally is one of the reasons the group is, in fact, constituted.) However, not all groups are constituted for the purpose of preserving democratic legitimacy. Many groups are constituted for other purposes, where that purpose is one to which all the other activities of the group are to be subordinate. As a trivial example, consider, for example, that the UK Companies Act 2006 (§172) requires a director of a company to "promote the success of the company for the benefit of its members as a whole." Anonymity exists, at best, in tension with this obligation. Why would each member on the board of directors be given equal weight when determining the group attitudes *unless* doing so served to realise that end? Talents and skills are distributed unequally across persons, and this occurs no less often amongst directors on a board. Anonymity sits ill at ease with the existence of experts, and the fact that some persons are simply more informed or better at making decisions in certain areas than others.

Finally, consider the axiom of Systematicity. This axiom says, in effect, that if the agenda contains propositions "*p*", "*q*" and "*r*", that the group attitude concerning "*p*" is based only on the individual attitudes concerning "*p*". If we restrict attention to matters of *belief* aggregation, in a context where there is an objective fact of the matter regarding the truth of each proposition, and independent evidence can be collected in support of accepting (or rejecting) each proposition, Systematicity has some intuitive appeal. Yet the moment we consider aggregating beliefs about cases where there may not be an objective fact of the matter regarding their truth, Systematicity begins to lose its appeal. Why? Because in such cases we are expressly interested in *systemic* interconnections across propositions, where we look at the overall *coherence* of the view arrived at. The possibility of introducing overall coherence considerations is denied by Systematicity.¹³

¹²For example, suppose the board of a university wants to raise its international reputation regarding research and teaching, but at the same time finds itself facing the need to cut spending on faculty salaries. These two aims, although compossible, are mutually antagonistic given the standard incentives motivating people.

¹³Consider the case of a university which needs to adopt a view on the following three proposi-

Furthermore, in cases where the group aggregation problem concerns future-directed attitudes, such as formulating goals, strategies, and plans, Systematicity excludes, as a matter of principle, the following behaviour which is so crucial to the smooth running of committees and groups: the ability to compromise. In section 3, we will give examples of how in the case of IASB, the group members often found themselves compromising on the content of certain standards (that is, with respect to what they believed would be the best possible outcome) in order to get the standard published (which meant getting approval of the relevant stakeholders). One extreme form of this involves the following: IASB often found itself working on several different standards at the same time, and it occasionally made the decision to hold off on publishing one standard in order to have better success at another, even though there was little conceptual connection between the two. This kind of horse-trading frequently occurs in contexts where political considerations play a role, and we must recognise that, when we look at the fine-grain details of intragroup deliberation, group aggregation problems are shot through with such political considerations.

Thus we see that there are good reasons to be wary of taking seriously the four constraints on the group aggregation function put forward by List and Pettit (2011), if viewed as normative constraints on the aggregation function. But are these concerns borne out in practice? How do real groups deal with these aggregation problems? What if, that is, we interpret the axioms as attempting to characterise, descriptively, the behaviour of actual groups facing problems of collective attitude formation?

To answer this question, we now turn to evidence from a case study that focuses on the development of international accounting standards. Specifically, we identify the processes by which the board of a standard-setting agency aggregated the beliefs of its individual members to generate the technical rules contained within accounting standards.

3. The dynamics of intragroup deliberation. In what follows, we develop a case study of the dynamics of intragroup decision making which draws upon extensive interview evidence of individuals involved with the International Accounting Standards Board (IASB).¹⁴ Twenty-four interviews (with twenty-two individuals) were conducted between July 2009 and September 2016 (see Appendix A for details). The interviewees were selected using a technique known as

tions: whether to admit more postgraduate students, whether to admit more overseas students, and whether to admit more natural science students. It's natural to think that one's view on whether to admit more postgraduate students can depend on one's view about whether to admit more overseas students.

¹⁴Note that the IASB was preceded by a separate body known as the International Accounting Standards Committee (IASC) and thus some interviewees will refer to the IASC in their remarks.

respondent-driven sampling (Gile and Handcock, 2010; Biernacki and Waldorf, 1981; Coleman, 1958) which enabled us to identify the epistemic community of standard setters who would be expected to have knowledge about the process of standard setting at the IASB — in particular the way in which board deliberations took place. The duration of each interview was approximately 90 minutes and interviewees were guaranteed anonymity in order to encourage them to speak freely. The interviews were semi-structured, with interviewees being asked open-ended questions which were intended to encourage them to talk about the factors that affected the process of developing an international accounting standard.

In this case study, we show that — as a matter of *fact* — real groups regularly violate all four axioms. Since real groups routinely behave in ways which violate these axioms, and yet still manage to arrive at collective attitudes, that suggests that the decision theoretic problem of attitude aggregation — although relevant for a class of formal decision problems — fails to capture what is truly at the heart of group attitude formation.¹⁵ As we will see, the details of intragroup dynamics discussed below show that many of the conceptual objections raised in section 2.2 are well-grounded in fact.

First, some background about the IASB and why it is so important. All listed companies in Europe are required by the EU to prepare financial statements in compliance with the rules set out by the IASB, known as International Financial Reporting Standards (IFRS). These accounting standards contain rules that specify how a corporation must account for its activities, for example when it can take profit on a long-term property development project or how it must report the value a derivative contract. At its inception in 2001, the IASB adopted existing IASC standards but also set about publishing a number of new standards. The primary objective of the IASB is to enhance the international comparability and quality of financial information and strengthen accountability.¹⁶

The board of the IASB (the group which is the focus of our analysis in this section) is made up of experts from backgrounds in business, finance and national standard setting. Due to their varying backgrounds, the board members possess a range of different technical skills. These individuals serve a term of between 5 and 10 years and work on a range of different ongoing projects at any one time. The process of developing a new standard requires technical staff at the IASB produce a draft document that goes through a number of iterations with board level input before it is subject to a final vote by the board members. The draft standard is adopted by the IASB if it is passed by a simple majority of the board members. In

¹⁵In essence, we suggest that although these axioms might be seen as having some force if viewed as normative ideals for, say, participation in certain democratic political systems, they begin to lose their lustre when we consider groups whose purpose and design is not based upon democratic ideals and norms of egalitarian participation.

¹⁶<http://www.ifrs.org/About-us/Documents/Who-We-Are-English.pdf>

order to demonstrate its accountability to its stakeholders, the IASB places great importance on procedural transparency. As a result, all meetings of the IASB are open to observers and are webcast. Consultative documents, such as discussion papers and exposure drafts of proposed standards are made available for public feedback.

3.1. Violations of Systematicity, internal and external. In 1995, the International Accounting Standards Committee (IASC) faced a serious challenge. In order to retain its authority as an international accounting standard setter, it had to comply with a requirement by the international regulator of stock exchanges, the International Organisation of Securities Commission (“IOSCO”)¹⁷ to produce a set of core standards in a three year 3-year deadline, including a standard on financial instruments. If the IASC failed in this, it would not gain IOSCO endorsement for any of its standards, which would consequently not be adopted by listed companies. As we will see, this pressure from IOSCO led to a violation of the Systematicity axiom.

The urgent need to complete the core standards had a significant effect on the process by which the standard for financial instruments, *IAS 39 (1998)*, was developed.¹⁸ Rather than producing a new standard from scratch, the board decided to save time by copying much of a newly written US standard for financial instruments produced by its US counterpart, the Financial Accounting Standards Board (FASB).¹⁹ According to a former IASC board member, the board spent very little time deliberating on the detailed technical content and voted through a standard, that was copied almost verbatim from the US.²⁰

Thus we see that, under pressure, the IASC board chose not to deliberate on the technical content of the standard, which demonstrates a failure of Systematicity since the standard was approved by the board for reasons other than their attitudes on the individual parts of the proposal. Yet this type of failure of Systematicity is one not explicitly acknowledged by [List and Pettit](#); what we have, here, is not an interaction between the beliefs of individuals concerning

¹⁷Some of the institutions referred to in this paper use the spelling conventions of British English (“organisation”) in their name, whereas others use the conventions of American English. We do not attempt to normalize spelling.

¹⁸A financial instrument, such as a derivative, is a contract that gives rise to a financial asset of one entity and a financial obligation of another entity.

¹⁹The IASC board believed that this would be acceptable to IOSCO, given that the US Securities and Exchange Commission (SEC) represented one of the dominant members of IOSCO and would be expected to find a US-style standard acceptable ([Camfferman and Zeff, 2007](#), pg.10).

²⁰For further corroboration of this view, see the discussion in (159-160 [McGregor, 1999](#)). McGregor, a former IASC board member, supports the view that the endorsement sought by the IASC from IOSCO meant indirect influence from the US regulators as “...the linchpin to IOSCO endorsement is endorsement by the SEC”.

other propositions *on the agenda* — what we might call an *internal* failure of Systematicity — but an interaction between the individual group members’ beliefs about non-agenda concerns (e.g., “the IASC needs to remain relevant”) and their beliefs concerning a number of *external* factors in the world (e.g., “IOSCO would approve of this regulation”). The actual content of the agenda up for a collective decision was largely incidental.²¹

3.2. *Violations of Universal Domain.* In section 2.2, we provided some conceptual objections to the axiom of Universal domain. Here, we show several ways (which we think are often the case) in which Universal Domain can be violated in practice. First, recall that the formal framework of List and Pettit takes both the agenda and the composition of the group as *exogenous* parameters. However, in reality, causal connections may exist between the two. This arises because individuals on the committee charged with deciding what propositions should be accepted may be able to exert influence on the agenda. Furthermore, board composition may not be exogenously determined. Finally prior experience and group effects may result in restrictions on diversity of opinion on the board, often with polarisation of views. In what follows, we illustrate instances of all three kinds of failures of universal domain in the case of accounting regulation.

To begin, two individuals, Kenneth Spencer and David Tweedie, selected the first group of IASB board members, with David Tweedie himself becoming a boardmember. According to former board member Warren McGregor:

“They appointed a group of people they believed could work well together, had already demonstrated strong belief in the Board’s mission, were by and large of like mind and were intent on reforming financial reporting.” (McGregor, 2012)

Many of the members of the initial board had worked together in the past and had developed common preferences about approaches to financial reporting (822 Zeff, 2012). Thus, the preferences of the initial board were skewed towards new approaches to accounting, in particular that of fair value accounting.²² (In

²¹The moment these external considerations are taken into account, we can see some additional requirements which List and Pettit consider imposing on the aggregation function to be implausible as well. Take, for example, the axiom of Unanimity Preservation, which states: “If all individuals hold the same attitudes towards all propositions, then these unanimously held attitudes are the group attitudes” (List and Pettit, 2011, pg. 55). External factors, off the agenda, make it entirely possible for all members of a group to unanimously agree that, although they all personally think ‘ p ’ rather than ‘ $\neg p$ ’, given these external factors, the collective attitude should be ‘ $\neg p$ ’, where the violation of unanimity happens in an utterly non-mysterious way.

²²Broadly speaking, the fair value approach reflected a focus on the assets and liabilities of an entity (rather than on its income statement) and required the measurement of these items at current market value, or a proxy for this where market values were not available.

the language of List and Pettit, this served to reduce the diversity of possible arguments to the aggregation function of the group.)

The core members of the new board were native English speakers who had been members of the G4+1, a transnational group of accounting standard setters.²³ These board members had already developed a strong ideological commitment to fair value accounting, before being selected for board positions at the IASB (Interviewee-21), thereby also limiting the range of views represented on the board.

In addition, during the first ten years of the IASB, group effects among the board members resulted in a polarization of views between those who advocated fair value accounting (subsequently described as “space cadets”) and those who did not (known as “dinosaurs”). Furthermore, the fair value group was even spatially separate from the non-fair value group, seated on one side of the board table in a space referred to as ‘fair value alley’. The members of the fair value group frequently expressed exasperation at the negative responses to their proposals and were dismissive of criticisms of their approach. Group effects on the board thus restricted the possible attitudes individuals may have adopted by squeezing out the middle ground between fair value and non fair value approaches.

3.3. Violations of collective rationality. In order to ensure consistency between accounting standards addressing different areas of business activity, and those developed in different time periods (with different board members), the IASB board is required to comply with its “conceptual framework”, which specifies definitions of accounting concepts. According to the IASB, the conceptual framework is a “practical tool that assists the [b]oard to develop IFRS Standards that are based on consistent concepts”.²⁴

It is worth noting that the role of the “conceptual framework” of the IASB has no explicit counterpart in the theory of List and Pettit (2011). However, the following shows that a natural analogue to the conceptual framework exists in their theory. Consider, for example, their discussion of the “doctrinal paradox”:

“Suppose a three-member court has to make a decision in a breach-of-contract case. The court seeks to make judgements on the following propositions:

- The defendant was contractually obliged not to do a certain action.

²³The G4+1 working group enabled standard setters to develop new approaches to accounting issues within a social setting (see Street, 2005, pg. 98).

²⁴<http://www.ifrs.org/Current-Projects/IASB-Projects/Conceptual-Framework/Pages/Conceptual-Framework-Summary.aspx>

- The defendant did that action.
- The defendant is liable for breach of contract.

According to legal doctrine, obligation and action are jointly necessary and sufficient for liability; that is, the conclusion is true if and only if both premises are true.”

(List and Pettit, 2011, pg. 44)

The last sentence in the quoted passage, in which necessary and sufficient conditions for a legal liability²⁵ are provided, is akin to what the conceptual framework of the IASB does. The conceptual framework encapsulates the shared background knowledge which is supposed to make precise and disambiguate the content of the agenda faced by the IASB. (Note that, in the List and Pettit example, we might also include a theory of causality, for making sense of what it means to say that the defendant “did that action.”)

Charitably, we might interpret List and Pettit as frequently omitting those portions of the agenda which are generally agreed upon by all members of the group. In this case, their examples of agendas are best viewed as enthymemes with a number of additional unstated assumptions. However, this would seem to beg the question of collective rationality, for how do we know that the collective, in reaching agreement on the three propositions stated, is doing so consistently with the definitions of the key terms? Collective rationality can only be upheld if the collective attitude on definitions of the key terms is consistent with the collective attitude on the three propositions. Now, List and Pettit might see this as unproblematic given the intuitions underlying Systematicity and Proposition-wise Unanimity Preservation. Yet we have already seen that Systematicity frequently fails, as can Unanimity Preservation, and so we would expect Proposition-wise Unanimity Preservation could frequently fail as well. Overall, these considerations should give one pause about accepting Collective Rationality so readily.

In reality, instances can be found in which the conceptual framework failed ensure the use of consistently defined concepts in published IASB standards. One project to revise an existing standard on non-financial liabilities, [IAS 37 \(1998\)](#), met with criticism from constituents, because the definition of a ‘liability’ included in the draft standard was inconsistent with the definition provided the IASB

²⁵We cannot emphasize enough how important it is to keep in mind that when we discuss “liabilities,” as in the case of “non-financial liabilities,” that we have something utterly distinct and entirely different in mind from the concept of “liability” in the legal context. Including this quote thus generates an unfortunate terminological collision, but since it so naturally references the presupposed background knowledge which is not part of the agenda — but which is necessary for understanding the very nature of the problem — it is difficult to avoid quoting this passage.

conceptual framework and the project was ultimately withdrawn.²⁶ However, at the time the project was withdrawn, some of the existing IASB standards, such as the standard on financial instruments (IAS 39, 1998), included a liability definition that was inconsistent with the conceptual framework, and in fact one very close to that definition in the standard that was rejected. Yet many other standards drew on the conceptual framework definition of a liability, some of which *were* consistent with it. Thus we see that the conceptual framework, in general, failed to ensure consistency of the concepts used in IASB accounting standards, meaning that the group attitude arrived at by IASB violated Collective Rationality on occasion.

3.4. Violations of Anonymity. Interview evidence demonstrates that anonymity was violated in two ways at the IASB. First, a sub-group of the board came to dominate discussions and ultimately influenced board decisions. Accounting scholars have argued that fair value accounting was “implicit in the IASB’s pronouncements” during its first ten years Whittington (2008, pg. 39), yet only a subgroup of the IASB advocated fair value accounting.²⁷ This subgroup was able to dominate the fragmented set of those opposing fair value (Lennard, 2002). The members of the fair value group were described by staff members as having forceful personalities and came to influence the outcome of board discussions by arguing forcefully for the superiority of a certain solution to a particular problem.

Two members of the fair value group in particular tended to sway opinion on the board. In section 2, we noted that the anonymity axiom is problematic when we allow for the existence of experts. However, this case is very different because their influence did not result from their ability to reveal evidence or suggest previously unconsidered arguments to fellow board members. Rather their approach was to brute force discussions using psychological tactics and social dominance.

One interviewee who observed a number of board meetings stated that certain board members were dominant at board meetings:

“The people who are English native speakers definitely dominated the conversations. And if you look to nationalities, it was two Americans who clearly dominated the table [...] Jim Leisenring and Mary Barth made sure their agenda is reflected in what was done by the IASB.”

²⁶An agenda paper prepared by the project team summarises the feedback received from constituents in respect of the second exposure draft published in 2010. One important criticism raised was that the project risked “undermining the authority of the framework” because it proposed an existence criterion for a liability that was at odds with that set out in the conceptual framework. (IASB Project Team, 2010).

²⁷Whittington served on the board of the IASB from 2001 to 2006.

This view is corroborated by an analysis of audio recordings that reveals the way in which the fair value group came to dominate the discussion (Morley, 2016). The members of the fair value group achieved dominance through a combination of confidence, English language fluency, rhetorical style and non-lexical factors, including physical gestures, for example banging the table or gesticulating.

Second, some board members influenced the technical content on which they ultimately voted. (That is, these members helped to shape the agenda upon which the group had to form a collective attitude.) The IASB procedures require technical staff to draft the proposed standards on which board members vote, thus requiring a separation between agenda-setting and the adoption of a standard by the board. In contravention of required IASB procedures, however, some board members determined elements of the technical content of the proposed standards (that is, the agenda in the List and Pettit sense) on which the board then voted. This occurred in three ways.

First, board members often engaged with staff outside the board meetings, advising them on how to approach particular problems and suggesting what solutions might prove to be fruitful. A staff member described how two board members, Tricia O'Malley and Jim Leisenring influenced the technical content of an exposure draft through their interactions with staff outside of board meeting. According to this interviewee:

“I guess the people I remember that I spoke to most all around us were Tricia [O'Malley] and Jim [Leisenring] [...] And, you know, as a process, I remember I had a lot of very good quality input from board members, you know, as the draft went through its various stages.”

The staff member continued by saying that:

“Jim [Leisenring] felt very passionately about it, of course — and was very supportive of the work that was being done [...] And he would just come in, you know, into my office, just to talk about it.”

It is not at all surprising that board members would have been willing to offer technical guidance to staff. However, through such interactions, members of the fair value group were no doubt able to exert influence on staff members preparing exposure drafts. As a result, the papers that appeared in the board meetings no doubt already reflected some elements of the fair value group's view, to a greater extent than if staff had been less directed. It should also be noted that these staff members, such as Interviewee-21, were often fairly new to the IASB and to technical accounting discussions, and were thereby potentially more open to influence by board members.

Second, board members sometimes physically drafted the content of standards for the staff. A former member of technical staff at the IASB stated:

“Mary and Tricia would come back with very detailed proposals for me [...] I think naturally when somebody gives you an answer as opposed to a problem, you are more inclined to take the one that gives you an answer.” (Interviewee-24)

These two fair value advocates on the board, Mary Barth and Tricia O’Malley, thus set the agenda indirectly by producing specific technical content for inclusion in the draft standard, rather than merely voting on technical content that the staff had developed independently.

Third, board members with strong fair value views sometimes pushed to recruit technical staff with views on accounting that conformed to their own, thereby determining the scope of possible technical content. One applicant for a position of assistant project manager at the IASB (Interviewee-22) suggested that one selection criterion for new technical staff members related to fair value accounting. In selecting staff whose views were in line with their own, this group of board members influenced the agenda by restricting the domain of possible accounting approaches likely to be included in draft standards.

It is worth noting that this lapse in the due process of the IASB constituted a violation of anonymity which falls outside the List and Pettit framework because they treat the agenda as an exogenous parameter. The moment an individual can influence the agenda, so that the agenda reflects their view, they are almost certainly exercising more influence than the other board members who have not written the technical content of the standard. If a committee must take a decision on some matter, making sure that your opinion is represented as a matter on the agenda, rather than the opinion of others, is a key step in getting that opinion accepted by the group.

4. Conclusion What, then, is the overall lesson to draw from this analysis and case study? The first is that the dynamics of intragroup deliberation readily feature political calculations, outcomes depending on external contingencies, interpersonal dynamics (such as bullying behaviour), and the imperfect judgements of persons. This is not surprising; yet the reason it warrants attention is because it immediately challenges the philosophical relevance of attempting to approach issues of group agency, and the formation of collective attitudes, using axiomatic methods along the lines of List and Pettit. Regardless of whether one thinks of their axioms as laying down normative requirements on how group attitudes are formed, or as attempting to characterise how group attitudes are actually formed, the approach is found wanting. Would that it were so simple.

But we think it shows more than that. Recent work in group agency has attempted to defend a non-eliminativist view of group agency, in which attitudes and actions can be attributed to groups in a way which is more than a figure of speech. As [Quinton \(1975\)](#) says, “To say that the industrial working is determined to resist anti-trade union laws is to say that all or most industrial workers are so minded.” Yet what the dynamics of intragroup deliberation call attention to is why the eliminativist view was attractive in the first place. There’s nothing special about how a board, like the IASB, decide what regulation to pass: a group of people get into a room and argue until, eventually, each person agrees on the way forward (sometimes for very different reasons). This is either because consensus has been reached, or because a majority has won out and all individuals in the minority camp are willing to go along with the rules. Nothing special obtains at the level of the group, this is purely a matter of appropriate attitudes being distributed at the level of individuals.

And there is something else that we think our case study shows. Attending to the dynamics of intragroup deliberation shows, in great detail, how the collective attitude was reached through the politicking, bullying, and horse-trading of individuals around the table. On the eliminativist view, it seems that, rather than hold the *group* responsible for that collective view, if it should happen to go awry, we should hold those *individuals* responsible who were most causally relevant in bringing that collective view about. But this, then, raises the following philosophical puzzle. We were interested in understanding collective attitude formation because that seemed a necessary first step in being able to assign responsibility to groups. Yet understanding collective attitude formation in the way we have shown seems to shift responsibility to the *individuals* involved, rather than the group. It seems the better we understand how groups operate, the less we have need to speak of *the group*.

Appendix A: Interviews conducted 2009–2016

No.	Name*	Position
1	Interviewee-1	Former IASC staff member
2	Interviewee-2	FASB technical staff
3	Interviewee-3	Big 4 partner (pensions specialist)
4	Interviewee-4	Former ASB technical staff and IASC staff
5	Interviewee-5	Former IASB and ASB board member
6	Interviewee-6	Former ASB technical staff
7	Interviewee-7	Former IASB board member
8	Interviewee-9	Financial Reporting Committee (ASB) and Big 4 partner
9	Interviewee-8	CFA analyst
10	Interviewee-10	ICAEW technical staff
11	Interviewee-11	Former president, Institute of Actuaries
12	Interviewee-12	Managing Principal (pensions), international actuarial firm
13	Interviewee-13	Former FASB staff member and IASB board member, worked on FAS 133
14	Interviewee-14	FASB technical staff
15	Interviewee-15	Financial analyst
16	Interviewee-16	Former ASB and IASB board Member
17	Interviewee-17	Former IASC and ASC board member
18	Interviewee-18	Technical staff IASB
19	Interviewee-19	Technical staff IASB
20	Interviewee-20	Technical staff IASB
21	Interviewee-21	Technical staff IASB
22	Interviewee-22	Applicant for IASB Staff Position
23	Interviewee-23	Former IASB board member
24	Interviewee-24	Technical staff IASB
25	Interviewee-25	Technical staff IASB

*Interviewee names have been replaced with codes to preserve anonymity

5. Ethical statement

5.1. *Compliance with Ethical Standards:* No funding was received for this project.

5.2. *Ethical Approval* All procedures performed in studies involving human participants were in accordance with the ethical standards of our institutional research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards. Informed consent was obtained from all individual participants included in the study.

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