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EMANCIPATORY ACCOUNTING AND CORPORATE GOVERNANCE: CRITICAL AND INTERDISCIPLINARY PERSPECTIVES

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This special issue of *Critical Perspectives on Accounting* was commissioned out of the successful second Middle East Critical Perspectives on Accounting Conference, which took place a few years ago (early in 2016) in Abu Dhabi. Nihel Chabrak and Yuri Biondi were the conference organisers. Nihel asked Jim Haslam and Rania Kamla to run a stream on emancipatory accounting. Christine Cooper, as one of CPA's editors, was an enthusiastic conference participant. Once the special issue was planned the issue's editors decided it would be good to open up the issue to papers whose themes had affinity with themes emphasised at the conference, including, notably, those in the emancipatory accounting stream. Of the accepted papers included here several were presented in earlier forms at the conference.

Accounting and governance are closely related. Depending on how accounting is delineated, (see Gallhofer et al., 2015; Gendron, 2018; Chabrak et al., 2019), one may argue that one implies the other. Accounting may be understood as a technology of governance (corporate governance and governance more generally) while accounting also shapes the nature of, and has implications for governance. There is an overlap in terms of the subject matter and the critical theorising. Moreover, in theorising, accounting context matters and this context clearly includes the corporation and its regulation. Perhaps unsurprisingly then, half of the papers in this issue take corporate governance as the main thematic focus, while the other half focus on accounting.

Reflecting once more on the question - 'what is a critical perspective on accounting?' - it is helpful to consider Held and McGrew's (2000) delineation of a critical theoretical approach. Their explanation corresponds with what Gallhofer and Haslam (2008) term the 'critical systems model'. Within this model, a situated observer sees the world as problematic, envisions a world that at least is understood as 'better' and envisages a way we can transform the world from how it is to this better world. In a very general sense, most observers could be understood to be critical in these terms (Parker & Thomas, 2011; Haslam, 2016). Where (important) difference occurs it is in what is seen as problematic, what better world is envisioned and what is understood, or taken to be, the best way forward to progressing to that better world. From this perspective, Held and McGrew's (2000) critical theoretical approach is strongly influenced by German Critical Theory, with its strong Marxist roots.

The domain of the critical has given rise to, and witnessed, a wealth of interpretations, refinements and alternative positions. A rich variety of social theories have emerged which are influenced by post-structuralist, postmodern and post-Marxist theoretical appreciations.

These differ in their particularities but may be interpreted and articulated as (at least implicitly) sharing a concern to support and foster interests, identities and projects that are progressive in terms reconcilable to, or having affinity with, the progressive position promoted by Held and McGrew (even while notions of progress and emancipation have been transformed). This engenders possibilities for the critical, including critical accounting, researcher (see Roslender and Dillard, 2003; Roslender, 2018). One can, of course, ask a similar question 'what is a critical perspective on corporate governance?' and elaborate very similar reasoning (see Gendron, 2018).

In contributing to critical research of the kind reconcilable to Held and McGrew's delineation in terms of progressiveness, different research studies in accounting and corporate governance give more or less emphasis (sometimes being more implicit than explicit) on the key dimensions of such a critical perspective. And there are various ways of treating accounting and corporate governance.

In seeing the world as problematic, the critical accounting (and corporate governance) researcher will see the focal accounting/governance object as problematic too, and as reflecting and indeed contributing to the world's problematic character. There is, on the surface, a marked difference between those, who have apparently little of a constructive nature, who conclude that the key thing is to suppress 'accounting' or other governance mechanisms (see Gallhofer & Haslam's, 2003, anecdotal evidence on especially negative views on accounting), and those who see 'accounting'/other governance mechanisms as having the potential to be transformed - so that they may function in a better way. There is an apparent difference of significance between those who see 'accounting'/other governance mechanisms as playing or at least potentially playing a role in bringing about a better world and those who seem to see these phenomena as at best, not helping this process.

These differences, to the extent they withstand a reflexive critical scrutiny, could be significant. Close critical and interpretive analysis has, however, problematized these differences and rendered them less absolute and significant. This type of analysis might enhance attempts to appreciate the different approaches and manifestations of the critical literature. Often the differences stem from the exact delineation of the central phenomenon. For instance, when people use the concept 'accounting' they may mean something quite different (see Gallhofer et al., 2015, on 'accounting delineation', how accounting is basically understood as a phenomenon; see Chabrak et al., 2019). People may invest accounting with such diverse meanings that they talk (and write) past each other in 'accounting' discourse, including in critical accounting discourse. Those taking different positions may simply understand accounting differently. And views suggesting that 'accounting' (and related phenomena) ought to be repressed, may be appreciated in relative, as distinct from absolute terms (e.g. one might better refer to particular dimensions of particular types of accounting needing to be repressed in particular situations).

Beyond this appreciation, it is a common aspect of many critical accounting and corporate governance studies that they emphasise the negative dimensions of current accounting practice but leave implicit any suggested ways forward.

The papers in this special issue can all be seen as contributing to critical accounting and corporate governance research. They address and subsequently open-up significant future avenues for exploring accounting-corporate governance in contemporary contexts. They do so through:

(i) focussing on the emancipatory potentialities of globalisation through exploring ways in which focused and pragmatic social activism can shift power relations in international accounting and governance arenas and empower more marginalised groups (Crawford, this issue; Gallhofer & Haslam, this issue) - these insights can inspire empirical and theoretical explorations about structure vs. agency as we better understand how incremental efforts and resistance can bring about change;

(ii) elaboration on contemporary forms of the accounting/corporate governance-imperialism nexus and the new varieties of local and international elite actors that are emerging in the context of globalisation, contributing to maintaining/challenging/transforming Western accounting thought and hegemony (Kamla & Haque, this issue) - such contributions open up potentialities for envisioning accounting and corporate governance from non-Western, alternative contexts; and

(iii) using critical theory to debunk long-standing myths, concepts and rhetoric, thereby informing ways in which accounting and corporate governance operate and are conceptualised in societies (Clarke et al., this issue; Sikka & Stittle, this issue; Veldman, this issue). This opens up potentialities for envisaging more emancipatory and equitable forms of accounting-corporate governance relations in modern societies.

We first review the studies giving emphasis to accounting before going on to focus upon those papers that emphasize corporate governance and then, we make links across the studies in the issue.

Gallhofer & Haslam, (this issue) has a mainly theoretical emphasis in encouraging a particular way of seeing accounting and approaching accounting analysis. Their critical social analysis emphasises 'elements' of accounting in context and is concerned to learn from the dynamics of these interactions. They refer to accounting's content, form, usage and aura and the complex networks, processes, structures and other contextual features involved in the interaction. Influenced by a Post-Marxist theorising which has implications for how notions of progress and emancipation are seen, they articulate the view that the researcher needs to look at the detail in analysis to appreciate emancipatory as well as repressive dimensions of *all types* of accounting phenomena that exist and function at any moment in time. Gallhofer and Haslam envisage a 'more emancipatory' accounting in a more emancipatory world and consider the process of envisaging what is problematic (or the focal problematic) and seeking to change it through a new pragmatism. This, then, is a perspective that hangs on to the possibilities of progress and emancipation and seeks to achieve them.

The other accounting papers, in this issue, are more empirical in articulating critical argumentation about accounting in practice. Crawford (this issue) draws upon the emancipatory accounting theorising of Gallhofer and Haslam, especially their studies on globalisation and relating accounting to poverty (see Gallhofer & Haslam, 2006, 2007), as well as key aspects of social movement theory, to theorise accounting in practice. She studies an NGO called Publish What You Pay (PWYP), which campaigns for the disclosure of payments made by companies to governments, successfully mobilising emancipatory accounting change in the context of globalisation. PWYP made use of political opportunity structures embedded in the due processes of the International Accounting Standards Board (IASB). Substantively, PWYP framed agents, formed alliances, evolved tactics and shifted the targets of its agency in relation to institutional dynamics – with some success in innovating, diffusing and instituting 'incremental emancipatory accounting change', notably through legislative interventions in North America and Europe. Crawford's focus is on a re-shaped form of 'financial accounting' (altered multi-dimensionally in terms of the accounting elements). This is seen as consistent with Gallhofer and Haslam's alignment to a continuum theorising orientated through emancipatory struggle. This work articulates a shift in the balance of power over accounting away from the problematics of neoliberalist globalisation in practice. Crawford (this issue) develops insights regarding prescriptions for ways forward.

Kamla & Haque (this issue) also theorise accounting in practice in a way that suggests its repressive and emancipatory dimensions in Muslim majority countries, in the context of globalisation and imperialism. They initially emphasise the repressive dimension, drawing on a collaborative theory of imperialism. They elaborate the role of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in sustaining an 'imperialism-accounting nexus in key Islamic financial markets'. Their story involves a range of internal collaborators (including Sharia scholars and Muslim elites) who help align AAOIFI with the Western project of international accounting harmonisation. This is understood substantively in terms of repression of the local and valuable and the possibilities in a more progressive Islam. More emancipatory trajectories are found in the tensions of the AAOIFI in its attempts to integrate with international accounting harmonisation while retaining an Islamic character and appeal to the Muslim populace. They argue that this involves an 'identity staging' exercise to appear Islamic but also uncovers a site of tension and struggle.

Turning to the 'corporate governance' papers, we argue that, since shareholder value maximisation entails governance by markets, with control by capital markets on autopilot (Kelly, 2012), corporations became independent of their social and ecological context. Accordingly, the shareholder orientation of management thinking removes any restraints for public policy purposes (Bakan, 2004; Stout, 2012). Giving financial capital a divine right to the maximum amount of wealth that public corporations can generate, as a form of entitlement or privilege, is based on peculiarities. Gains on the stock market (second hand trades) are for the benefit of speculators and not for businesses (aside from revenues from initial public offerings) (Kelly, 2003). With senior executives initiating share repurchases and shareholders quickly selling equities in downturns, shareholding has scarcely supported the corporate sector in recent decades, consequently, R&D and innovation in the US and the UK are being adversely affected (Lazonick, 2014a; Williamson et al., 2014; Cooper, 2015). Moreover, it is widely accepted that shareholders are not the only group that provide specialized valuable inputs into corporate production; executives and employees, customers and communities as well as the State make specific investments in skills, time and specialized infrastructure to support corporate projects (Lazonick, 2014b). Hence, any presumed shareholders' right to have their interests considered first becomes questionable, more especially in the face of the increasing levels of inequality and the deterioration of human well-being (see, e.g., Sikka, 2015). Contemporary societies must overcome the transformation engendered by the failed growth regime of financialized capitalism driven by principal-agency theory in order to stop increasing inequalities and to put their economies onto a sustainable growth track. Hence, corporate activities should be re-embedded in their social and ecological context.

Veldman (this issue) approaches such issues through a critique of corporate governance theory. The corporate governance theory that is currently dominant emphasises the shareholder model of corporate governance and the maximisation of shareholder value. This tends to ignore and efface a corporate architecture that provides legitimacy both externally and internally for the modern public corporation. The redirecting of privileges and benefits to a coalition of market-value orientated shareholders and managers also risks relegating other constituency interests to the status of externalities and neglects embedding a more balanced set of trade-offs between constituencies and fixing these trade-offs into a broader institutional setting. Veldman goes on to argue how this contingent conception of the modern corporation and of corporate governance provides an organisation-level explanation for growing inequality. He seeks to learn from his analysis to suggest ways forward in terms of engagement towards better processes of governance. Instead of strengthening the (institutional) shareholder voice and enabling engagement for the provision of accountability and monitoring, Veldman (this issue) suggests the development of a corporate governance theory (to influence practice) that tackles the issues of social inequality and climate change.

Sikka and Stittle (this issue) go further by proposing a form of inclusive governance that empowers stakeholders. They attempt to 'debunk the myth of shareholder ownership of companies'. And they articulate some implications for corporate governance – and indeed financial reporting as a corporate governance mechanism. Sikka and Stittle (this issue) focus on the company law view of the corporation as a distinct and separate legal person, suggesting that this is different from the principle that the corporation is owned by shareholders. Substantively, they explain how shareholders today tend to be owners of 'fictitious' rather than 'real' capital (see Cooper, 2015) – in fact, shareholders are often speculative investors who buy and sell their shares for short-term gain. Globalisation has increased that tendency – reducing the length of time shares are held by shareholders who are more dispersed than ever. The notion that such shareholders are interested in controlling or directing corporations for the benefit of stakeholders and the broader community has a tenuous grasp on reality, from a range of corporate social responsibility perspectives. To re-embed corporate activities in their social and ecological context to preserve well-being, corporations should be considered as separate entities from their shareholders and their control should be shifted to stakeholders. The authors seek to empower those stakeholders who have a longer-term interest in the well-being of corporations, their other stakeholders and social constituencies. This resonates with calls for a generative economy, which is a living economy with a built-in tendency to be socially fair and ecologically sustainable. Kelly (2012) proposes generative ownership designs to build a form of economy that has a living purpose, and which is controlled not by absentee owners (shareholders) but by people (relevant parties) who develop self-organization patterns and who have an incentive to look out for their interests as well as the long-term interests of both the human community and the natural world. This form of economy fosters a natural tendency towards a sense of stewardship, shared responsibility and unity of interests. The pragmatic stakeholder governance proposed by Sikka and Stittle (this issue) has reporting, including financial reporting, implications. The authors suggest an accounting reform that entails an entity perspective on accounting and re-embeds the entity into its social and environmental context. This approach has also informed recent calls by Aglietta et al. (2019) and Chabrak (2018) for an inclusive accounting model.

The theme of corporate governance and inequality is taken up in the contribution by Clarke et al. (this issue). Clarke et al. articulate developments in real world corporate governance in terms of the financialization of the international economy. The dominant shareholder primacy model of corporate governance has served to compound inequality in this context. Shareholder value maximisation is seen as undermining the long-term prospects of the corporate sector but also as producing increased socio-economic inequality. They see a 'paradox' of agency theory and shareholder value in terms of the explosion of executive pay and rewards. Learning from the insights of their analysis, Clarke et al. (this issue) point to possibilities for reform and change towards more responsible and equitable approaches.

Overall, we can see that the contributions to this special issue align with a particular branch of critical theorising that seeks, imaginatively, to critically appreciate the problematics of accounting and corporate governance in practice. Many of these papers envision new forms of accounting and corporate governance that offer more emancipatory possibilities and many suggest pathways towards realising these. This special issue responds to recent calls in the literature to address the overall quantitative and functionalist focus in accounting-corporate governance research by applying critical, qualitative and context-based analysis (Leblanc and Schwartz, 2007; Williams, 2014; Gendron, 2018). This balance and sense of a critical pragmatism is reflected in all the contributions. It is hoped that this special issue will stimulate and encourage further critical and interdisciplinary papers in accounting and related areas at the interface between theory and praxis.

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