

6-3-2022

Accounting's Problematic Relationship to Legitimacy: A Review of the Critical Literature

David Maddox
Portland State University

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Recommended Citation

Maddox, David (2022) "Accounting's Problematic Relationship to Legitimacy: A Review of the Critical Literature," *Hatfield Graduate Journal of Public Affairs*: Vol. 6: Iss. 1, Article 8.
<https://doi.org/10.15760/hgjpa.2021.6.7>

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Organized practices of recording financial information have existed for centuries. Modern accounting is considered to have its roots in double-entry bookkeeping, codified and promulgated by Luca Pacioli in 1494 (Thompson 1994). In contemporary society, it is hard to imagine operating an organization, institution, or activity of any complexity without use of accounting practices that are so pervasive as to form part of the unquestioned ground of social reality and that have “come to permeate everyday life” (Hopwood 1994, 299). The seemingly universal character of these organizational practices makes their use a foundation for institutional legitimacy. While accounting has the aura of a value-free practice, critical scholarship has developed a more complicated view of its role. By examining the use of accounting information in practice and the genesis of specific accounting practices, a community of scholars has emerged who show accounting to be constitutive rather than reflective of social order, structured to reinforce current power and gender relations, and implicated in the creation and expansion of the neoliberal order. This paper reviews the primary insights of this research and the relationships these authors see between accounting practices and potential changes in social order and assesses the extent to which these scholars have identified, in theory or in practice, methods through which accounting could drive or support significant social change. Our conclusion is that future work remains to determine whether or how alternate methods of accounting for financial and economic information could arise, and whether an alternative structure for accounting would be necessary to support an alternate economic and social order.

In general terms, accounting is the practice of measuring, documenting, and reporting on an organization’s economic size, health, and returns to investors or funders (Hines 1992). Accounting is founded on the practice of double-entry bookkeeping, where every asset—i.e., thing of value, such as cash or an IOU—is offset by an obligation such as a debt or a shareholder’s financial claims (Thompson 1994). Accounting is studied and taught in terms of two branches of practice, Financial Accounting and Management or Cost Accounting.

Financial Accounting consists of reports for those with ownership or controlling interest in an organization. Accounting is a self-regulated profession, with accounting standards in the United States set by the Financial Accounting Standards Board (FASB), a non-governmental organization with representatives from public accounting firms, industry, accounting educators and scholars, and government finance officers. The FASB describes the purpose of Financial Accounting as providing “financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity” (Financial Accounting Standards Board 2018). The FASB has further concluded that for non-business entities, the primary goal is still to provide information “useful to resource providers and other

users in making rational decisions about allocating resources” to these organizations (Financial Accounting Standards Board 2008).

While Financial Accounting focuses on owners and external users, Management or Cost Accounting (the two terms can be used interchangeably) is focused on the needs of internal managers. It consists of reports and processes to identify, measure, accumulate, analyze, prepare, interpret, and communicate “information that assists executives in fulfilling organizational goals” (Horngren and Foster 1991). Budgeting can be considered a Management Accounting technique, although it is also considered an aspect of strategic planning (as an example, see Mintzberg 1994). Management Accounting is a wider and more flexible field, and much of the critical accounting research has started with this realm.

As these descriptions suggest, the conventional view is that accounting is a value-free technique to support rational decision-making by managers by providing information “representing reality ‘as is’” (Morgan 1988, 477). Changes in accounting practice are understood not to represent changes in principles or purposes, but incremental progress towards ever more accurate and effective realization of accounting’s true essence (Hopwood 1987). Chua (1986) points out that traditional research on accounting has a positivist character that aligns strongly with the “functionalist” paradigm in Burrell and Morgan’s model of sociological thought (Burrell and Morgan 1979)¹.

Complying with accounting standards is seen as essential to the legitimacy of organizations, institutions, and societies. Covalleski and Dirsmith (1991) argued that the use of accounting practices developed to manage large business concerns was critical for Progressive Era government reforms that moved away from decision-making at the grass roots level to larger formations on the state and national level. The legitimacy of these formations depended on claims of greater efficiency and rationality which were secured by administrators using quantitative practices such as accounting (Covalleski and Dirsmith 1991).

Accounting practices are not monolithic. The current state, in which Generally Accepted Accounting Practice (GAAP) in the United States is codified by the FASB and the American Institute of Certified Public Accountants (AICPA), has evolved over time (Pyle and Larson 1984). In a world of globalized financial flows and production, U.S. standards must be coordinated with standards in other countries. International standards are developed and codified by the International Accounting Standards Board (IASB). The FASB and IASB engaged in a convergence project in the early 2000s to align their standards, and work continues to this day to keep the standards aligned (IFRS n.d.). The efforts to coordinate these

systems are a foundational aspect of expanding and sustaining a global economic order.

Accounting as a force for legitimation in modern capitalist society can be seen in colonial cases where Western accounting was introduced to societies which did not have these practices. Dyball and colleagues (2007) found a striking example of accounting as a tool for legitimation in the Philippines. After the Spanish-American War, the U.S. controlled the Philippines under a colonial scheme that included an elected national assembly under American executive control. The Philippines at the time was a traditional society that lacked an indigenous accounting profession and widespread use of those practices, a lack that was cited by American authorities as a reason to deny the country independence. In response, the legislature adopted laws in 1923 to create structures to recognize Certified Public Accountants, an act that buttressed the local elite's arguments for independence.

The positivist orientation of conventional views of accounting was initially based on a reductionist model of organizational decision-making as a process of applying quantitative information and logic to identify the objectively best solution to achieve precisely defined objectives. The importance of accounting to organizations and society expanded with the advent of Scientific Management in the late 19th and early 20th centuries, which relied heavily on a cost accounting technique, the creation of standard costs. Standard costing started by measuring tasks in terms of labor and material requirements and applying costs to these elements. These standards gave managers expectations about individual performance expressed in terms of financial impact (Kaplan 1984). With this information one could assess and control the behavior and contribution of individual workers in large, complicated organizations. Scientific Management viewed organizations as machines, in which people operated as parts deployed to perform specific tasks. The performance of the organization as machine depended on the efforts to measure, engineer, and monitor the efforts of each individual (Kaplan 1984, Miller and O'Leary 1987). For example, Andrew Carnegie used cost sheets which tracked the cost of labor and materials per ton of steel rails produced to assess the "performance of department managers, foremen and men" by comparing performance with previous months and "where possible, with those of other enterprises" (Kaplan quoting Alfred Chandler, Kaplan 1984, 392).

The machine model of organizations came under question after World War II. The Hawthorne studies of the 1920s, which in a review of the impact of physical conditions and scheduling on productivity had ended up identifying the importance of human relations to the performance of individuals in organizations, and therefore to the success of the whole organization (Miller and O'Leary 1987). As the implications of these results disseminated, effective management came to be

understood as a matter of managing behavior. With behavioralism becoming accepted in management studies, accounting adapted by emphasizing the power of tools like budgets and standards to provide goals for people who were now seen not as machines, but as decision-makers in their own right. Behavior became one more factor for managers to measure and control (Miller and O’Leary 1987). As an example, Cyert and March recognized the complexity of multiple people in a firm bringing multiple goals, but still approached decision-making with an engineering framework which saw “reasonable, short-run models” (Cyert and March 1992, 50) and a sequential approach as the way to reach reasonable organizational decisions.

Conventional scholars of Management Accounting did see problems with accounting’s ability to deliver on its promises of rational, optimal decisions. Robert Kaplan described problems such as the tendency of profit reports to inspire decisions like reducing research and development spending that did not serve long-term corporate interests (Kaplan 1984). Very much in the spirit of making progress towards a better, truer accounting, Kaplan developed the Balanced Scorecard (Kaplan and Norton 1996), a management accounting system which incorporates non-financial factors into a quantitative scorecard or accounting. This methodology is at the root of many Performance Measurement systems.

With the edges fraying on the unified view of accounting as a neutral tool for rational decision-making and with the rise of critical theory approaches to the study of organizations, institutions, and governance, the journal *Accounting, Organizations and Society* was founded in 1976 with Anthony Hopwood as editor-in-chief. This can be seen as the start of a field of critical accounting studies that has developed over the last 45 years.

In a watershed 1980 paper, Burchell and colleagues looked at previous scholarship that showed that managers did not use available accounting information in making decisions and formulated a model in which accounting had multiple potential uses dependent on context. They composed a matrix based on dimensions of the degree of uncertainty about cause and effect and the degree of uncertainty about objectives. Where objectives and cause and effect relationships were clear, accounting might be used to provide answers. However, if objectives were unclear, accounting would be more likely to be used as “ammunition” in internal arguments or used to rationalize a decision made in other ways (Burchell et al 1980). In other words, accounting could no longer be seen solely as a source of objective information, but had to be treated as something more contingent and dependent on organizational politics and dynamics.

Burchell, Clubb and Hopwood (1985) followed with a study that traced the emergence of a specific accounting practice, the addition of reporting on value-added to financial reports in Britain in the 1970s, which showed the ways

accounting practices change and respond to external forces. In the 1970s, concerns over economic vitality and social unrest were driving a move for greater government involvement in corporate affairs and a greater voice for labor. The calculation of how much value corporations added to raw materials was considered important for proving corporations' effectiveness and as a potential input for profit-sharing arrangements with labor. This accounting technique and associated reporting practices were developed to respond to these political pressures, but to do so in ways that maintained the interests of managers as much as possible. Managers were responsible for preparing the reports and took advantage of a lack of clear standards and diversity in calculative practices to produce statements that showed that little of the added value went to shareholders (Burchell et al 1985, 389). The practice subsequently disappeared with the ascension of the Thatcher neoliberal government which reversed the trends toward state involvement and the status of labor. This case study showed that the change in accounting practice, rather than being a step towards the realization of a true essence of economic truth (Hopwood 1987), was a contingent and temporal response to environmental conditions.

One of the basic concepts of a positivist perspective is that reality exists outside the observer, and that a tool like accounting is meant to discern and describe that reality. Scholars since the 1980s have used historical research and case studies to describe the ways in which accounting is constitutive rather than reflective of the reality of organizational form, function, and strategy (Hines 1988, Morgan 1988). As an example, Hopwood (1987) examined the impact of Josiah Wedgwood's introduction of accounting practices to his pottery business in the 1770s. New information on production costs showed Wedgwood that fixed costs made up a large share of the cost of production, and therefore we could increase production without increasing marginal cost, achieve lower unit costs, and reduce prices, which allowed him to greatly expand his market beyond the wealthiest consumers. As Hopwood noted, an "accounting eye had provided Wedgwood with a new mean for intervening in the organization" (Hopwood 1987, 217). The new visibility changed what Wedgwood could see in his business and how he understood it, forming a new reality. His response to the new accounting-created reality was to change the organizational structure of his business and to radically shift his business strategy to enter new markets.

On an even more fundamental level, scholars have argued that accounting constructs social reality by defining the very nature of organizations, giving them boundaries, determining what activity and assets are inside organizations, how big they are, and who has legitimate interests (Hines 1988, Morgan 1988, and Roberts 2020). In a provocative 1988 article, Ruth Hines mused on the role of technical accounting concepts like "realization" (the conditions under which an entity is considered to possess an asset and at what value) in determining what things are

“inside” the organization and therefore constitute it. The idea of realization can be seen in personal life—if your parent promises to give you their house, at what point can you think of that house as something you own, and make decisions based on understanding that house as one of your assets? Analogous questions occur regularly in large, complicated organizations. Realization can easily be a slippery problem and concept. As Hines points out, the practice of accounting and the accountants who practice it have a goal of simplifying this problem and assign it a single numeric value which is then taken to represent a truth about the organization and determines its most basic features like size and content.

In their landmark article, Burchell and colleagues concluded that accounting should be seen as a social practice which provides “a symbolic order in which social agents can interact” (Burchell et al 1980, 20). Adhering to the characteristics of this symbolic order becomes a prerequisite for organizational and institutional legitimacy that spreads through society. Cooper took this idea in a Lacanian direction and described accounting as part of society’s Symbolic Other, which is “already in place in society and must be accepted and internalized...to function adequately as a social subject” (Cooper 1992, 30).

The process through which organizations take on the rules of society’s order was described by DiMaggio and Powell (1991) as isomorphism. They noted the tendency of organizations “to model themselves after similar organizations in their field that they perceive to be more legitimate or successful” (DiMaggio and Powell 1991, 152). The premise of isomorphism is that once forms are seen as appropriate solutions to an environment and become established as preferred forms, they will be adopted without regard for whether their efficacy can be demonstrated in a particular instance.

The pervasiveness of accounting practice shows the action of isomorphism. An example of isomorphism in action, Alsharari (2019) studied Jordan’s adoption of Western budgeting practices in its customs organizations, where a combination of mandates from higher levels of government, availability of technical resources, and professionalization of bureaucrats drove adoption. Alsharari reports that one rationale offered by the government for engaging in the isomorphic embrace of these practices was that they “seemed modern” (Alsharari 2019, p 176), an indication that their adoption was seen as bestowing legitimacy.

Consistent with the idea that organizations morph themselves to resemble others, Hines described accountants as “handmaidens of the status quo” (Hines 1988, 256). A critical part of social status quo is distribution of power, and scholars started to discuss the role of accounting in reinforcing power relations. While possible stakeholders for accounting information include employees, customers, clients, and members of the community, at the end of the day accounting systems

are geared to the needs of those with power over organizations—owners, investors, senior management, creditors, and funders (Financial Accounting Standards Board 2018, Morgan 1988). Rather than allow natural differences and conflicts of interest to express themselves in agonistic processes, debate or political activity, accounting subsumes conflicts of interest under a single, unified view of the organization, its interests and obligations delineated and reconciled (Covelski and Dirsmith 1991).

In depoliticizing and submerging conflicts, accounting had an effect of making certain interests or contradictions invisible, but it also had the effect of choosing what would be visible. Visibility was a key factor in rise of systems of governmentality. The concept of governmentality was developed by Foucault and expanded upon by many other scholars. Foucault's primary argument was that as the basis for legitimacy of the social order was "shorn of its theological foundations and religious justifications" (Foucault 1991, 89), the basis for authority shifted to a focus on government—of oneself, of souls and lives, of children, and of the state (Foucault 1991, 87). Systems of governmentality moved from impositions of power on subjects to social order created through systems of control techniques, forms of knowledge, and ethics that made social control pervasive and internal into daily social practices (Dean 1999, 18).

In his major opus *Discipline and Punish*, Foucault focused on the work of Jeremy Bentham as a critical wellspring for governmentality. Bentham identified architectural solutions, such as the panopticon, and bookkeeping, as the key techniques for social control. Both provided visibility of the individual (Hopwood 1990). As noted earlier, cost accounting equipped Scientific Management with critical tools for visibility of the individual (Miller and O'Leary 1987). In framing organizational visibility, accounting provided an "exclusively 'economic' visibility" that enacted "a very partial interest in reality" (Roberts 2021, 4), the part that was profitable to owners, investors and funders.

Governmentality founded on controlling visibility of individuals has reached new levels of extension and influence in neoliberalism. Within the neoliberal order, accounting measures and defines what it means to be a responsible person. Accounting allows individuals to define themselves in terms of accumulated net assets and their economic contributions, and provides the basis for quantifying previously non-market activities in the common denominator of dollars (Miller and O'Leary 1987, Miller 2001, Tanimura et al 2018). As cost accounting techniques continue to be developed, they can be applied to ever more activities, allowing those activities to be described in terms of cost and then compared to standards for that same or disparate activities. Arguably, the most important aspect of the visibility of cost and contribution is to the individual themselves. Neoliberalism counts on this knowledge impelling citizens to "act freely, yet in

accordance with specified economic norms” (Miller 2001, 380), a self-disciplining response to the calculative practices of accounting applied to self-definition.

Charlotta Bay’s study of a financial responsibility education program for Swedish high school students showed the need to prepare people as government programs shifted from traditional social service provision, such as public housing, to market-based solutions like loan programs for individuals. This expansion of neoliberal programs required citizens to build skills as financial managers. Bay’s interviews with officials responsible for the programs and observations of educational sessions in high schools showed the gap between the demand of those programs and the ability and proclivity of students to develop the necessary fluency in financial matters. Increased accounting competence across the population was a prerequisite for Sweden to adopt a more neoliberal form of governance (Bay 2011).

The neoliberal power structure that accounting supports includes power relations based on gender. Accounting practice has privileged male participants, and it values what can be seen as masculine characteristics. Hines offered a list of attributes of a Universal Masculine perspective that included hardness, productivity, focus, logic, progress and perfection, contrasted with Universal Feminine values of softness, diffuseness, receptivity, intuition, and integration (Hines 1992). Accounting values line up with the characteristics identified here as a masculine perspective, and the feminine values describe characteristics that in many cases would be seen as flaws in an accounting system. From this perspective, the gender bias of accountings leads it as a practice to suppress intersubjectivity since accounting definitions are premised on absolute separation of subjects and entities, disregarding and therefore devaluing private life and emotion, and treating uncertainty as a shortfall. (Hines 1992, Broadbent 1998).

While as a masculinely gendered discourse, accounting nominally does not allow emotions to factor into accounts, Boedker and Chua (2013) argued that in practice accounting is also used as an affective technology whose purpose is to play on emotions to generate conformity with the interests of the organization (see also Frezzati et al 2014, Gilbert 2020). In their case study of the effects of the introduction of performance metric tools in the Australian subsidiary of a multinational corporation, Boedker and Chua conducted interviews with employees to understand how the accounting templates used to promulgate performance metrics “framed and conditioned the interests, emotions, and actions” of employees in the subsidiary (Boedker and Chua 2013, 250). Where accounting tools purport to present information objectively to assist in rational evaluation and decision-making, they found that the tools caused strong affective responses that played on and aroused anxiety, desire for acceptance, and fear of loss. The emotional reactions were a strong factor driving individuals to act in ways the headquarters wanted, and Boedker and Chua concluded that this was effectively a designed part

of the purpose of these performance measurement tools. As accounting both masks and makes visible, it likewise both suppresses and activates emotions.

With a growing body of critical work has come consideration of alternatives to current practices. As noted above, it is hard to imagine an effective organization, institution or society that does not account for economic resources in a systematic, predictable, and understandable way. Frezzati and colleagues (2014) conducted a study of a company that abandoned important practices like the production and review of management accounting reports in favor of the ability of the owners to inspire trust and their intuitive assessments of the company's future. They describe a chaotic environment that appears to be less successful in meeting the goals of the owners or others interested in or dependent on the firm (Frezzati et al 2014). This is the fear of stepping away from accounting.

There are, however, moments of resistance and adaption. For example, Dyball and colleagues (2007) and Ferry and colleagues (2020) describe cases in the Philippines and Nigeria where local elites resisted efforts by Western powers to impose accounting practices. O'Leary and Smith (2020) conducted a case study on the promulgation of performance standards at a food security NGO in Australia. Donors requested seemingly obvious measures of performance like reports on kilos of food shipped. Line managers challenged the information demanded as not properly reflecting success in their mission, which was to reduce food insecurity, not simply ship more food. Increased shipments could as easily be seen as an indicator of increased food insecurity. Over time the resistance by managers got funders and others to move to different accountings of success. These included surfacing "subjunctive realities" in which success would take the form of society no longer needing this NGO because the root causes of food insecurity had been addressed. Conventional accounting holds organizational survival as a given objective in all cases, so this "moment of resistance" was a significant departure from accounting logic.

Critical accounting scholars raised the question of whether accounting can serve purposes other than the maintenance of a capitalist status quo and whether calculative practices related to the economic activity of organizations and institutions can legitimate other interests. This potential is captured in the concept of Emancipatory Accounting. Gallhofer and Haslam define emancipation as "a process of betterment experienced by a legitimate identity or interest" (Gallhofer and Haslam 2019, 8). Emancipatory Accountings are systems that "monitor what matters to people whether material or non-material, financial or non-financial" (Gallhofer and Haslam 2003, 159).

One form Emancipatory Accounting takes is the use of accounting information in the service of oppressed groups in society. Gallhofer and Haslam

(2003) studied campaigns in 19th century Britain to address the poor quality of life for workers in industries like match-making. One technique used by activists was to collect corporate financial reports but use the data in unintended ways such as comparing corporate profits with workers' salaries to raise pressure to relieve the poverty of working people. This practice could be seen as not being accounting at all, but more akin to investigative journalism or political communications.

More of a true accounting practice has been to take advantage of the flexibility of Management Accounting, which can consider many sorts of factors and integrates new performance factors easily, and encourage, entice, or force organizations to report on their performance on indicators of interest and impact to a wider range of people affected by the organization, a practice known as Social Accounting. Gray uses the phrase social accounting to cover "all forms of 'accounts which go beyond the economic'" (Gray 2002, 687), and it includes projects such as Corporate Social Reporting, Social and Environmental Accounting, and "triple bottom line" reports (Gray 2002, Brown and Fraser 2006).

Brown and Fraser (2006) describe three perspectives on Social and Environmental Accounting—business case, stakeholder-accountability, and critical theory. The business case approach sees social accounting as good for business. Among other things, it helps the corporation identify and manage risks and build public good will. It also confirms the corporation's legitimacy by showing that it plays by the "rules of the game" of an implicit social contract with society (Gray et al 1988, 9 and 13).

The stakeholder-accountability case views "large corporations as quasi-public institutions and [seeks] to provide a more open, transparent and democratic society" (Brown and Fraser 2006, 106). This approach positions Social Accounting as a method for addressing the transparency and engagement issues that can undercut the legitimacy of modern democratic institutions. In this, it is similar to Performance Management Systems (Moynihan 2008) in which reporting on outcomes is used to control and hold managers accountable. Like Performance Management Systems, Social Accounting can represent a neoliberal legitimacy strategy that reinforces rather than challenges the prevailing order and power relationships (Djelic and Etchanchu 2017).

Gender Responsive Budgeting (GRB) provides a good example of Social Accounting in action, in this case with a goal of addressing gender bias. As described by Khalifa and Scarpano (2020) in a review of budgeting practices in seven European and Commonwealth countries, GRB is a method used to elevate the gender impact of budget decisions that otherwise are typically not addressed by funding processes, where male voices are privileged and conflict is subsumed. Its techniques include use of gender-aware public policy appraisal, gender-

disaggregated beneficiary assessments, expenditure incidence analysis, and tax incidence analysis, gender-disaggregated analysis of the impact of the budget on time use, gender-aware medium term economic policy frameworks, and gender-aware budget statements. Khalifa and Scarpano (2020) review the extent of these practices across several countries and report mixed impact. While in some cases there is slippage to previous practices (similar to the abandonment of value-added accounting after the election of Thatcher as described by Burchell et al in their 1985 article), their study does show that these tools are in use.

Social Accounting has emancipatory qualities, but Gallhofer and Haslam (2003) and others recognize its limits, and this is the focus of Brown and Fraser's third perspective, critical theory (Brown and Fraser 2006). Social Accounting still works within an "accounting logic," where the stated purpose is to equip investors, owners, and managers with information to maximize their investments and strengthen their ability to make decisions and exercise control. Part of Social Accounting's effect will be to alert managers to social conditions that could threaten their business, allowing them to maintain their position and preserve their power. Also, the impact of Social Accounting can be neutralized by counter-efforts on behalf of hegemonic interests to marshal similarly compelling information (Gallhofer and Haslam 2003). Cooper (1992) goes further and argues that as an integral part of the existing order, accounting cannot change society and will ultimately support the power structures that drive environmental degradation and social inequity (Cooper 1992, 37).

In their review of Emancipatory Accounting, Gallhofer and Haslam argue that accounting practices fall on a spectrum between the degree of emancipation and the degree of repression (Gallhofer and Haslam 2003, 158). More far-reaching and possibly speculative forms of Emancipatory Accounting would either support the emergence of a new social order or present alternative accountings that point towards a different social order. Initially the idea of Emancipatory Accounting was generated in conjunction with an image of a radical overthrow or transformation of society, where accounting would serve the new order, although without any major change in the character of accounting itself (Gallhofer and Haslam 2019). Short of serving an emerging new order, and more transformative than supplementing the information used by the existing order, stronger emancipatory accountings would envision overhauling power relations.

Critical Dialogic Accounting and Accountability is one of those methods for developing possible alternative accountings. It rearticulates accountability in "terms of political struggle whereby citizens exercise democratic rights over powerholders" (Tanima et al 2018, 3). Tanima and colleagues use this framework to suggest alternative possible accountings for performance in a microfinance borrowers' group. Microfinance is a favorite neoliberal strategy for social

improvement in developing areas. Rather than expand traditional social services, microfinance programs fund small scale entrepreneurship, particularly among women, to harness individual enterprise to alleviate poverty and combat oppressive gender relations. It relies on self-regulating borrowers' groups who hold each other accountable for being responsible entrepreneurs and making their debt service payments. Tanima and colleagues interviewed participants in microfinancing programs to understand the attitudes of borrowers, program administrators, and funders, and found that they generally conformed with goals that supported rather than challenged the existing economic and social order. Their study imagines engaging those groups through a dialogic process that would change their discourse from one of compliance with the neoliberal model of the programs to one in which they would develop the skills to challenge those assumptions. Going beyond supplementing the accounting information provided, this practice would result in overthrowing the power relations embedded in and reinforced by the microfinance program.

James March's work on organizational behavior provided intellectual foundations for moving away from the concept of organizations as machines run on the basis of objective, rational calculations. Turning his attention specifically to accounting in a 1987 article, he speculatively argued for loosening the relationship of accounting to decision-making, allowing it to be more evocative of different possible interpretations of reality and more open to ambiguity and uncertainty. March ends his article with the possibility of introducing poetic logic to accounting, where the intent of information in whatever form it takes (numbers or words) is to prompt interpretation and continually reveal new meaning (March 1987). Along similar lines, Broadbent went so far as to suggest that "poetry, music and drama might be offered" by stakeholders presenting accounts (Broadbent 1998, 292). While these articles have a whimsical quality, their ideas about an open-ended, interpretative accounting are a radical counter to the idea that accounting should present a singular description of reality that claims authoritativeness.

The diverse body of critical perspectives on accounting (to borrow the title of another key journal in his area) has identified many ways in which accounting's role as a source of legitimation is problematic because of its link to the current order of governance and issues with that order. Accounting is fundamental to the order of society and economy, so it is hard to imagine doing anything else. Some of these preliminary ventures into alternatives suggest questions for further research.

Can current accounting logic support alternate forms of social organization or is it inherently geared to hierarchical structures dominated by wealth? Can economic activity be accounted for without concepts such as the entity principle, which treats every organization as a separate and discrete entity (Pyle and Larson 1984) and devalues intersubjectivity and complex and fluid relationships? Would

a different social order need tools other than accounting to provide coherent administration of economic activity and information? There have been preliminary attempts to address these sorts of questions. Cooper suggests “we could perhaps imagine an accounting which is multiple, no debits or credits; which allows for many differences, these could not be added therefore there would be no totals; it would not be concerned with profits, and even less afraid of loss; it would be concerned with gifts, what was given; it would contain no phallogocentric economic terms; and it would not be competitive” (Cooper 1992, 37) These are elements that would go into a transformed accounting.

Critical accounting studies rely primarily on the tools of historical research and case studies, and these techniques could be applied to investigate the development of accounting practices in alternative social formations, even if they are of a temporary nature. Research could also seek out cases in which the pressures of “responsible accounting” forced (or did not force) an organization to cut back on democratic organizational practices. Critical accounting studies have not made much use of experimental techniques, but it might be possible to use role playing or an organizational pilot project to test alternative methods of organizing and using economic and related information. Finally, there is value in further development of accounting theory to build a conceptual framework for accounting that is not simply a description of the existing practices.

Like any aspect of the discussion of significant changes in the social order, critical accounting has a strongly utopian dimension. We are deeply embedded in the current order, one which has been taking shape over centuries. Working from within that context, it may be nearly impossible to see the order that would be different. The value of utopian thinking is to try to imagine whatever part of that alternative one can bring into focus, test what you can, and prepare to build on changes that might move in an alternate direction.

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¹ In their landmark volume *Sociological Paradigms and Organisational Analysis* (1979), Burrell and Morgan presented a model that broke down tendencies in sociological thought on the basis of the degree to which a theory emphasizes “the ‘problem of order’ or ‘the problem of conflict and change’” (Burrell and Morgan 1979, xii) and where it falls on a subjective-objective dimension that differs in assumptions about whether truth is an absolute value outside of individuals to be discovered or a matter of interpretation and social construction. Using these dimensions, they created a 2x2 matrix with four approaches to social theory: radical humanism, radical structuralism, interpretive, and functionalist. The functionalist paradigm is characterized by a focus on questions of order, stability, and regulation combined with an objective, positivity approach to social reality. Burrell and Morgan contended that these paradigms are mutually exclusive and communication between the quadrants is difficult.