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# Critical Perspectives on Accounting

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## Editorial

### After 25 years, how should we proceed?



CPA was launched around ten years after the beginning of the “laissez faire/neoliberal” revolution launched by Ronald Reagan and Margaret Thatcher at the beginning of the 1980s. In the very first edition of CPA, in March 1990, the editors began by stating that (Cooper & Tinker, 1990, p. 1),

We are launching Critical Perspectives on Accounting at a time of massive social changes, changes that focus attention on how we administer—and account for—large societal institutions. While the West reels from environmental calamities, ethical lapses in government and business, and failing financial institutions, Eastern Europe is confronted with replacing undemocratic and repressive bureaucracies with new institutional forms. These changes prompt the same questions: How should we manage large institutions? How should we assess their social productivity and worth? How are they to be made accountable and to whom?

Now, as in 1990, we are in a time of massive social changes. We write this in the wake of the election of Donald Trump in the USA and a vote by the British public to leave the European Union. Alongside this it seems that ultra-right wing parties are having a revival. The promise that Trump and these parties are holding out, is a return to a “golden age” of the past. From the perspective of today, the 1990s might appear to be a “golden age”. Nelson Mandela was released from prison; the Oslo accords between Israel and Palestine were signed and the European Union had begun to extend its membership to include Eastern European nations.<sup>1</sup> Of course, things are never so simple. Already in 1990, the seeds of what we are seeing today had already been sown. By 1990, the “laissez faire” revolution had already begun to reverse the “American Dream”. Whereas, in the US, 92% of children born in 1940 grew up to be richer than their parents, only half the children born in the 1980s grew up to earn more than their parents did.<sup>2</sup> Other concerns expressed in the first CPA editorial, not least, the extent of climate change, have been exacerbated in the past 25 years.

Globalisation and financialization as ever changing but on-going features of capitalism began well before 1990.<sup>3</sup> But the “laissez faire/neoliberal” politics of the last 35 years meant that states refused to manage the opening up of their borders in order to protect the economic well-being of their citizens. The consequence of this, as set out in a speech by Mark Carney the Governor of the Bank of England in December 2016, is that while globalisation has made a few incredibly wealthy, for the majority of workers in the economic north, it is associated with lower wages, insecure employment, stateless corporations and striking inequalities.<sup>4</sup> In addition, financialization, the 2008 banking crisis and the austerity measures that followed, have meant that those under the age of 30 have spent much of their adult lives in an economic climate marked by recession and/or stagnation. For too many the future looks grim, so, it is understandable that a return to the past might seem a better option.<sup>5</sup> And the failure of states to protect their citizens in a globalised world have left many feeling that “the establishment” has abandoned them or is too weak to govern in the face of large global corporations. This has led to the desire, by some, for a “strong leader”, especially one who offers a return to the past, and comes up with easy scapegoats (Muslims; foreigners in general; immigrants; women; the unemployed and so on).

However, a closer analysis of government suggests that rather than being “weak” or unable to protect its citizens, the state has been very active – it has gradually been reconfigured to meet the needs of the most powerful in the “globalised

<sup>1</sup> [https://www.nytimes.com/2016/11/07/opinion/our-reactionary-age.html?\\_r=1](https://www.nytimes.com/2016/11/07/opinion/our-reactionary-age.html?_r=1).

<sup>2</sup> [https://www.washingtonpost.com/news/wonk/wp/2016/12/08/american-dream-collapsing-for-young-americans-study-says-finding-plunging-odds-that-children-earn-more-than-their-parents/?utm\\_term=.1a7f95dd4abd](https://www.washingtonpost.com/news/wonk/wp/2016/12/08/american-dream-collapsing-for-young-americans-study-says-finding-plunging-odds-that-children-earn-more-than-their-parents/?utm_term=.1a7f95dd4abd).

<sup>3</sup> As with neoliberalism, they are not fixed since society is continually evolving and changing.

<sup>4</sup> <http://www.bankofengland.co.uk/publications/Pages/speeches/2016/946.aspx>.

<sup>5</sup> See also <https://www.socialeurope.eu/2017/01/progress-abandoned/>.

economy". Its architecture has undergone radical reform. Roberts (2010) argues that governmental power has shifted from the public and its democratically elected representatives to technocrat guardians; one can see this, for example, in the power given to the IASB (International Accounting Standards Board). At the same time, great faith has been placed in the power of legal changes – new laws, treaties and contracts to “enhance” the performance of government. The rationale underpinning the radical transformation of government was the faith in a market driven model.

From a laissez faire/neoliberal perspective, the questions asked by the founding editors of CPA (How should we manage large institutions? How should we assess their social productivity and worth? How are they to be made accountable and to whom?) can be answered simply. Large private institutions are “efficiently managed” if left free from government regulation (and, if possible, free from tax burdens) to operate in free markets; their social productivity and worth can be measured in terms of shareholder value maximisation; and they are accountable to their long term investors and creditors through their market performance. Within institutions, accountability has been “turned on its head” such that, rather than institutions being held accountable to their stakeholders, employees are accountable to their institutions; consequently, they have been subject to hierarchical management control systems which cast a spotlight on certain areas of their work through accounting technologies such as key performance metrics, balanced scorecards and the like. These metrics frequently make employees’ lives miserable and stressful.

The neoliberal answer to the three questions in terms of the state, are also simple, and as stated above are based upon a (markets) contract based agency model. Government too should be managed through a “market discipline” regime as far as possible. In practice this has typically taken the form of privatisation and public private partnerships, competitive tendering and reductions in welfare spending which might serve to distort markets. The state’s social value and worth should be measured in terms of its ability to discipline labour and to ensure the efficient functioning of markets – for example by granting independence to central banks, lowering (or removing corporate taxes) and reducing corporate legislation. State accountability has now frequently taken the form of performance metrics and league tables and in the case of Trump, tweets. Government disciplining of labour is important for the neoliberal agenda. This is because state safety-nets are seen by neoliberals as a market distortion. One neoliberal argument, for example, is that if the state pays decent unemployment benefit, the amount it pays will become the benchmark wage below which no-one would be prepared to work, and will serve to distort labour markets. The social impact of the dramatic cuts to state welfare spending is that individuals are very much left to their own devices. This articulates with and supports neoliberal logic which serves to transform social problems into individual failings.

Accounting technologies have been at the heart of the management of institutions (both internally and externally), assessing their social productivity and wealth (this can be seen through the recent transitions to more market based, “fair value” accounting techniques), ensuring worker control, and participating in various forms of accountability. Moreover, accounting has been used as a key technology for the transformation of the state; for example, through technological and ideological support for privatisation, value for money calculations and so on. Thus, over the past 25 years, research which adopts a critical perspective on accounting has had many avenues to explore. Over the period, the articles published in *Critical Perspectives on Accounting* have provided a profound counter narrative to neoliberal discourse. Critical accounting academics have rejected the commonly held ideologies and rationalities of neoliberalism and through their work have provided a more comprehensive understanding of our social world. This special issue seeks to reflect on these 25 years of critical accounting engagement. The uniting factor in each of the eight papers is that they take a critical view of these neoliberal understandings which, after more than a generation, have become accepted and unquestioned by many. They offer trenchant critiques of neoliberal domination and the range of marginalization it generates. As elegantly argued by Flyvbjerg (2001), socially constructed institutions can be deconstructed, thus these eight papers offer up alternative solutions, understandings and ways forward. In addition, in the spirit of critical thinking, the papers in this issue do not stint in their critiques of extant work in CPA. They point to our own glaring omissions and discuss ways to ensure that our work might have a more powerful impact through engagement. Importantly, they are concerned with theoretical debate and the politics of change.

Annisette and Prasad’s *Accounting Research in Hyper-racial Times*, expresses a deep concern for the paucity of critical accounting scholarship on race/racism in the contemporary period; averaging only one paper per year on this issue and many of these are historical (adding to the myth that race is a problem of the past). Annisette and Prasad forcefully argue that the problem of racism has become even more salient during the “post-civil rights’, ‘post-apartheid’, and ‘colorblind 21st century’”. The analysis set out in Annisette and Prasad makes a strong connection between how, under neoliberalism, race has become an “individual problem” and consequently depoliticized. It argues that neoliberalism promotes the view that if racial inequality exists, it is not a function of structural disadvantage but rather of individual dysfunction. This may, in part, be the reason why there is so little research on racism in CPA. In an individualised world, “political action and justice projects are replaced by sensitivity training and the possibilities for political redress dissolve into self-help therapy . . . which, ultimately, leads to the absence of race from the agenda of critical scholarship and praxis.” Aside from setting out the challenges of undertaking research in this arena, Annisette and Prasad set out a helpful framework to engender more impactful and subversive work which will form a genuine challenge to the significant issue of racial inequality.

Brown’s *Democratizing accounting: reflections on the politics of “old” and “new” pluralisms*, makes a contribution to a debate which was raging around the time of the first issue of CPA and the subject of a paper by Marilyn Neimark in that first issue (Neimark, 1990). It was a debate which caused a rift in our community; one which was noted in the first CPA editorial which stated that in the wake of “the relentless pursuit of Positivism and Scientism . . . [s]ome branches of ‘The Social’ school have

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