Critical Accounting Research: A Socio-Historical Review

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Critical Accounting is today widely established in both Europe and the U.S. Several internationally refereed journals are sympathetic to critical research; critical scholars have held prominent positions in the American Accounting Association and are in the majority on several college faculties in both the U.S. and the U.K. This article traces the origins of this institutional presence, from "Early" Critical Research into the corporate failures of the 1960s and 1970s to its present-day incarnation of "Late" Critical Research. The lesson—for critical studies in general—lies in sustaining an umbilical link between "criticism" and the evolving crises and failures of capitalism. In accounting, the latter has been the constant source of renewal for critical research.

INTRODUCTION

"Critical Accounting" is a form of social praxis that seeks to engender progressive change within the conceptual, institutional, practical, and political territories of accounting. Before delving into the specific historical evolution of critical accounting, it is important to note three corollaries of this definition that will be important in guiding the subsequent analysis. First, "praxis" envisages that theory and practice of accounting are not merely interrelated; they are mutually constitutive. Accounting theory has not only affected accounting practice, but theory (including critical accounting theory) has been itself historically conditioned. Such conditioning is especially pronounced in professional fields like accounting because they are embroiled in many areas of social conflict (e.g., corporate downsizing, plant relocation decisions, merger and takeovers, stock price speculation, tax minimization strategies, safety management, environmental cost benefit analysis, etc.).[1] This deep "practical" involvement means that, given the opportunity, theory is invariably deployed as a weapon on behalf of one or more protagonists. Critical accounting theory is no exception, and thus, in outlining the rise of critical accounting, it is important to provide a proper rendering of the "opportunities" (social circumstances) surrounding the subject's emergence. This extends, not just to changes in practice (e.g., audit failures, financial failures, etc.) but also competing theoretical (ideological) schemes. In Marxist analysis, dialectical materialism provides a rational methodology for capturing these considerations.[2]

Second, "praxis"—in our contemporary world—requires an acknowledgement that capitalism subordinates individual and collective needs to the priorities of capital accumulation; it thereby provides a continuously evolving agenda of conflicts and crisis for critical accounting to problematize. Accounting fulfills a major adjudicating role in these conflicts — in facilitating economic exchanges between various constituencies and

factions (i.e., between corporations, shareholders, government, creditors, nation-states, banks, employees, managers, suppliers, consumers, communities, etc.) (Tinker, 1985, 1991).[3] Accounting is a primary source of information in adjudicating the relationships between different "stakeholders." Accounting resolves tax liabilities, dividend availability, corporate performance (impacting management compensation), pricing decisions affecting consumers (conditioned by on cost information), investment decisions affecting communities (conditioned on budgets and forecasts), and the like. As the *lingua franca* of commerce, accounting is a prime adjudicator in economic exchange (Tinker, 1985).[4]

Third, undertaking the kind of "self-aware" historical investigation enumerated above requires a methodology adequate to the task. Dialectical materialism is employed for this purpose.[5] Dialectics acknowledges the impermanence and transience of its (historical) objects of inquiry: as unstable "unities-of-difference" that will eventually self-transform. In short, "change" is endogenized (not exogenized).[6]

Figure 1 is a route-map that previews the subsequent discussion. It traces the development of accounting thought (including critical accounting thought) from the 1960s to the present. Three streams of accounting thought are shown. None of these is monolithic; each is composed of a variety of eddies and currents (note that critical research appears in both an "early" and a "late" form). Moreover, while they all overlay the realm of accounting practice, the latter is not reducible to any one of these modes of thinking. Practices, and each theoretical sphere, are part of accounting. They are also present in activities beyond the scope of accounting, and it is through this vent that unexpected crises and disruptions enter the accounting field. Such was the case in the mid-1960s (the beginning of Figure 1's narrative) when financial failures and scandals ("in practice") instigated a series of aftershocks in accounting theory and practice.

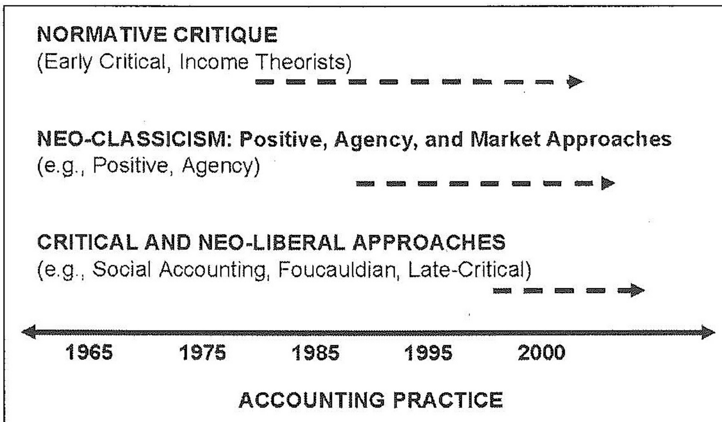

Figure 1. The emergence of critical accounting theory. "Late" critical is not meant to signify a final closure or a coming Armageddon, only the most recent incarnation of critical research.

Normative and Early Critical Research

The 1960s was one of the great merger periods in U.S. business history and introduced the word "conglomerate" into the business vocabulary. Although reported profits were high, there was increasing concern regarding the long-term stability and benefit of these consolidations and mergers. These concerns were realized beginning in 1970, with a sharp drop in stock prices and the financial difficulties of a growing number of firms. The role of accounting in these business combinations became the focus of much interest and criticism (Dyckman, 1964; Wyatt, 1963). Accounting researchers, government officials, and the business press began examining the extent to which accounting reporting methods contributed to the consolidation movement in general (e.g., due to distortions arising from historical costing, paper profits emerging from the recording of goodwill, the effects of alternative methods of reporting business combinations) and to what many considered the over-valuation of specific enterprises (e.g., National Student Marketing, United Fruit, Penn Central).

There was considerable public debate over the issue of "flexibility versus uniformity" in the application of accounting standards and their alleged misuse by managers (Penny, 1960; Spacek, 1964). Therein was the re-emergence of one of the first sustained criticisms of accounting since the work of Ripley and others during the 1920s. This "normative" critique is represented in the writings of Briloff (1964, 1972), Spacek (1958) and later Chatov (1975, 1977) and Seligman (1982, 1983).[7] Its intellectual roots are in the Berle and Means critique of the modern corporation and the separation of ownership from control.

These critiques, which implicitly accepted private property relations, and the basic tenets of the orthodox accounting model, voiced concerns from the "real" world sectors of investors, creditors, Congress, the SEC and so on. By today's standards, the normative critique would not qualify as "critical"; however, in its day—relative to the practical politics of the situation facing normative theorists—it laid important groundwork and thus is designated as "early-critical" in Figure 1. Most important, from the perspective of dialectics and praxis, 'what is critical' is not a fixed or absolute, invariant position, but is always adequate to its time (Ryan, 1982; Tinker & Okcabol, 1990).

Early critical investigations focused on single-company failures emanating from misuses of GAAP (*cf.*, Briloff and Sporkin in Tinker, 1984 regarding Lockheed, Seabord; Briloff, 1970, 1976, 1981). The reports appeared, not in the academic literature, but in the much more (politically influential) financial and business press (notably the bi-weekly, *Barron's*). They highlight the lack of independence of the auditors (large accounting firms) and their standard-setting body (the FASB) from their corporate clients. These critics assail management abuses and the lack of auditor independence; little is said however about the broader social and economic forces that impel such conduct.

These issues remained unexamined until the emergence of Late Critical Accounting. An additional shortcoming of the normative critique was the narrow focus on the wealth affects of stockholders. No account was taken of growing social discontent with

corporations by environmentalists, women, minorities, consumers, employees and other constituencies. These demands were being translated into specific legislative remedies regarding non-discriminatory employment, product safety, workplace health and safety, and environmental pollution. Even though such concerns were intimately connected to corporate accountability, normative critics consistently failed to expand their analysis to accommodate such concerns, focusing instead on the narrow Berle and Means pre-occupation with management's usurping of the power of property. It was left to a relatively small group of social accounting academics in the early 1970s to lead a minor revolt that expressed (especially environmental and gender) concerns.

Neo-Liberal Critique

Social accounting (sometimes called corporate social responsibility accounting) was a lagged response to the Welfare State ideology of the Johnson Great Society era. These reformers attempted to respond to the growing criticisms of corporations, while remaining faithful to tenets of the conventional accounting paradigm. They argued for the recognition of "externalities" in financial statements in order to monitor the social consequences of corporate behavior (Bowman,1973; Estes, 1972, 1976; Linowes, 1968; Mobley, 1970; Ramanathan, 1976; Ronen, 1974). These researchers attempted to define social costs (e.g., costs of polluting) and benefits (e.g., sponsoring cultural programs) and proposed social audits, by accountants, to establish the extent of each firm's social responsibility. They considered different methods for measuring this "new" social information about the firm, and they experimented with various social-financial accounts and reports that would benefit interested parties (e.g., Charnes et. al., 1977; Dierkes and Bauer, 1973; Epstein et. al., 1976; Longstreth and Rosenbloom, 1973; Seidler and Seidler, 1975; Schreuder, 1979).

To disclose corporate externalities, social accounting reformers relied on legal and market concepts for measuring social costs and benefits. But herein lay a difficulty: what is a good proxy for the public interest? How is "social cost" and "social benefit" to be quantified? Is a legally endorsed money transfer to be the yardstick? Should we conclude that the social cost of gulf war syndrome is the amount of court settlement if the government is found to have stalled on medical research findings that might impact judicial decisions? If past judicial settlements have been prejudiced as a result of the withholding of evidence (as would appear in the case of tobacco) or after intense political lobbying to divert legislation (guns and tobacco), what kind of accounting would effect the kind of social disclosure that would elicit socially responsible conduct?

There is no adequate remedy to this measurement problem within the corpus of social accounting. Monetary amounts fail to capture the full social consequences of certain corporate activities. For example, corporations often prefer paying (nominal) fines for pollution rather than investing funds to prevent pollution. Some corporations use consulting firms to evade pollution control. Far from being a burden, the penalties against polluters may be a real bargain compared with the full cost of protecting the environment.

Social accounting was part of a broader social neo-liberal ideology calling for a combination of judicious state regulation and socially responsive corporate behavior in order to build a more caring society. It assumed that accounting disclosure had an important part to play in an era of enlightened capitalism, ignoring that the social, economic and political system in which accounting and corporate activity existed penalized outsiders, and encouraged corporations to minimize their "social responsibility." The market imperative motivated rational producers to dump chemicals haphazardly rather than employ expensive reprocessing methods. It is the rationality of the market that requires critical examination; this was not the rubric of corporate responsibility perspective.

By the mid-1970s, an even more restrictive reaction to corporate abuses sprung from the straightjacket of neo-liberalism and market capitalism: social responsibility market studies. These researchers became interested in linking social accounting to an emerging methodology developed in the mainstream: market efficiency research.

This finance-based literature suggested that the furor over financial statements was misleading because the market was informationally efficient and hence could not be "fooled" by accounting disclosures (Ball & Brown, 1968; Beaver, 1972; Gonedes & Dopuch, 1974). Moreover, the system itself could be interrogated to discover the demand for, and response to disclosure about social performance. This approach introduced into the literature a series of market studies focusing on social accounting's impact on prices and returns (Anderson & Frankle, 1980; Belkauoi, 1976; Bowman, 1978; Freedman & Jaggi, 1982; Ingram, 1978). Spicer's (1978) study of the paper and pulp industry examined the stock market's reaction to social performance (measured by a Council of Economic Priorities report on pollution in the industry). Buzby and Falk (1979) surveyed university investors to determine the impact of social disclosure on their portfolio decisions. Corporate performance was measured by accounting variables such as return on equity and earnings per share. Investor and creditor reactions were assessed in terms of the movement of stock prices, returns, and betas, as well as investor and creditor group surveys.

The social accounting approach failed to resolve issues regarding equity; it equated individual wealth maximization with social welfare and spuriously separated economic and social issues (Dobb, 1937; Robinson, 1953; Harcourt, 1972; Sraffa, 1960; Cooper, 1980; Lowe et. al, 1982; Macintosh, 1985; Tinker 1980). Thus, like the previous views, this perspective failed to specify the structural conflicts of interests and inequalities underlying the market place. The separation of the social and economic sphere appeared again in revisionist approaches, which we review next.

Neo-Classical Counter-Attack (1970s-1980s)

The normative critiques of writers from within the profession (Briloff, Chatov, Spacek, and others) presented the most serious challenge to the Accounting Establishment, culminating in Congressional investigations that threatened state intervention. Senators Moss and Metcalfe noted that the main source of information available to the investing

public concerning 95% of the Fortune 500's largest U.S. corporations, was mediated by the eight largest accounting firms. Presented with such a high level of concentration in such a crucial informational industry, Congress appeared responsive to the urgings of commentators like Briloff that the large firms be either tightly regulated or broken up.

The large firms counterattacked on a number of fronts. In academia, they fostered research aimed at discrediting (what they branded as) the normative perspective.[8] Redirecting academic research hardly provided the "quick fix" that the firms needed to counter calls for greater regulation. Concessions such as the acceptance of peer review audits and greater SEC scrutiny were probably more efficacious in this respect. Investment in academia, in the form of funded chairs and research *etc.*, did have a profound affect on the ideological slant in publications, who was promoted and tenured, and what was taught (especially to MBA's).

Positive accounting theory was the first wave of the theoretical counterattack on the "normative" reasoning of Briloff *et al.* The positive literature proposed that, given the random walk of stock prices over time, capital markets were informationally efficient, and thus even if corporate accounting disclosures violated GAAP, they were irrelevant. This was so because accounting information was inherently historical—already impounded in stock prices—and therefore accounting disclosure couldn't affect current stock prices (Ball & Brown, 1968; Beaver, 1972; Gonedes & Dopuch, 1974).

The positive accounting attack on normative critics had limited success. Big sample studies of stock price movements, presented in abstract economic and statistical terms, lacked the humor and drama of the case-by-case anecdotes of writers such as Briloff (Briloff, 1964, 1972, 1976, 1977, 1981, 1984, 1985, 1990,1993). Moreover, the latter bypassed the journals of academia (staffed increasingly by Big 8 gatekeepers) and published for the investing masses in an accessible, entertaining manner. Then came a second neo-classical counterattack on normative positions: the Agency Theory of Jensen and Meckling (1976).

Agency theory is a market riposte to the concerns, not only of Briloff, but also to those of Berle and Means: that capitalism itself was undermined by the growth of the power of management relative to that of the owners of capital. Agency theorists argued that the stock price of any corporation whose management abused their agency advantage (through excessive salaries, perquisites, etc.) would be depressed, inviting takeover or some other market correction. Further, it was argued, good management had an incentive to employ auditors who could "signal" that management were meeting their fiduciary obligations, as this would reduce investor risk and elevate a firm's stock price.

Agency theory shares the same precepts (and weaknesses) as the earlier incarnation of neoclassical economics—positive accounting theory. This research lacked persuasiveness and credibility (relative to the Brilovian critique) not merely because it was abstract and remote, but because it ran counter to the commonsense experience of most people. For the latter, many corporations had grown to the point where they were not market regulated, but had become regulators of the their markets (a point stressed by Berle and

Means that was conveniently "assumed away" by agency researchers). "Let's assume that markets are competitive" is a precept that normal people find implausible (excluding the financial economist wannabees whom the Big 8 had installed as an "accounting elite" in U.S. universities).

The approaches discussed previously (neoclassical, neo-liberal, early critical) share—in varying degrees—a number of key assumptions. First, it is assumed (especially for the neo-liberal and early critical writers) that the problems of accounting can be remedied by restoring the standards of expertise and integrity 'on which the profession was founded.' Second, fine-tuning the existing system of measurement and reporting, to make them more exact, neutral, and independent, is an attainable and worthy pursuit. Third, that critical accounting is "just another" (minor) branch of accounting, or just further evidence of a regrettable "balkanization" of accounting (Demski & Zimmerman, 2000). The above precepts are rejected by a growing number of socially progressive accounting researchers, who use methods of investigation that seek to avert such shortcomings.

Late-Critical Research

What Figure 1 terms "Late-Critical Accounting" first emerged in the U.K. in the late 1970s. The reasons for this particular time and place are complex. Contributory factors include the U.K.'s fiercely independent (quasi-feudal) university culture that nurtured a relatively paternalistic disposition towards students. Accounting (vocational) studies were begrudgingly fostered in a few "red-brick" institutions, but such studies were typically placed in the custody of departments of economics. These departments hired accounting lecturers who were expected to confine themselves to matters of technical bookkeeping.[9] These lecturers were typically required to possess a first degree in economics and a professional accounting qualification.

It might be thought that, with traditional economics at the helm in the U.K, and Big 8-bankrolled financial economists in the U.S. driving seat, the two systems would converge. However, significant differences between the two cultures accounted for the more deviant (critical) activity in the U.K (and the rise of Late-Critical Accounting). Economics in the U.K. is a much broader discipline than financial economics in the U.S. Economic history, economic sociology, philosophy, and politics are considered to be part of the corpus of economics in the U.K. Academy. While most U.K. economists (like their financial economist counterparts in the U.S.) often view accounting with a certain disdain (and its vocational and commercial side with contempt), U.K. economists still entertained a broader and more eclectic understanding than financial economists. The so-called "Sheffield School"—with its concentration on "theory building" subjects like cybernetics, general systems theory and philosophy—was an instance of this.[10] Similarly, the tradition of economic (and accounting) history (in schools like Edinburgh, Aberystwyth, and the London School of Economics) undermined any notion that capitalism was—or would be—eternal (a normal precept in financial economics).

U.S. accounting studies were, and still are, less diverse and more technical, than their U.K. counterparts. Rigid (and multiple) accreditation agencies, and a factory-like system

of producing doctorates (a pre-requisite for a tenure track position) secure much greater conformity in the U.S. The U.K., in contrast, ferments a greater diversity of approaches to teaching and research. This variety became institutionalized in new journals: *Accounting, Organizations, and Society* (in the mid-eighties) *Critical Perspectives on Accounting, Accounting, Auditing and Accountability Journal* (in the early nineties) and later still, the *Accounting Forum.* However, these developments never remained sedimented in the U.K. A growing restlessness in the U.S. (among Brilovians and others) provided a warm welcome for their critical ideas.

Late-Critical Accounting first appeared in an event organized by the American Accounting Association's Public Interest Section.[11] The main speakers were Abraham Briloff, Stanley Sporkin (revered enforcement director of the Securities and Exchange Commission) and the maverick economist, Charles Linblom.[12] This meeting was closely followed by the first Accounting, Organizations, and Society conference, held at the University of California, Los Angeles.

What distinguishes "Late" Critical Accounting from its earlier counterpoint (and other forms of quasi-liberal analysis) is the centrality of capitalism to the analysis. Other foci—race, gender, etc.—are legitimate lines of investigation in their own right; however they in no way vitiate the importance of examining the systematic inequalities present in a system of production relations (capitalism), especially as the latter assumes an increasingly global character.

Late-critical accounting springs from a specific social inequality; it also understands its own social mutability. Marx underscores this in critiquing Ricardo for failing to note that concepts like profit, rent, wealth, net present value, and efficiency are not "eternal," but are contingent on the particular social order of capitalism (Marx, 1977). Thus, a range of late-critical studies examines the antecedents of accounting and its mutability in different social and organizational contexts (Cooper, 1980; Hoogvelt & Tinker, 1978; Tinker, 1980, 1985; Tinker, Merino & Neimark, 1982; Tinker & Neimark, 1986; Armstrong, 1985, 1987; Loft, 1986; Miller & O'Leary, 1986; Hoskin & Macve, 1986). A variant on this theme are those investigations that explore accounting's role as an ideological weapon in social conflict over the distribution of income and wealth (Lehman & Tinker, 1987; Merino & Neimark, 1982; Berry *et al.*, 1985; Tinker & Neimark, 1986; Neimark & Tinker, 1986). These studies share a recognition that accounting is, "in itself," inextricably infused with interests, such that its very nature is constructed by the exercise of social and political power.

In attempting to contextualize accounting, a number of Late-Critical studies have focused on accounting's relationship with the activities of the state. Armstrong, for example, shows U.K. management accounting practices to be predicated on a particular juncture in the evolution of British capitalism, and a specific array of competitive professional strategies (a "collective mobility project") (Armstrong, 1985). Burchell, *et al.* temporalized the phenomenon of value-added, exemplifying its determinational as well as its representational roles, and embedding its presence in promotions of a "consensus-seeking society" by "unifying efficiency and democracy" (Burchell *et al.*, 1985, p.388-9).

Berry *et al.* associate management accounting practices found in the National Coal Board with the broader social and political context of Thatcher's England. Miller and O'Leary (1986), Loft (1986), and Hoskin and Macve (1986) implicate accounting with emergent forms of disciplinary power and calculative practices (frequently envehicled by state sponsorship). They ground their histories of accounting and bookkeeping in the evolution of ideological studies and "discursive programmes of administration and calculation" (Miller & O'Leary, 1986, p.12).

The breadth of accounting (viewed from a Late-Critical Research) is revealed in the diversity of ways in which the subject participates in conflicts over wealth distribution. What follows are three empirical cases that exemplify the breadth of Late-Critical Accounting. The first case involves the Scottish owned iron ore venture operating in Sierra Leone. This research re-interprets the definition of "efficient performance" that these statements disclose. The second case examines the annual reports of General Motors. The last case examines fourteen years of business and accounting literature in *Fortune* magazine, the *Journal of Accountancy* and the *Accounting Review* and explores accounting's involvement in social ideology, its implicit conception of "acceptable" research, and its impact on the distribution of wealth between different groups and social classes.[13]

Financial Disclosure, Imperialism, and Post-Imperialism

The study reported in Hoogvelt and Tinker (1978) and Tinker (1980) examines the financial history of a Scottish owned mining company that operated in Sierra Leone from 1930 to 1976. Using a computer simulation, the study reconstructed Delco's financial data to report the distribution of inflation-adjusted sales proceeds between various parties and during different historical periods (*i.e.*, a periodization analysis).[14]

A periodization analysis isolates the relations prevailing in different eras or hegemonic regimes—exposing the unique role of accounting in each. The hegemonic regimes were early-colonial, late-colonial, and post-colonial. Each regime corresponds to a particular technology for extracting surplus value; this specificity is reflected in the distribution of Delco's sales proceeds. Overall, the Delco enterprise was profitable, providing investors with an inflation-adjusted internal rate of return of 10%. But closer examination of the accounting data reveals that this appearance of profitability masks a very different set of circumstances.

The transition from the early-colonial to the late-colonial period saw the percentage share of proceeds collected by the Imperial British (colonial) constituents gently decline (from 84% to 79%). This decline is accompanied by increasing allocations (mainly through taxation) to the local colonial authorities whose share of the proceeds reaches a peak in the beginning of the post-colonial period (from 1.7% to 14.9%). These figures, together with other records of the period, indicate a redistribution of power in the form of military and ideological weaponry away from the imperial authorities to a growing and increasingly bureaucratic group based in Freetown.

These changes occurred notwithstanding the fact that the basic social relations of capitalist enterprises—the relations of production—remained unaltered. Thus we see that the returns to the tribal authorities (representing the original owners of the land) and to black labor remain stagnant throughout the entire period. (The declining return to black wage labor is attributable entirely to a proportionate reduction of the numbers employed.) The new and swelling government revenues did not, directly or indirectly, benefit the native workers, people, and local authorities in the iron-producing province. Instead, they served to secure the continued cooperation of an increasingly alienated indigenous black state.

The exploitative relations that persisted throughout the post-colonial period were superficially transformed through the introduction of a cadre of black salaried workers. By 1974, for example, 164 of 218 supervisory salaried staff were Sierra Leoneans with an income almost equaling that of the 2,137 black manual laborers in the enterprise. But this increase in black salaries did not represent an investment in productive employees in the conventional sense. Most of those employed were members of the tribal elite whose approval and support the company needed if it was to continue operating in Sierra Leone. By the mid-1970s, the expanding indigenous pressure, coupled with the prospect of diminishing returns from the mine, induced the company to leave.

The inability of accounting statements (or neoclassicism in general) to say anything meaningful about "efficiency" and "productivity" has been discussed extensively in Tinker (1980, 1988). The Delco study illustrates how income distribution, reflected in accounting numbers, is shaped by social and political forces—not marginal productivity considerations. Rather than being a fairytale about the "justice" of marginal productivity, measured in net present values and accounting rates of return, Delco is the story of a system that was so rapacious and unstable that it failed to meet even the minimum viability test: it did not offer weaker parties (i.e., black employees) enough returns to enable them to reproduce an economic role in the longer term. This failure to beacon the destructive tendencies pursued by a societal entity, and instead bless it with "healthy" profitability indices, is a serious indictment of conventional accounting.

General Motor's Annual Reports

The inquiry into gender and class relations at GM (Tinker & Neimark, 1986) was based on a content analysis of the non-financial statement portion of GM's annual reports from 1916 through 1976.[15] Annual reports are not taken at face value in this investigation, but are regarded as reflective—and constitutive—of the social, political, and economic conditions prevailing in specific eras in GM's history.

Annual reports are a symbolic universe of language, signs, meanings, norms, beliefs, perceptions, and values through which individuals and institutions define themselves and are defined by others. But, as the histories of minorities and women have shown, these definitions and self-knowledge are contested terrains; and annual reports are among the arsenal of weapons corporations deployed in these conflicts, as they strive to maintain the conditions necessary for reproducing their profitability and growth. Annual reports

belong in the domain of accounting because accounting numbers do not exist *in vacuo*. They are integral to specific meaning contexts—such as the annual reports with which they are presented and within which they are interpreted. Annual reports themselves gain a certain legitimacy by their association with the company's audited financial statements. The task in the study then was to locate women's oppression within a series of specific socio-historical periods in the evolution of 20th century capitalism and to show, using annual reports, the part that accounting related documents may play in perpetuating this oppression.

The study traces female subordination under capitalism to two primary sources. First, that part of the labor process where the existence of female labor facilitates surplus value appropriation by playing the part of an "industrial reserve army" or providing cheap labor. Second, in times of over-production and over-consumption, where social ideology about women is used as part of a larger social consumption norm. The treatment of women in GM's annual reports during and after World War II illustrates aspects of both sources most vividly.

It is during World War II, when their labor is required to maintain production (and profitability) in GM's factories (and close to one-third of the hourly labor force is female), that women first appear in GM's annual reports. Photographs show women wearing overalls, peering around six-blade aircraft propellers, and assembling and inspecting carburetors. The text praises their capacity as workers in what had previously been thought of as men's jobs, and reports on programs to train women engineers. As soon as the war ended, however, GM, in collaboration with the UAW, purged women from the work force. By the end of August, 1945, their numbers had fallen to 10% of the workforce.

During the post-war years, state policies of Keynesian demand management were reinforced by the development of a social ideology of "consumption" in an attempt to counter the crisis of realization that had characterized the 1930s. The new status of women, as it was presented in GM's annual reports in the 1950s, was closely tied to an emerging emphasis on consumption. During this period, photographs in annual reports reinforced beliefs about the women's place (in the home) and as an instrument of consumption. Women appeared as adornments and symbols of (presumably) male achievement. The reports encouraged a pattern of consumption oriented around the possession of a house in the suburbs, the ownership of new automobiles and appliances, nuclear-family centered leisure activities, and a motivation to possess the latest in styling and technology. "You are what you consume," was the message.

Accounting Research and Business Literature

This study (Lehman, 1985, 1993; Lehman and Tinker, 1987) used two accounting journals (the *Journal of Accountancy* and the *Accounting Review*) and *Fortune* magazine, to highlight the way business and accounting literature participates in cultural reproduction. [16] To capture the publications' impact on social activity in this period, the study classified the content of articles into a range of "discourse categories" (ideological

themes having the potential of affecting a redistribution of income between social groups) and then aggregated the discourses into "configurations" that shared similar connotations.[17]

The impact of accounting research ideology becomes evident when contextualized relative to the political, economic, and social conditions of each era. A periodization analysis was used to explore the manner in which business and accounting literature changed over time in response to evolving hegemonic circumstances. The study covered the fourteen-year period from 1960 through 1973 spanning the transition between two hegemonic regimes (from a hegemony of consent to one of coercion). During the early 1960s, the foundation of the post-war consensus was consolidated through a range of political and social strategies (Johnson's Great Society and Welfare State programs) and reinforced by rising rates of profit and real wages. But the strategies of the period imposed real limits on the efficacy of Keynesian state intervention and by 1966 the boom peaked and was followed by stagnation and then stagflation. The collapse of the post war boom and consensus in the late 1960s ushered in a new authoritarianism in the 1970s (Hall et. al., 1978; Hall 1983a, 1983b).

The *Journal of Accountancy* dominated *The Accounting Review* in terms of its aggregate involvement in criticisms of the state and thus in facilitating the transition from an era of consent to an era of coercion. The intermeshing of accounting and business discourses was evident from the data on the accounting publications' discussion of state and self-regulation with the corresponding discourses from *Fortune*. These data illuminate the contingent relationship between accounting and business ideologies and various social, political, and economic forces. Accounting participates by re-presenting the world (in its literature) in a manner conducive to the changing needs of capital accumulation.

IMPLICATIONS

The origins of critical accounting in the 1960s, and its subsequent development in the 1970s and 1980s, reside in a series of social conflicts and ideological transitions. These conflicts occurred within capital (*e.g.*, between finance and industrial capital and between shareholders and managers) and between capital and other social interests (*e.g.*, environmentalists, workers, consumers, women, minorities). The ideological transitions extend from the collective/consensual rhetoric of the Kennedy-Johnson Great Society years to the authoritarian popularism that emerged in the stagflation and fiscal crisis of the state of the 1970s.

Early Critical Accounting was integral to these conflicts and shifts. It began as a critique of the orthodox GAAP model on behalf of investors. Together with reformist and neo-liberal efforts, it accepted the basic tenets of neoclassical economics by striving to empower investors (capital) relative to their fiduciaries, corporate management. By the 1970s and early 1980s however, a growing social discontent with "the unacceptable face of capitalism" began to outflank these reformist efforts. A new, more broadly based response emerged, one that put into question market capitalism itself. Late Critical Accounting arose in these circumstances.[18]

Critical Accounting today is institutionally established in both Europe and the U.S. Several refereed journals regularly publish critical material, critical scholars are represented in special interest sections of the American Accounting Association, and the Critical Perspectives on Accounting Conference is now the second largest accounting conference in the U.S. (second only to the annual meeting of the American Accounting Association). In the U.S, critical scholarship is now accepted for promotion and tenure decisions by many faculties, hundreds of critical scholars occupy tenured faculty positions, and in some colleges, critical researchers are now in the majority.

ENDNOTES

1. Thus Hegel's reference to a social philosophy as "... its own time apprehended in thoughts." (Hegel, 1967, p. 11).
2. "Dialectical" (in contradistinction to "historical") materialism is a mode of analysis that does not follow a strict chronology of events, but rather (re)orders events in a logical fashion. The logical reordering is in accordance with the emerging crisis and contractions of capitalism; that may (but frequently may not) tread in a historical sequence.
3. This does not mean that accounting acts as an impartial adjudicator. On the contrary, it invariably intervenes in a partisan manner (Tinker, 1991). Critical accounting is itself a partisan enterprise that first has to determine 'Who the sides are?' and 'Which side are we on?'
4. This definitional restriction on critical accounting — to crisis attributable to the instabilities of capitalism — imposes a tight limit on research that qualifies as "critical." In the following review of the history of critical accounting, it will be necessary to distinguish research that falls within this critical jurisdiction from other, seemingly progressive literature. Critical accounting has evolved, not only in relation to "practice," but also in conjunction with these other systems of (social) thought.
5. Most important for "applied" professional fields like accounting, this mode of analysis eschews the Cartesian dichotomy of "observer" and observed" (or "science" and "object of analysis") by recognizing that the observer is embedded in the observed, and thus, through praxis, undergoes a self-transformation (Held, 1980; Tinker et. al, 1982; Tinker and Yuthas, 1995). This departure from epistemic orthodoxy leads to a rejection of that hubris that Science is the Archimedean point of change. As "the other" (object of analysis) both includes — but is greater than the subject-observer — history is inevitably an unfolding of unexpected consequences ("unexpected," that is, by the observer).
6. Hence, the importance ascribed to evidence is clear from his comments on the dialectical logic of movement: "the absolute method [dialectics] ... does not behave like external reflection... [this imposition of a grand narrative by a theoretical observer] ... but takes the determinate element from its own subject matter, since it is itself that subject matter's immanent principle and soul" (Hegel, 1969, pp. 827-28).
7. The exponents of the "Normative Critique" would not self-describe their work with this appellation. It was developed later in writings aimed at discrediting their efforts.

Notwithstanding its ideological slant, it has been retained here for its "recognition value."

8. Redirecting academic research hardly provided the "quick fix" that the firms needed to counter calls for greater regulation (offers to peer review audits and cooperate with greater SEC scrutiny, were probably more effective in this respect).
9. A significant number of these U.K. accounting academics did not "toe the line". This was due, in part, to a professional upbringing that introduces broad, practical concerns that cannot be addressed within the relatively abstract and simplified world of neoclassical economics. In addition, as shown subsequently, U.K. economics was (and probably still is) much more inquisitive and scholastic than its financial economics counterpart in the U.S. The latter even today is relatively technocratic, ahistorical, and atheoretical.
10. The impact of the so-called Sheffield School is reflected in the large number of chairs now held by members of that school. Only the London School of Economics (a generation earlier) compares in numbers.
11. Within twelve hours of the announcement of the names of the main speakers, the Big 8 sponsors (each of whom had promised $1000 to cover the cost of this public interest event) withdrew their support.
12. This meeting, and the first AOS conference at UCLA, was organized by the author. The proceedings of these two meetings were published in Tinker (1980, 1984).
13. These passages draw on Tinker *et al.*, 1988. Cheryl Lehman and Marilyn Neimark were primary researchers in these studies.
14. Full financial details are reported in Tinker (1980).
15. Neimark (1992) provides a full account of this study.
16. Lehman (1993) provides a full report on this study.
17. These configurations are similar to factors in factor analysis, except that the basis of their association lies in their symbolic meanings rather than statistical properties.
18. The Savings and Loans debacle, farm debt crisis, pension recaptures, plant closings, bank failures, greenmailing, and third world debt controversies, were the kind of incidents that spotlighted the inadequacies of accounting and beckoned more critical efforts.

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