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EDITORIAL

Introducing the Special Issue on "Challenges, Opportunities, and Directions in Accounting"

This special issue signals the re-birth of the *Revista de Contabilidade e Gestão*, which following the appointment of a new Editor-in-Chief and of new Associate Editors in June 2021 by the Chairwoman of *Ordem dos Contabilistas Certificados* (OCC), has been renamed as the *Accounting and Management Review*.

As earlier, the *Accounting and Management Review* seeks to be a platform between academics and practitioners in public and private sectors, fostering high quality research in accounting and management fields that enhances understanding on the nature and implications of accounting and managerial practices. With the relaunch of the journal two additional concerns related to the internationalization of authors and the scope of research, as well as the contribution of articles to the promotion of the good of society and the betterment of the world have been embraced by the new Editorial Team. In so doing there is the explicit understanding that accounting is neither a neutral device nor a mere technique, but a ubiquitous practice that shapes the moral order of world and the way that the every-day life of organizations and individuals is framed; and that the journal should not confine accounting research to any specific country or region, nor to any determined methodology or theoretical lens if it is to produce global impact and to contribute to a changing world.

Although still described by some as a mere technique and neutral tool that seeks to identify, measure, and communicate information to inform judgements and decisions by users of information (cf. AAA, 1966), accounting is being increasingly recognized as "a pervasive, enabling and disabling social phenomenon" (Carnegie et al., 2021: 67). The conceptualization that accounting is a powerful and global technology that is able to create, shape and legitimize new practices and, as such, that it holds the potential to contribute to the development of a better world and fairer society is a paramount aspect that underscore the objectives and mission set for the *Accounting and Management Review*. In this respect, the definition recently proposed by Carnegie et al. (2021: 69) that "[a]ccounting is a technical, social and moral practice concerned with the sustainable utilisation of resources and proper accountability to stakeholders to enable the flourishing of organisations, people and nature" has proved to be especially influential in establishing the journal's scope and vision.

Drawing on the perspective that to understand accounting phenomena in their wholeness and complexity, one must consider behavioural, organizational, institutional, and social dimensions we challenge a group of distinguished leading international accounting scholars to contribute a piece of work discussing their personal views on the role played by accounting in contemporary society, and the challenges facing accounting research in the years ahead. It is therefore with great enthusiasm that I welcome you to the first Special Issue of the *Accounting and Management Review*, with the theme of "**Challenges, Opportunities, and Directions in Accounting**".

The Special Issue comprises seven articles, each approaching a specific aspect of concern in accounting research. In the first, entitled "Pursuing Big Issues in Covid-World Accounting Research", Lee Parker and Indrit Troshani present their reflections on critical issues of accounting research agenda in the wake of the global Covid-19 pandemic. The authors expose their concern about the attention that structured and systematic literature reviews are granting on accounting research literature these days, and the risks associated with the "research community becoming increasingly remote from today's great challenges and concerns of local, national and global communities outside academe" if researchers persist in their focus on bibliometric analysis and research cluster identification (Parker & Troshani, 2022: 15). As a way of helping to overcome the lack of relevance of research for solving the "wicked problems" of accounting in the new world of Covid-19, Parker and Troshani (2022: 15) provide a comprehensive discussion on the growing importance of topics related to public sector and accountability, social and environmental accountability, digital accounting and reporting, and the transitioning of organizational activity from factory floor to hybrid office. By elaborating on each of the four areas of "major governmental, business, professional and community concern" (ibid: 35), the article urges the accounting research community to undertake investigation that can fruitfully contribute to society's responses to these challenges.

Drawing on another perspective, Alan Sangster offers in the second paper (title: "Revolutionising the Accounting Curriculum in Higher Education: A Vision of the Future"), a personal viewpoint informed by observation over the last 30 years on how technology development and changes in the business environment have impacted faculty and students' engagement in the education process. The author looks retrospectively to the beginning of the 1980s, when he started teaching in Glasgow, until the outbreak of the Covid-19 pandemic, to conclude that despite the development of research literature on accounting education that approaches what graduates should be able to do when entering the accounting profession, little progress had been achieved to meet these requirements. The article provides particular emphasis to the challenges that have emerged as result of the pandemic to the accounting educators and students, as well as to the importance of developing students' understanding and critical thinking as a form of leveraging the verbal communication and inter-personal skills that employers require. Additionally, Sangster discusses the relevance of "new" topics, such as big data, data analytics, and artificial intelligence in the eyes of the accounting profession, and how accounting programs need to be redesigned in order to incorporate them.

In the next article (titled: "Global University Rankings: The Macro-Micro Contradiction in Public University Management") Garry Carnegie discusses the extent to which concerns with performance measurement in the context of New Public Management (NPM) ideology have been dominating the management of Australian public universities. Acknowledging the prevalence of multiple and global rankings (designated as "global university rankings – GURs") in the management of public universities over the last two decades, Carnegie analyses the explicit mission and vision statements of each of the 37 public universities in Australia in the 2021-2022 period. While arguing that there are societal expectations regarding the macro-contribution of public universities to serve and support society, helping to solve "wicked or super-wicked problems" (Carnegie, 2022: 79), the author claims that there has been a concentration during the past 20 years "on management by numbers", that is, on the "micro-measurement, metrics-driven approach to university management" (ibid: 79). This dichotomy is termed by the author as the "macro-micro contradiction in public university management" (ibid: 98), and attributes it in part to "a lack of appreciation and understanding generally of accounting as an influential, multi-dimensional technical, social and moral practice" (ibid: 100).

In another vein, in his paper (titled: "From Stakeholder to Rightsholder Perspectives: The UNGPs, SDGs and New Paradigms for Corporate Accountability") Ken McPhail explores how from the endorsement of the UN Guiding principles on Business & Human Rights (UNGPs) in 2011 and the subsequent publication of the Sustainable Development Goals (SDGs), a new framework based on the universal nature of human rights has emerged, and how this impacts the literature on stakeholder theory and the development of accounting research in the future. Accordingly, the move of Business and Human Rights (BHR) from periphery to centre stage in international law has triggered a fundamental question about "whether the prevailing 'Chicago School' understanding of what it means for a firm to behave efficiently and to create wealth remains the best way to theorize accounting practice" (McPhail, 2022: 114). Furthermore, the author provides a comparison between the three strands of stakeholder research, and debates how stakeholder theory through the conceptualization of corporate responsibility beyond the rights of shareholders, extends, relates, or differs from the business and human rights perspective. In so doing he offers an outline of opportunities for new directions in accounting research.

The fifth article is written by Christopher Napier (title: "How Theorising Can Enhance Historical Accounting Research"), who examines the importance of theory and theorization in historical accounting research. Based on three frameworks for theorizing developed in the organizational literature (Langley's (1999) "Seven Strategies for Sensemaking"; Llewellyn's (2003) "Five Levels of Theorising"; and Mclean et al.'s (2016) "Four Conceptions of History in Organisation Studies"), this researcher offers an interesting discussion about the relevance of each of the frameworks to inform historical studies in accounting and to provide effective explanations and understandings of historical processes. While acknowledging that there are different ways of theorizing in historical accounting research, through the adoption of theory either as the input, output, or as both the input and output of the investigation process, Napier points out the benefits for the accounting historian of thinking explicitly about the role of theory in their work.

The next article is written by Zahirul Hoque under the title of "Outcome Budgets in Government Entities: Rhetoric or a Reality!". Building upon two of his recent edited books (Hoque, 2021a, 2021b), the author presents a critical overview on NPM reforms and how deficiencies of budgetary practices in the public sector are pressuring governments to expand traditional budgeting from pure output measures to outcome measures. To this end he examines the way that outcome budgeting and the performance management framework operate in the public sectors of selected countries in both developed and developing economies. The article concludes with the examination of issues related to the difficulty in the adaptation and operation of the new outcome budgeting approach and suggestions for further studies to investigate "whether this 'new' paradigm shift has accrued benefits to the public sector" (Hoque, 2022: 167).

The Special Issue ends with the presentation of Niamh Brennan and Doris Merkl-Davies' study on "Discretionary Accounting Narratives in Contemporary Corporate Reporting: Review and Framework". The researchers adopt a preparer perspective combined with an analytical framework based on Wiedman's (2000) three components (which they re-label as "antecedents/environment", "characteristics/attributes", and "consequences/impact") to review earlier research on the discretionary accounting narrative. Recognizing that there are different streams of disclosure research (North American-style versus European-style narrative research), with each of them holding specific assumptions about the purpose of accounting information and under distinct intellectual traditions, the authors draw on five theoretical perspectives (the economic, the psychological, the sociological, the critical, and the rhetorical and linguistic perspective) to inform their review and set an agenda for future research.

By bringing together in this Special Issue the insightful views of this group of distinguished accounting researchers, it is expected that the *Accounting and Management Review* can provide a useful overview on some of the contemporary practices of accounting and a discussion on the new directions and challenges posed to research in the area. In doing so it is aimed to contribute to the ongoing debate about the role of accounting in society and the world.

Maria João Major
Editor-in-Chief of the Accounting
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Pursuing Big Issues in Covid-World Accounting Research

Lee D. Parker[a], Indrit Troshani[b]

ABSTRACT

Reflecting on the third year of the global Covid-19 pandemic, this paper addresses critical issues in the accounting research agenda. Departing from the current vogue for structured and systematic literature reviews, it specifically targets a number of major accountability issues whose importance will be reinforced by the institutional, economic, political and social environment. Informed by a renewed call to address the accounting research-practice gap, the paper examines the increasing importance of public sector services and accountability, social and environmental accountability, digital transformation in accounting and reporting, and the accountability implications of transitioning to the hybrid office. Accordingly, this paper presents the case for accounting researchers turning their attention to the big issues that concern governments, communities and institutions rather than retreating into preoccupations with self-referential technical, conceptual and archival studies often characteristic of today's accounting research literature.

Keywords: Research-practice gap; Covid-19; public sector; social responsibility; environmental accountability; digital transformation; hybrid office.

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1. Introduction

Across so many areas of the accounting research literature, journals are today publishing more and more structured/systematic literature reviews. Their methodologies employed exhibit growing sophistication and complexity including quantitative content analysis, citation mapping, burst detection algorithms, bibliometric analysis, research cluster identification, and highest cited paper listings. These are applied to individual journal contents or selected lists of journals, the latter's selection often heavily influenced by national ranking systems. While these can yield some comprehensive impressions of the vast array of topics to which accounting researchers have been devoting attention, despite analytical attempts to find dominant and emerging topics, the academic reader is oftentimes still left overwhelmed by the array of already familiar issues to which researchers repeatedly turn.

What do such meta-analyses tell us that is new, significant and connects to the issues with which the world outside academe grapples? Despite their apparent quantitative analytical sophistication, they invariably work to an increasingly structured cookie-cutter template that tends to produce rather unitary descriptive overviews that are very broad in scope. They risk goal displacement as their functionalist metrics appear to become as important as whatever findings they produce. Indeed, by definition, they focus on the past literature, much of which has been built by researchers refining their topic focus and selection from prior published studies. This risks the research community becoming increasingly remote from today's great challenges and concerns of local, national and global communities outside academe. Even the topics highlighted by a structured literature review may not be considered significant or urgent or of value to the communities and institutions we profess to serve and critique.

This paper argues for the retention and recognition of the accumulated knowledge and expertise of a research community that engages with the issues of the day that concern the world outside academe. Highly cited papers do not automatically signal the importance or policy/practice relevance of issues being addressed therein. Bibliometric analysis and research cluster identification do not of themselves flag the importance of the issues addressed or the innovation in solutions offered, especially as many accounting research papers resile from offering any solutions to "wicked problems" at all. Indeed, comprehensive expositions of research topic clusters and trends may deliver us very limited lessons. For example, such recent literature reviews have identified research clusters including the capital asset pricing model, accounting-based valuation, earnings management, research methodology, systematic literature reviews (as a topic in themselves!), conceptual frameworks, accounting standards, auditing, stock market volatility, enterprise risk management, accounting education, corporate governance, and more recently the Covid-19 outbreak (Belloque et al., 2021; Linnenluecke et al., 2020; Moses & Hopper, 2022). Even earlier attempts, for example in the management accounting area, produced topics such as management control, performance management systems, cost accounting, accounting information systems, knowledge management, and strategic management accounting (Harris & Durden, 2012): no surprises there! The specific lessons we may learn about significant issues affecting governments, business, institutions and communities appear potentially limited. Even identified causes of shifts in researcher topic attention suggest an internally focussed academic agenda: responses to changed journal editorial direction, unexplained changes in researcher interests, responses to journal special issue themes, occasionally some responses to exogenous shocks, and researchers' choice of issues and methods perceived to enhance their prospects of top ranking journal publication (Linnenluecke et al., 2020; Parker, 2012a).

This paper addresses purposively selected "big" (significant) issues that remain or are emerging as matters of external communities' concerns in this current and post-Covid era. It by no means claims to be exhaustive. Based on recent extant overview literature on the selected issues and the authors' own research in these areas, this paper aims to critically reflect on the nature of the issues, the related research agenda and the ongoing implications for external stakeholders. To this end, the paper first considers the research-practice gap that has been the focus of much discussion in the accounting research community. It then also reflects on the short and longer term impact of Covid-19. Based on this, we consider four major issues: the importance of public sector accountability in the Covid era, the upsurge in community calls for social and environmental accountability, the rapid advance and implications of the digital accounting and reporting phenomena, and the changing dominance of economic activity focus from the manufacturing floor to the hybrid office. We conclude with a return to our theme of the importance of accounting research-practice relevance.

2. Addressing the Research-Practice Gap

We argue that accounting researchers need to address the big issues that concern communities, governments and societies, as well as business and nonprofit organisations. What we choose to investigate and how we communicate, especially when derived from our own accumulated self-referential literature, can lead us to a position of policy and practice irrelevance. The gap between accounting research and practice has long been observed and stretches back over many decades (Mitchell, 2002). Considerable research has been expended in identifying causes of this entrenched research-practice gap. A considerable array of factors contributing to this gap include research findings' lack of practice relevance, researcher communication failures, declining interaction between practitioners and researchers, differences between researcher and professionals' time horizons, the self-referential research journal focus of university performance management systems, the diverse needs of multiple stakeholders, practitioners' preference for professional journal/report/podcast communication formats and styles, and major differences between researched topics and practitioner and community concerns (Christ & Burritt, 2017; Mitchell, 2002; Tucker et al., 2020; Tucker & Lowe, 2014; Tucker & Schaltegger, 2016).

These research-practice gap causes reflect some underlying professional, community and researcher cultures and attitudes, each group being subject to different logics, interests, priorities, communication patterns, and incentives (Christ et al., 2018). While researchers generally work in a long time horizon, practitioners and communities often adopt a short time horizon reacting to pressures of immediate or critical issues to which they seek solutions (Christ & Burritt, 2017). As Mitchell (2002) puts it, parties outside the research community are invariably concerned with questions such as: How can I solve a problem? What are we doing wrong? What are others doing? How can we sell a change? What should we be preparing to do in the future? For academics, their performance and career progress has become largely a game of self-promotion through value of research grants won and status of journals in which they publish. Dissemination of knowledge through the community at large, problem solving and improving practice and society have been relegated in academics' priorities. For outsiders, their expertise and communications appear opaque and largely irrelevant (Parker et al., 2011; Tilt, 2010; Tucker & Lowe, 2014). This differential cultural and attitudinal environment is further aggravated by at least a proportion of academics who Tucker and Parker (2014) found entirely comfortable with the much discussed research-practice gap, instead seeing researchers' role as primarily observing the world, and theorising about in a basic research orientation. Theirs is a concern only to produce long term knowledge for their research literature and their research community's consumption (Christ & Burritt, 2017; Guthrie & Parker, 2016; Tucker & Parker, 2014).

The challenge of research relevance is also aggravated by both the underlying multidisciplinary nature of major community, social, business and other issues and the narrow focus of researchers' predispositions and university performance incentive systems. The latter are constrained by being measured according to institutional and national publishing scoring systems which thereby disincentivise researchers from stepping outside their narrow disciplinary comfort zones. However, the issues concerning external parties are invariably transdisciplinary, requiring perspectives and inputs sourced from more than one discipline. Thus, many accounting researchers are ill-equipped for or reluctant to do this as they pursue topics and methodologies acceptable to high status journals they are targeting in order to enhance their internal university performance assessments (Christ & Burritt, 2017; Guthrie et al., 2011; Schaltegger et al., 2013). Such predispositions pose a major barrier to calls by such as Swieringa (2019) for researchers' external engagement and impact.

So accounting researchers are hampered in any potential engagement with pressing issues of external parties' concern by the internal loop of publishing performance assessment within which they appear to generally be trapped. That conditions a research introversion that dictates topics, methods, scope of investigation, style of communication and timing they adopt, largely in response to their own literature conventions (Mitchell, 2002). Any researcher interest in communicating via general and professional media is limited by their focus on the accounting research journal and book literature, and their related university performance criteria (Tucker & Lowe, 2014; Tucker & Schaltegger, 2016; Tucker et al., 2019). A casualty of all this can be academics' interest in critically evaluating, debating and challenging the status quo, as well as contributing to the development of issue responses and alternative strategies that may offer benefits to stakeholders, communities and societal conditions (Parker et al., 2011). This introverted researcher focus also aggravates researchers' slow response to emerging issues of great potential significance to communities and society. For example, environmental pollution, global warming and climate change have a 50 year history of emergence with only a specialist minority of accounting researchers prioritising this over that period. Only recently have other accounting researchers begun to 'discover' this entire subject, largely replicating research already conducted, and purely focussing on stockholder financial interests in their attention to these great global threats (Guthrie & Parker, 2016). Even then, many researchers on these issues have tended to 'capture' and confine their discussion within the confines of their own academic literature's ivory tower (Parker, 2005).

3. The New World of Covid-19

This third year of the Covid-19 pandemic prompts reflections on its future professional, organisation and social impacts on both accounting practice issues and accounting research directions. To ignore the pandemic's ongoing implications puts at significant risk the accounting research community's relevance to the big issues being faced by communities, governments, business and the profession (Covaleski & Hoque, 2020; Robson et al., 2021). Just as governments and societies were largely unprepared for the onset of this global pandemic, so has the profession and the accounting research community largely been caught in reactive mode. Yet, in contrast to the usual lengthy time lags evidenced by accounting researchers in addressing societally emerging issues, and in the years often taken from research projects' initiation to results publication, the accounting research literature has in some cases produced rapid responses by the research community to the plethora of issues raised by this pandemic. Prominent examples include special theme issues published by the *Journal of Accounting & Organizational Change* (Vol. 16 No. 4, 2020) and *Accounting, Auditing & Accountability Journal* (Vol. 34 No. 6, 2021; Vol. 35 No. 1, 2022). With other journals following suit, accounting researchers have turned their attention to accounting, accountability, governance and control dimensions of how major crises can be addressed with a view to managing current impacts and anticipating future such events. The challenge is not simply to adopt a conventional focus on the world of the stockholder, but to recognise and take up our responsibility as a research and professional community to critique, build and deliver systems and processes that assist in the full spectrum of communities' and citizens' decision-making, communications, organisation and action (Leoni et al., 2021).

After decades of the influence of neoliberal philosophies on government with its reduction in size and impact, outsourcing of services and commercialisation of operations, the pandemic has exposed the consequent erosion of government resources and levers for effectively responding to such a global crisis. It has forced many governments to return to necessary interventionist policies to govern and protect their populations, forcing the (at times reluctant) prioritisation of public health over the neoliberal obsession with "the economy" (Robson et al., 2021). The evident limits to government capacity have been exposed and the public trust in public institutions has been challenged, thereby calling into question governments' disclosures and accountability to the population. A raft of reporting, accountability and control issues are implicit in this emerging scenario (Covaleski & Hoque, 2020).

The pandemic environment has prompted the immediately obvious need for and attention to accounting and emergency decision-making, both short term and long term. These include the rapid development of reorganised structures, adaptive operational routines, revised approaches to management control, new calculative practices, revised key performance indicators, and greater reliance on digital communication and control systems (Leoni et al., 2021). Such adaptations are seen to have become crucial responses to pandemic induced crises in supply chain operations, food emergencies and assistance, mushrooming demands for and financial pressures on charitable organisations, and the overwhelming pressure on public health staffing and infrastructure. Across these, research has already exposed both the failings of accounting systems as well as innovative accounting responses facilitating emergency management (Leoni et al., 2021). The latter have included accounting standards adjustments for leasing cost relief, KPI adjustments for managing central and local government programs, supporting organisational survival strategies through combining short and long term management controls, and changing accountability definitions and approaches in delivering humanitarian aid and support (Leoni et al., 2022).

From a critical perspective, accounting researchers have already uncovered both pandemic risks and induced inequalities. These have included loss of traditional parliamentary oversight of and government accountability for the exercise of emergency powers, accounting processes employed to justify crisis measures that may have long term dysfunctional effects, accountability and transparency failures in responsibility for vulnerable workers and community members, and tensions created when accounting measures appear to treat people as organisational crisis response resources (Leoni et al., 2022). Accountability for and response to inequalities in society have also been revealed by researchers as being brought into sharp relief by the pandemic. These include care giving issues of age, gender, disability, poverty, race, education and the ability of non-profit organisations (to whom so many services have been outsourced by neoliberal governments) to respond to the huge upsurge in need (Covaleski & Hoque, 2020; Leoni et al., 2021). Responses to the needs of vulnerable groups have involved calculative accounting processes that in ostensibly delivering relief have also been revealed to create division, further inequality and wealth advantages to some capital holders. At the same time, economic focussed accountability crisis management systems have also been found to marginalise the vulnerable and increase their risk of pandemic mortality (Leoni et al., 2021).

Social and environmental responsibility impacts have also come in for attention by accounting researchers investigating pandemic implications. This has ranged from tracking the past sources and paths of zoonotic diseases with a view to adopting a more anticipatory approach to pandemic management, and to understanding the linkages between pandemic and environmental crises. The latter has included investigations of linkages between Covid-19 and sustainability reporting, the relationships between environmental crises and humanitarian crises, the translation of pandemic management and accountability responses to action-oriented environmental accounting, and collective self-regulated responsibility and accountability for social and environmental impacts as well as pandemic impacts (Andrew et al., 2022; Covaleski & Hoque, 2020).

A range of recognised accounting concepts and tools have also come in for immediate attention by accounting researchers responding to the pandemic's onset. Organisational reporting has been required to respond to community calls for accountability with respect to risk reporting, governmental communication and transparency strategies, the explanation and communication of public health versus economic strategic priorities, and on the other hand the concealment from reporting by some organisations of their financial impacts and responses (Leoni et al., 2022). These relate in some degree to investigations into pandemic related corporate governance behaviour including the decision whether to obfuscate or clearly communicate organisational position and intentions. Pandemic responses, community lockdowns and radical changes to working practices are seen as exposing both corporate governance potential and weaknesses (Covaleski & Hoque, 2020). However much remains to be unearthed regarding corporate governance and related accounting responses to crises and implementation of extraordinary measures such as this pandemic requires (Koutoupis et al., 2021). Robson et al. (2021) anticipate a range of pandemic era working impacts on auditors and their conduct of audit including remote working, greater recourse to digitised procedures, changed forms of interactions with auditees and greater recourse to professional judgement. Budgets too, appear subject to pandemic impacts in their need to cope with a greater range and complexity of organisational roles and decisions and acting as a familiar mode of planning and control in making sense of dramatically changed situations and enacting and resourcing practical organisational responses (Covaleski & Hoque, 2020).

Greatly accentuated and reinforced by the pandemic has been the role of electronic communications and social media in societal communications, organisational functioning and research work. Webinars, video-conferencing and social media have rapidly become dominant currencies of interaction, networking, communication and decision-making. Time and geographic location have become subsumed in a virtual world where anyone can engage anywhere, anytime with anyone (Robson et al., 2021). Internet platforms become hubs of social and economic activity and exchanges, with social media contributing to a hyperreality that embodies and reveals sense making and emotions that reshape even financial markets. This opens up major new areas of organisational and professional activity that call for urgent researcher observation (Leoni et al., 2022). Addressing this plethora of pandemic related issues indicated above also invokes both research strategy and method orientations, challenges and opportunities for accounting researchers. Online and web-based resources present opportunities for alternative strategies for developing research networks, engaging with research subjects, securing research data and evidence, constructing researchers' dialogue and rebuilding alternative pathways to research culture. Adaptation and innovation emerge as fundamental hallmarks of accounting research going forward (Troshani, 2021).

4. Towards a Covid Reinforced Public Sector Agenda

The onset of the Covid-19 pandemic has required governments to react, intervene in and support public health, economic and societal activity at levels not seen since the public sector downsizing and service delivery outsourcing introduced under the neoliberalism of the Thatcher and Reagan era. This has brought into sharp focus the importance of the public sector to national and international communities and in the spirit of closing the gap between research and practice, it calls for the renewed attention of accounting researchers.

With the onset of neoliberal philosophies in government came the advent of the now familiar New Public Management (NPM) philosophy with its importation of business philosophy and practices into the public sector. Results, outputs and customer relations have become the new focus for so many public sector organisations, couched in the rhetoric of managerialism, value for money, customer responsiveness and more (Hyndman & McKillop, 2018; Kuruppu et al., 2021). Further downsizing and reconfiguration of the public sector has been evident in more recent times of government austerity measures in many countries, also argued by researchers as being an external legitimation strategy of projecting government efficiency and disguising its loss of power to influence society and economy (Hyndman & McKillop, 2018; Heald & Steel, 2018). This left many governments and public sectors ill equipped and poorly resourced to meet the urgent national needs as a result of the Covid-19 pandemic.

At the level of public sector organisational governance, research has begun to reveal a disempowerment of organisational boards who often find themselves excluded from any strategic role, unclear about to whom and for what they are accountable, and frequently can have their prerogatives and decisions overridden by ministerial intervention (Heald & Steel, 2018; Hyndman & McKillop, 2018; Kuruppu et al., 2021). From an accounting and performance management perspective, NPM and its focus pose significant challenges including responding to a wide range of stakeholders with varying needs and agendas, assessing the priority dimensions of performance that may not easily be measured, calculating quality of service and outcomes, and the dysfunctional impacts of a private sector metrics focus that include goal displacement, tunnel vision, mission drift and more (Hyndman & McKillop, 2018).

In this ongoing and emergent national and international environment, and the very significant challenges of public sector management and accountability, a greater corpus of public sector accounting researchers is warranted. We need to reassess the pervasive presence and functioning of public-private partnerships (PPP) and private finance initiatives (PFI) in developed and developing countries. The emergence of public value (PV) accounting (for value generated through the production and delivery of public services) urgently needs to make a more effective transition from theoretical studies to practice engagement research. This is an area that has largely been pioneered by management scholars and needs the attention of accounting researchers as well (Bracci et al., 2019).

Also responding to the international environment, public sector research in developing countries has emerged and promises to deliver lessons for both developed and developing countries. Issues of local/national cultures, institutions, politics and social networks raise significant questions for developed country consultants and researchers who assume international standards and developing county practices can be imposed without reference to the local context (Kuruppu et al., 2021; Masum & Parker, 2020). All of the above research issues can contribute to our better understanding and preparing public sector organisations to develop the financial resilience and ability to withstand the exogenous shocks from national and international crises (Kuruppu et al., 2021).

Leading public sector accounting researchers have expressed rather common views on the need for interdisciplinary research teams as well as engagement between researchers, policymakers, practitioners and consultants to address major public sector issues (Jacobs & Cuganesan, 2014; van Helden, 2019; van Helden et al., 2010). As Jacobs and Cuganesan (2014) have argued, despite over three decades of so called public sector reform importing private sector philosophies and practices, many public sector accounting and accountability issues remain persistent today. In response, they argue that accounting researchers need to move beyond describing public sector accountability problems to “creatively challenge and shape how policy is composed and practice is enacted” (p. 1252). In similar theme, van Helden (2019) encourages researchers to “leave their ivory tower by prioritizing studies that are potentially relevant for practice” (p. 596) advocating a designer-researcher approach via interventionist methods, an auditor-researcher approach that assesses the effectiveness of tools already in practice, or a research approach that analyses how tools are employed and the impact of contextual factors. This research strategy aligns with Jacobs and Cuganesan’s (2014) advocacy of accounting researchers’ engagement in exploring how public sector accounting systems and practices may be designed and implemented for improved management control and public accountability.

Notably, leading public sector researchers such as Jacobs and Cuganesan (2014), Lapsley and Miller (2019) and Steccolini (2019) specifically argue for public sector researchers to attend to the big issues (or as they term them, “wicked issues”). These include them citing NPM dysfunctional effects, climate change implications, national austerity policies and public sector resilience, and since then of course we face major issues of public health and welfare resourcing in the Covid-19 pandemic era. In expanding researchers’ horizons to address these big issues, Steccolini (2019) warns researchers against becoming trapped in a ‘golden cage’ where their research is under theorised and focussed on micro-level case studies. Instead she calls for a refocussing of the research agenda on publicness, whereby public sector accounting researchers refocus on planning and accounting for public interest and public value. This she argues, offers us broader lessons across the public sector and the communities it serves.

One particular additional issue that lies close to the heart of the public sector research community, is that of the strategic and accountability trends in public universities globally. These often form a major part of national public sectors with significant impacts on communities in terms of education, research and economic delivery. A significant corpus of related accounting research has already been building over more than three decades, but much more remains to be known. The predominant literature has particularly investigated conditions and practices in UK and Australian universities, with some also exploring North American and global environments (Lapsley & Miller, 2019). The trend towards universities adopting a corporate, commercial approach to their missions and strategies has produced a metrics focussed performance management and control as well as an accountability orientation that is financially focussed. As Parker et al. (2021) and Martin-Sardesai et al. (2020) put it, the commercialised university has transitioned via the accountingisation of performance measurement and assessment from university-wide to individual academic levels. While varying in degree between countries, this phenomenon is very much a global trend, as argued by Parker (2012b, 2013). With the arrival of Covid-19, the impact on many universities has been dramatic in terms of revenue and job losses, the failings of the commercialised university business model, and the impact on universities' roles (Carnegie et al., 2021; Parker, 2020a).

Once more, in reflecting on the importance of the public sector research agenda for the accounting community, we see the relevance of three key factors canvassed earlier in this paper: the tendency of academics to stay internally focussed on their own prior literature and their university journal ranking metrics, the repeated calls for accounting researchers to make greater efforts to bridge the research-practice gap, and the pandora's box of societally important research issues now raised by the advent of the Covid-19 pandemic. The balance of influence exerted by these three factors will directly affect accounting researchers' responses to and engagement with the big issues now facing the public sector internationally.

5. Social and Environmental Accountability Arrives

After decades of neglect by the general accounting research community but decades of pioneering persistence by social and environmental accounting researchers, our 21st century finally witnessed a growing recognition of the importance of these issues. Similarly to climate denying politicians, accounting scholars have been besieged by global public debate, activist representations, media coverage, and the self-evident impacts of global warming and climate change. In addition, the onset of Covid-19 has further reinforced the importance of governments', public/private/nonprofit organisations' and communities' social responsibility for public health and welfare. So, for accounting researchers, the issues of accounting and accountability for social and environmental impact have truly arrived.

It is beyond the scope of this discussion to rehearse all the findings and debates that have emerged in the social and environmental accounting literature to date. The range of major areas of attention, to greater and lesser degrees, have included environmental impact disclosure, social responsibility accounting, sustainability reporting, carbon disclosure and human rights accounting (Borghei, 2021; McPhail & Ferguson, 2016; O'Brien & Dhanarajan, 2016). Despite years of community concerns about corporate environmental and social impacts, beyond bare minimum national regulatory requirements, social and environmental reporting remains largely voluntary. This has resulted in a wide variety of reporting contents, formats, measures employed, and issues addressed. Further complicating reporting practices are the diversity of stakeholders and their interests, an oftentimes focus on the immediate short term rather than longer term social and environmental impacts, a focus on the interests of stockholders rather than the wider range of stakeholders, and a tendency towards greenwashing (Christensen et al., 2021; Haji et al., 2022). As Patten and Shin (2019) have observed, for at least more than a quarter century to the present day, corporate social and environmental and sustainability reporting has largely been of limited quality, self-legitimising, and oriented towards preserving corporate reputation. Just as social and environmental as well as sustainability reporting practices have exhibited high degrees of variability in format and content, so the expanding but still limited incidence of assurance practices and reporting reflects different objectives, audit scope and standards applied (Huang & Watson, 2015; Tilt, 2009; Tyson & Adams, 2019).

Further, the growing recognition of the community concern and pressure for corporate environmental disclosure has arguably produced in both corporate practice and among accounting researchers, a focus on environmental accountability with significantly reduced attention paid, in comparison with the 1970s and 1980s for example, to social responsibilities and impacts (e.g. on communities, health and welfare, employees, and product safety). The implications of the Covid-19 pandemic for our responsibilities to renew attention to accountability for occupational health and safety (OHS) are identified by Parker and Narayanan (2022). Attention to this organisational impact and responsibility amongst accounting researchers has been very limited, yet national statistics on workplace disease, employee mental health, injuries and fatalities have remained significant concerns, with Covid-19 poised to exacerbate those impacts (Parker & Narayanan, 2022).

The motivations for organisations engaging in accounting for and reporting on social and environmental performance remain largely opaque. They range across minimum regulatory compliance, to voluntary altruism, to strategic reputational and financial self-interest. Research largely finds a managerial disposition to 'manage' stakeholder perceptions and maintain stakeholder support for the business by creating a socially and environmentally responsible image as society demands – maintaining a legitimising informal social licence to continue operating. In this sense, corporates may 'capture' this form of reporting and shape its content and appearance to integrate it within the business model with a view to enhancing financial performance (Nave & Ferreira, 2019; Tilt, 2009; Wang et al., 2016). The latter motivation is now lamentably being reinforced by the late arrival of general accounting researchers now entering the social and environmental field and applying their North American-inspired economics-based capital market orientations and stockholder-focussed quantitative research methods. The proliferation of their quantitative studies of, for example sustainability reporting and its associations with board characteristics, corporate size and industry, stock prices and more, in fact only repeat similar studies conducted in the early history of social and environmental accounting research back in the 1970s and 1980s. Since then, expert specialist researchers in this the field have moved on to address much bigger issues of wider social, institutional, ecological and global import (Guthrie & Parker, 2016). The issues which call for accounting researcher attention are many. Reflecting this paper's argument for the importance of bridging the research-practice gap, they increasingly call for a much greater degree of researcher engagement with the field of policy and practice. As Adams and Larrinaga (2019) report, recent years have seen a significant increase in social and environmental accounting engagement research, including the volume and complexity of data collected and analysed.

As Wang et al. (2016) and Qian et al. (2021) have argued, the social and environmental accounting field also needs to pay much greater attention to its social, institutional, and political environment. Many emerging studies in the field, particularly in journals such as *Accounting, Auditing & Accountability Journal; Social and Environmental Accounting Journal; Sustainability Accounting, Management and Policy Journal; Critical Perspectives on Accounting; Accounting, Organizations & Society; Accounting Forum; and Qualitative Research in Accounting and Management* are publishing studies that pay attention to this. One particular social and environmental subject area for which this is most important and from which global lessons can be learned, concerns practices and policies in developing countries in which the majority of the world's population lives (Tilt, 2018). These exhibit many of the big issues of poverty, conflict, inequalities, human rights violations, environmental degradation, a tension between industrialisation and sustainable development and more. At the same time, both economically, socially *and* environmentally, they are having greater impacts on the global community (Chung & Cho, 2018; Marrone et al., 2020; Qian et al., 2021). Their accountability and reporting strategies and practices exhibit both local contexts and, especially where linked to global corporations or international funding agencies, they are affected by global stakeholder expectations (Qian et al., 2021). Yet their internal histories, social relationship traditions, cultural beliefs, and government/business structures can be markedly different from the western developed country models. This requires researcher attention to understanding and navigating these nuances in pursuing adaptive and locally/nationally sensitive approaches to big social and environmental accountability issues, especially as they can vary significantly between different geographic and national locations (Patten & Shin, 2019). Furthermore, developing countries invariably contain major social responsibility impact issues and biodiversity preservation opportunities and threats for which they may lack resources to identify and manage, but which again may have global implications (Tilt, 2018). Accounting and accounting researchers have a potentially supportive role to play, as evidenced by the growing literature on extinction accounting (Atkins & Maroun, 2018, 2020; Roberts et al., 2021). To this end, and again implicitly addressing the research-practice gap, Tilt (2018) argues for researchers joining together in interdisciplinary teams that work towards solving social and environmental issues in different contexts and not simply examining them!

The awaiting research agenda in the social, environmental, sustainability accounting field is both inviting and challenging. It includes the accounting and reporting engagement with the United Nations' Sustainable Development Goals (UNDP, 2018); the impact of corporate operations on carbon emissions and climate change; and the preservation of biodiversity and protection of environment in developing country environments. Further big issues include incorporating social, cultural, political and institutional contexts into sustainability strategies and reporting; small and medium enterprise reporting design and implementation; further examination of regulatory frameworks and impacts; and sustainability performance measurement and disclosure approaches (Adams & Larrinaga, 2019; Patten & Shin, 2019; Qian et al., 2021; Silva & Guenther, 2018). This list is by no means exhaustive.

Several potential phenomena pose risks to accounting researchers' effective addressing of the big issues in social and environmental accounting. Qian et al. (2021) identify the recent trend towards accounting researchers from multiple countries employing exclusively North American data in their pursuit of publication in high status North American journals, and argue that this "undermines the relevance and impact of current SEA research to wider communities" (p. 1042). Further, Marrone et al.'s (2020) study of trends in environmental accounting research finds that while accounting journal research has focussed more on conceptual foundations and general debates, non-accounting journal literature has focussed on more specific environmental issues, exhibiting greater innovation in topic development.

Underpinning the above observations may lie social and environmental researcher debates about the proper focus and role of the research effort. The debates bear considerable import for this paper's research-practice gap observations. At the risk of undue simplification, the specialist social and environmental accounting community could be seen as falling into two camps: those concerned with the critique of damaging business impact on the environment and those concerned with implementing sustainable environmental strategies and reporting in practice. Two decades back, Gray (2002) was concerned that the social and environmental accounting agendas were being captured by business structures (Parker, 2020b). This became a dominant theme amongst many social and environmental accounting researchers who became pessimistic about the prospects of developing effective voluntary corporate reporting in this field, attributing social and environmental reporting corruption to the capture of the field by corporations that would/have reframed report content in their own economic self-interest (O'Dwyer, 2003). Thus, as Bebbington (1997) puts it, social and environmental reporting risked being moulded to fit the dominant financial reporting paradigm, thereby robbing it of its "radical intent". In this vein, Milne and Gray (2013) went on to critique the Global Reporting Initiative (GRI) and the Triple Bottom Line developments as still favouring business interests rather than protecting environment and ecology. On the other hand, groups of social and environmental accounting researchers who have focussed on research-practice engagement and the development of reporting implementation practice have taken a different direction. Schaltegger and Burritt (2010) have been strong advocates, noting how social and environmental accounting has often been caught up in philosophical debates, while there has been an urgent need to develop measurement tools, performance indicators and methods of developing sustainability accounting and reporting in practice. Maas et al. (2016) have also noted the paucity of accounting research on practice implementation for sustainability management control and reporting. While critiquing the possibility of corporate capture of the field, Gray (2002) conceded that if researchers chose to preserve their purity of commitment to social responsibility and environmental protection, and solely focus on critique of business efforts, then they risked fiddling while Rome burns. Similarly, Parker (2005) has argued that possibly the question and risk of 'capture' of the social and environmental accounting agenda is two sided. On one side stands the risk of corporate capture for its own financially focussed purposes. On the other side stands the risk of research community capture in its desire to maintain philosophical purity and to control the discourse as its own 'pet project'. Agreeing with Gray's observation, Parker warned of the risk of researchers vacating the practice battleground, leaving corporate self-interest to hold sway. On balance, the argument for engaging research and practice in the social, environmental and sustainability field appears highly persuasive.

6. A Digital Accounting and Reporting Era

Digital technology developments have created significant scope for transforming modern organisations including business processes, strategy, and business conduct (Knudsen, 2020). Given its role of recording and summarising business transactions, the accounting function is particularly susceptible to digital transformation. Specifically, technologies such as big data and analytics (BDA), robotic process automation (RPA), artificial intelligence (AI), digital ledger or blockchain technology, and XBRL can improve the acquisition, accessibility, and transparency of granular, transactional accounting data (Al-Htaybat & von Alberti-Alhtaybat, 2017; Amani & Fadlalla, 2017; de Villiers et al., 2021; Lombardi & Secundo, 2020). These technologies can enhance the processes that convert the data into quality information that is relevant for information users including management and investors (Shan & Troshani, 2020).

Digital accounting advances are expected to enhance corporate report quality via improved disclosure, reporting integrity, greater stakeholder engagement and enhanced decision making and judgement by information users including management and financial information users (Locke et al., 2018; Lombardi et al., 2021; Lombardi & Secundo, 2020; Troshani et al., 2019). The technologies offer potential for improving audit and assurance by contributing tools that enable auditors to complete traditional audit tasks more effectively including enhancing capacity to audit larger samples or datasets more efficiently and on a continuous basis (Barr-Pulliam et al., 2022; Kend & Nguyen, 2020), to access new sources of audit evidence (Otia & Bracci, 2022), to distinguish between unintentional errors and intentional financial reporting misstatements (Amani & Fadlalla, 2017), to identify reporting integrity issues including earnings management (Lombardi et al., 2021; Shan & Troshani, 2016), and to facilitate overcoming cognitive errors in auditors' judgement and decision making (Ahmad, 2019).

A key professional implication from the increasing adoption and use of digital technologies is that they are transforming the nature and scope of the traditional roles of accountants. These technologies create scope for automating repetitive, manual tasks including acquisition of structured or unstructured transactional data (Knudsen, 2020), and at this point, some types of data processing and analysis such as automated classification and prediction (e.g., using RPA and AI) (Amani & Fadlalla, 2017). Whilst cognitive roles or tasks in accounting that require human judgement, discretion and creativity might be harder to automate via technology *at the moment* (Bhimani & Willcocks, 2014; Gotthardt et al., 2020), ongoing, rapid progress in technologies, such as AI for example (Huang & Rust, 2021; Troshani et al., 2020) also means that, in the not too distant future, the scope of automation may expand further to include additional roles and tasks that are traditionally carried out by accountants.

In examining how digital technology might be threatening the legitimacy of the accounting profession and how accountants can continue to add value, Moll and Yigitbasioglu (2019) argue that accountants' role must evolve to cover critical emerging areas that are affected by these technologies such as ensuring that accounting information produced is still *fit for purpose:* which suggests the necessity for greater involvement of accountants in digital transformation processes. Additionally, the inclusion of digital technology in accounting creates scope for new technology-related risks which in turn require adjustments to existing accounting and audit processes or development of new processes and assurance services (Moll & Yigitbasioglu, 2019). For example, greater reliance on technology broadens exposure to new risks to data integrity, security and privacy that can be materialised in new threats of computer fraud and crime including cyber attacks (Barr-Pulliam et al., 2022; Gotthardt et al., 2020; Pizzi et al., 2021; Rikhardsson & Yigitbasioglu, 2018).

Smith and Castonguay (2020) discuss how the improved potential for sourcing audit evidence from reporting systems that are based on blockchain technology can introduce a range of financial data integrity, reporting and corporate governance risks that are inherent to the nature of blockchain technology. This has implications for the role of accountants and auditors who must design and implement internal control systems that can effectively mitigate the new risks. Similarly, in their assessment of European listed companies' corporate reports, Bonsón et al. (2021) look into disclosures of ethical use of AI and extent to which forms of use of AI are adequately disclosed to stakeholders in corporate reports. They raise the critical question pertaining to ethical principles companies adopt to ensure that AI algorithms and tools are used fairly by companies that adopt the technology and do not compromise customer privacy and human rights.

The evolution of the role of accountants also calls for additional changes to the broader institutional setting where accountants operate. A critical change pertains to the need for accountants to develop the necessary technology skillset, know-how, and competencies to be able to use digital technology in key accounting areas including financial accounting, management accounting and audit (Appelbaum et al., 2021; Gotthardt et al., 2020; Kend & Nguyen, 2020; Otia & Bracci, 2022; Rikhardsson & Yigitbasioglu, 2018). Whilst there is agreement that accounting degrees in tertiary education institutions and industry certification programs constitute a key means of providing technology-related skills to accountants, it remains unclear to what extent existing formal education, training and certification programs provide accountants with the technology skills that match current industry requirements. For example, Appelbaum et al. (2021) who specifically look at audit data analytics (ADA) skills argue that there is ambiguity regarding ADA skills requirements in accounting education, and certification programs such as professional accounting association examinations, for example. An implication of this is that accounting students and professionals may be completing formal accounting education and training with limited technology skills and consequentially be unprepared for filling industry roles that require such skills. One example lies in the growing demand in the audit industry for using ADA skills in audit engagements (Appelbaum et al., 2021).

Similarly, Barr-Pulliam et al. (2022) argue that firms are concerned that current audit standards insufficiently address technology considerations and that this might be a key reason why some audit firms hesitate to use ADA more broadly: there is exposure to legal liability if audit failure occurs that can be attributable to use of ADA in audit engagements. Accordingly, there are unanswered questions pertaining to the need to consider developing audit standards that are explicitly focused on technology-enhanced audits or whether existing audit standards must be amended to incorporate more broadly the use of digital technology for audit (Barr-Pulliam et al., 2022; Otia & Bracci, 2022).

Looking at the institutional setting, research has also raised concerns about the lack of clarity pertaining to the practices through which digital technologies are adopted and institutionalised within the accounting function in organisations. For example, Otia and Bracci (2022) and Rikhardsson and Yigitbasioglu (2018) underscore the importance of undertaking digital transformation via holistic organisation-wide approaches that consider wider organisational culture, strategy, and leadership. This research explains how a digital technology adoption approach focusing on digitalisation of isolated processes can fail to achieve expected digital transformation outcomes.

More generally, whilst there is growing research into the wider area of digital transformation in accounting, this research has looked at the *expected* consequences of digital transformation focusing on specific technologies. However, generally these studies do *not* provide *direct* evidence of technology impacts on key accounting constructs. For example, rather than observing or measuring technology usage directly, predominantly these studies use proxy measures which are theorised to be associated with or affected by digital technology. The research then makes inferences regarding the effects on digital transformation. For example, Troshani and Rowbottom (2021) reviewed research looking at the implications of digital corporate reporting. XBRL, the technology that underpins digital corporate reporting, is intended to improve accessibility of accounting information, and consequentially reduce information processing costs for users of financial statement information (Doolin & Troshani, 2004, 2007). Troshani and Rowbottom (2021, 2022) find that the adopted research designs generally focus on associations between XBRL-based corporate reporting, generally as an exogenous intervention (e.g., mandate), and capital market indicators (e.g., cost of capital, cost of debt, information asymmetry and analyst forecast accuracy). However, the designs adopted in the research do not precisely measure nor observe what and how XBRL technology is changing financial reporting processes that might be responsible for the effects observed in the selected capital market indicators.

There are also many studies that are largely conceptual or theoretical. For example, Amani and Fadlalla (2017), Lombardi et al. (2021), and Rikhardsson and Yigitbasioglu, (2018) have reviewed published accounting literature looking at the digital transformation implications of big data analytics and blockchain technology. These reviews note that published research has focused on the espoused benefits of these technologies followed by explanations of how the technologies might affect key constructs in accounting functions including financial accounting, audit, and management accounting, but without offering empirical evidence on the specific nature of technology transformation effects on accounting processes more specifically.

Whilst existing research makes important inroads to improve current understanding of digital transformation in accounting, it must be extended and expanded to look at the specific micro-level effects of digital technology. Further there is a need to establish links that can clarify how these effects are responsible, that can explain wider macro effects and ascertain whether the expected, espoused impacts are actually materialising in practice. Such an approach would also facilitate identification of unintended consequences of digital transformation. For example, Locke et al. (2018), Rowbottom et al. (2021), and Troshani et al. (2019) find first evidence explaining how XBRL technology is *shaping* accounting standards and standard setting processes, and how the technology ‘tail wags’ the accounting standards ‘dog’, thereby challenging long established, entrenched positions of the primacy of accounting standards.

7. From Manufacturing Floor to Hybrid Office

Following our reflections on accounting and the digital world, it is pertinent to consider our emerging accounting environment of the physical and virtual office. Since the early years of last century, the office has become increasingly prominent as a hub of both business and government activity. As Jeacle and Parker (2013) report, in the US for example, administrative bureaucracies mushroomed in size in the first two decades of the 20th century, creating over 3 million new clerical posts. The importance of the office has continued globally to this day, in an era where service industries and professions have become much more prominent activity areas, information technology has expanded digital information systems capacity and activity, and internet and audio-visual technologies have become central office working features. While manufacturing has remained and important industry sector, much of it has become increasingly automated, no longer employing the mass numbers of staff witnessed through much of the 20th century. Thus, over the past 100 years, we have seen a gradual emergence of the office as a major hub of organisational activity that has largely gone unrecognised in both the accounting research and textbook literatures.

While Taylorist scientific management was avidly applied to the operations of manufacturing factory floors in the 1900 – 1920s period, it also became translated onto the office floor (Parker, 2020c). One prime example of the exposition of scientific management prescriptions for efficient office working can be found in Leffingwell (1917) text "Scientific Office Management". The blueprint for office design and operation was directly copied from the factory assembly line layout. In both public and private sector offices, the desk was equated with the machine shop bench (Jeacle & Parker, 2013; Parker, 2016) and office configuration was designed to promote the smooth flow of paper records and greater office efficiency. Indeed, offices were equated with light manufacturing. The underlying philosophy was one of imposing order and control on the ever expanding administrative bureaucracy (Parker & Jeacle, 2019). Indeed, the office was seen as a problem of significant inefficiency that required systematisation, elimination of wasted effort and movement, and the reduction of overhead costs (Jeacle & Parker, 2013). As in the factory, over time, office mechanisation was vigorously pursued via an ever expanding range of machine innovations from the duplicator, to the Hollerith sorting machine, to the comptometer for calculating. Thus, today's computerised office continues a mechanisation trend that commenced over a century ago (Parker & Jeacle, 2019).

Just as mechanisation and automation has been a continuing theme of the search for office efficiency and productivity in the office, so the influence of scientific management has persisted from the beginning of the 20th century through till today. Such contemporary influence often goes unrecognised and has continued even through more recent experiments in office design including the growing popularity of Activity Based Working (ABW) office designs that exhibit open plan layouts excluding permanently allocated cubicles and desks in favour of a mixture of team benches, private meeting cubicles, group lounges, standing desks, café and multimedia areas – all bookable and useable by staff on an 'as needs' basis (Parker, 2016). Just as its scientifically managed open plan office predecessors, ABW targets reduced floor space and higher occupation density, floor and layout design for efficient functional movement and work flows, working its human and physical assets harder, reducing overhead costs, and extracting greater efficiencies and productivity (Parker, 2016). While open plan, innovative design ABW offices may manifestly appear quite different from a light industry production line, Parker and Jeacle (2019) argue that their evidence supports Parker (2016) in demonstrating that yet again in our service industry-oriented environment, the office remains the new version of the factory floor.

From an accounting and management control perspective, key underlying employer motivations underpin the innovations in office design and operation characteristic of many contemporary offices. While various rationales may be advanced for public consumption, including new technology usage, 'generation X' working preferences, staff flexibility and more, studies reveal consistent backstage agendas including fixed and operating cost reductions, efficiency of office space and fittings utilisation, enhanced employee productivity and output oriented management control. This is targeted not only through office redesign but through social engineering of staff attitudes, behaviours, and outputs (Parker, 2016, 2020; Parker & Jeacle, 2019).

The subject of the office warrants the attention of accounting researchers at least to the degree they have historically accorded to manufacturing. Issues of management control, accounting reporting and accountability both within the office precincts and exercised by or through the office across the organisation are all important to organisational functioning and stakeholder interests. Issues already surfacing within the office related accounting research literature include professional accounting firm audit process impacts. These include client-audit and other accounting staff within-audit firm office interactions and the effect on audit independence, the effect on audit firm professionalism of office redesign and commercial imagery, the impact of ABW offices on cross selling services within an audit firm and the impact of changed audit staff interactions and staff-client interactions on quality of audit conducted (Parker & Schmitz, 2021). Client relations also emerge as a major strategic interest of professional audit firm office design. Both historically and today, this plays an intentional role in the firm's impression management designed to persuade the clients of the accounting and audit firm's expertise, credibility and service delivery (Parker & Schmitz, 2021).

As has been evidenced historically, today's innovative office designs have significant efficiency and management control agendas – both for the office staff and for the organisation as a whole. Efficiency is being pursued through design attempts at facilitating greater collaboration, improved communication, knowledge sharing, faster decision-making and staff satisfaction. These, however, do not all automatically eventuate and further investigation of these interactions is needed. In these open plan/ABW settings, staff are rendered more visible, more open to surveillance, and less autonomous in their control over their workspace. Research into staff motivational impacts, professional self-perceptions, productivity risks, and any tendency towards worker soldiering (as when under time and motion study in the early days of scientific management) is also much needed (Parker & Schmitz, 2021). While the style of management control has become less process monitoring and more output focussed, whether it will deliver the benefits management seeks remains an open question (Parker, 2016). While staff are visibly accorded autonomy of movement, their autonomy is arguably limited according to management's approved operating procedures and this may carry longer term impacts on staff satisfaction and efficiency. The management control agenda and effectiveness, it must be remembered, relates both to the control of the office and its staff and to the control by them of the organisation (Parker & Jeacle, 2019).

While often not overtly stated, cost control also looms large as a major driving motivation for today's office redesign. ABW associated floor space reductions and staff occupancy densification carries a range of fixed and variable overhead cost savings including lease costs, insurance costs, light and power costs, cleaning costs, storage costs and more. It also reduces churn costs associated with traditional office interior redesigns and major changes in staffing numbers and profile. Certainly, the ABW literature and advocates make considerable claims about major organisational cost savings to be derived from such designs (Parker, 2016; Parker & Schmitz, 2021).

The onset of the Covid-19 pandemic has reinforced the case for much greater attention by accounting researchers to the role and functioning of the office. This has been particularly identified by Robson et al. (2021) as carrying implications for the expansion of digital modes of communication, interaction and accounting processual functioning. As already indicated above, office redesign carries potential implications for the practice of auditing, and so does the digitised multi-location office environment for increasingly remote access auditing. Parker's (2020c) study of the Covid-19 office in transition recognises the upsurge in home-based office working and the longer term trend towards the hybrid office (staff working part of the working week at home and part in the organisational offices). This trend has also included some organisations maintaining reduced city centre presences (or eliminating them) and creating suburban and/or regional hubs to which staff periodically travel from their dispersed home locations. While teleworking (from home) had been a long discussed concept, it has become vastly more often employed in the Covid-19 era. In terms of cost, productivity, efficiency, staff satisfaction, management control, much is to yet be learned from the emerging experiments. As Robson et al. (2021) also comment, management control of office staff working across diverse home locations is beginning to show signs of the employment of staff recognition and movement software. The hybrid office is an entire phenomenon to which accounting researchers need to pay urgent attention. Once again, the Covid-19 pandemic carries very significant implications for our current and future accounting research agendas.

8. In Conclusion

In calling for the accounting research community to address 'big' issues of concern to national and global communities, this paper has addressed a selection of four current broader areas of major governmental, business, professional and community concern: a renewed public sector accountability concern sparked by the challenges of the Covid-19 pandemic, the global consciousness of the challenges posed by climate change, the new era of digital accounting and reporting, and the transitioning of focal organisational activity from factory floor to hybrid office. Underpinning these big issues have been the ongoing debates about the research-practice gap in the accounting discipline and the calls for greater attention to crisis management resulting from the current global pandemic. In remaining relevant and contributing to policy and practice responses, accounting researchers face both the challenge and opportunity to refocus their research agendas from a predominantly internal research community focus to an external focus that responds to concerns of external stakeholders.

In addressing issues of stakeholder concern, our accounting research tendency to observe, document, statistically analyse and theorise is called upon to go beyond these conservative boundaries. The policy and practice issues which external stakeholders face, particularly in this new global environment, need diagnosis and response that involve both critical evaluations of the status quo *and* contributions to the development of informed policy responses. These responses, as in the Covid-19 era, require timely adaptations and innovations both in terms of crisis management and crisis planning, and addressing the needs of a full spectrum of external stakeholders. This poses a challenge for the accounting research community not only in terms of its project designs and findings delivered but also in terms of the forms and speed of knowledge dissemination it provides.

The Covid-19 pandemic has revealed the weaknesses of decades of neoliberal government philosophies and policies which in many cases left the public sector downsized and ill-equipped to respond to national and global community needs. The accounting assisted private sector metrics that have emerged in the NPM environment have, in such a global crisis, often been found wanting in terms of assisting governments to respond to national emergencies and broader community public interest and public value needs. These issues require careful contextual investigation that recognises global influences, addresses national differences, and learns from both developed and developing country situations. Political, economic, institutional, social and technical complexities present major needs and challenges for public sector accounting researchers who arguably must adopt a holistic approach to major community issues in pursuing policy and practice relevance and contribution.

Social and environmental accountability is a global issue that has been presenting itself to the accounting research community for decades. In addition to the massive challenges environmental change now presents to humanity, the Covid-19 pandemic has reinforced the importance of social responsibility issues for communities nationally and globally. If accounting researchers are to make any meaningful contribution to society's responses to these huge challenges, they may need to leave behind them the incessant 'corporate capture/academic capture' debate, move on from decades of statistical correlation studies, and move beyond a preoccupation with corporate critique. Innovation in planning, control and reporting, despite the challenges and difficulties, are all urgently needed.

The new worlds of digital accounting and hybrid offices present entirely new contexts for both the processes of accounting, and for what accounting actually accounts. They present not only opportunities for organisations and their stakeholders but challenges as well. If accounting researchers are not to be left behind rapidly evolving practice, then they need to engage directly in both assessing and contributing to these developments. Such developments are occurring and will continue, whether accounting researchers engage or not. Research agendas encompassing emerging contexts, processual changes, and impacts are all presenting opportunities for timely contributions to policy and practice in accounting, management control and reporting.

The above conclusions can readily be subject to an internal accounting research literature focussed critique that they are straying into normative recommendations. Yet the traditional accounting research study's avoidance of engaging in such discourse only accentuates the research–practice gap of which it is often accused. Translating accounting research into practitioners' and policy makers' responses to the big issues of the day, must surely require a direct engagement with articulating the possible shape of such responses. That further requires a broadening of stakeholder focus beyond the shareholders, an addressing of accountability beyond the limitations of financial metrics, and a recognition of the multidimensional nature of today's big issues. Whether the accounting research community can change its internally focussed literature and culture to rise to these challenges, remains to be seen.

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Revolutionising the Accounting Curriculum in Higher Education: A vision of the future

Alan Sangster[a]

ABSTRACT

Experiences of teaching since Covid first led to campuses closing worldwide in March 2020 highlighted problems in how accounting is taught and assessed. Those problems threaten the integrity of the education process and the quality of future accounting graduates. This paper considers the pressures these factors place on accounting faculty and proposes measures to adopt to address them. It also addresses the recognised problem that accounting programmes do not produce graduates appropriately equipped for a career as accountants, especially now that technology is causing the nature of entry-level positions, and so also those above them, to change. In response, it proposes how accounting programmes may be redesigned to produce graduates equipped to both meet the demands of employers and develop careers that respond to the rapidly changing role of accountants. In doing so, it proposes major changes to how accounting is taught in universities, to its assessment, its curriculum, to faculty recruitment and training and, where relevant, to accreditation of accounting programmes by professional accountancy bodies.

Keywords: Accounting education; IT; faculty recruitment; graduate competencies; inter-personal skills; faculty training; accreditation.

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1. Introduction

> If you want to stop a computer taking your job,
> you'll have to hone your creative and social skills.
> (Frey & Osborne, 2014)

In 2017, an article appeared in the *Journal of Accounting Education* in which the authors presented a worrying case for change in both the content and in the pedagogy of accounting programmes, primarily in the United States. They (Pincus et al., 2017) pointed to the decrease in entry-level accounting positions and technology-driven change in the skills needed that had shifted higher-order skills from senior to entry-level. It was by no means the first time this had been highlighted but, now, it was identifying a pattern where, previously, the change had primarily been forecast.

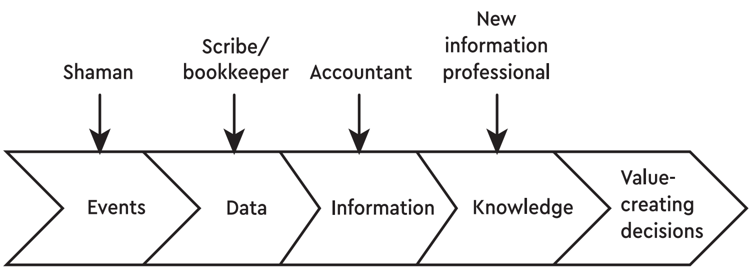
In 1992, in an article in *Accounting Horizons*, Bob Elliott presented a wake-up call to accounting educators, researchers, and professionals:

> Information technology (IT) is changing everything. It represents a new, post-industrial paradigm of wealth creation that is replacing the industrial paradigm and is profoundly changing the way business is done. Because of these changes in business, the decisions that management must make are very different from former decisions. If the purpose of accounting information is to support business decision-making, and management's decision types are changing, then it is natural to expect accounting to change – both internal and external accounting. Obviously, if business, management, and accounting change, **accounting education** and research **must change: the types of students recruited, the curriculum, the set of required capabilities of graduates**, and the issues investigated. (Elliott, 1992: 61, emphasis added)

Elliott expanded on this theme in another article published 10 years later, co-authored with Peter Jacobson. In it they describe four forms of information professional: the shaman, the scribe, the accountant, and what they call the "new information professional": the **knowledge professional**. Each of these four forms of information professional was established and served the information needs of society during a distinct economic phase. The shaman belonged to the age of hunting and gathering; the scribe to the agriculture age; the accountant to the industrial age; and the "new information professional" to the information age. Each type of professional captures what it needs from the previous dominant type; and what each type of professional provides becomes increasingly useful.

We no longer live in the industrial age for which accountants and the accounting profession emerged to serve and meet the financial information needs of business. Rather, we are living in an information age requiring a new form of information professional, one who provides not just information but knowledge, one who will subsume the role of the accountant and provide added value in the form of knowledge to assist decision-making. Elliott and Jacobson summarised this relationship between the types of information professional and what they provide in the form of a value chain, reproduced below in Figure 1:

Figure 1. The information services value chain



Source: Elliott & Jacobson (2002: 74)

In their view:

> As the economic paradigm changed, information needs changed, and the information professionals typical of the passing era either lost their positions or transformed themselves into information professionals serving the needs of the newly dominant economic paradigm. The accounting profession has a vital interest in understanding the transition to the new information professionals peak usefulness as we move toward the peak of the information economy. ... the accountant is at risk of becoming a lesser or perhaps even a marginal player in providing business information services. Unlike the shaman and the scribe, extinction is not on the horizon. Financial accounting, audits, tax advisory services, and related work will continue. Nevertheless, accountancy as we know it today will not be the core of the information services satisfying the needs of the dominant economic model. (Elliott & Jacobson, 2002: 76)

This image presented a gloomy outlook for the accounting profession, destined to go the same way as the scribe and bookkeeper, and to be replaced by those better equipped at providing the knowledge required by economic decision-makers. Theirs was not a lone voice. In 1993 Denna, Cherrington, Andros, and Hollander wrote of *financial and business professionals working together to create what we call a* ***business solution professional*** *"* (Denna et al., 1993: 12, bold emphasis added) ... *[whose] "... skills and services... which we expect to continue expanding in the future, can be of tremendous value to organisations."* (Denna et al., 1993: 21). Three years later, Hollander, Denna, and Cherrington suggested that perhaps management accounting should be left to specialists in information technology and that accountants should, instead, focus on extending their skills towards those of the **business solution professional** – the **knowledge professional** of Elliott and Jacobson. Perceiving the consuming nature of the shift to a new form of information professional, they voice the unstated implication of Elliot and Jacobson's value chain:

> Accounting has a natural, strategic opportunity to enhance its value because it is being drawn into the domain of solving business problems, not just traditional "accounting" problems. Individuals that perform the role of a business solution professional (merging business, accounting, and IT skills and knowledge) can ensure for themselves a key role in shaping the future of the organization. (Hollander et al., 1996: 14)

Elliott and Jacobson end their article with a call for accounting faculty to take the initiative:

> The economic-paradigm analysis above suggests that the academic group with the most obvious claim to defining the body of knowledge for the new information professional is the accounting professoriate. Accountants inherited the scribe-steward role. They inherited and developed double-entry bookkeeping, transforming it into financial accounting. They developed audit and attest technologies. The profession has been giving advice on business information systems and controls for centuries. It harbors the information professionals best prepared to carry the accountancy tradition to the next generation of services. It has contributed to economic growth with its standing body of knowledge and can do much more by adapting that body of knowledge to meet new needs generated by the information economy. (Elliott & Jacobson, 2002: 80)

Thus, for at least the past 30 years, calls have been made for change in the focus of the work of accountants and a concomitant adjustment in the skillset of those who seek to evolve into knowledge professionals; and, both by implication and directly, that the change should be driven by accounting educators. The forecasts of demands for a different skillset have become reality. It is time to act. This is the rational underpinning the rest of this article. Accounting education needs to change and equip our graduates for a changing world. A world where knowledge, rather than simply information, is what matters most.

The accountant as knowledge professional/business solution professional will require not just the knowledge to be able to interpret what information systems produce. As the quotation at the beginning of this paper indicates, the accountant will require to have highly developed creative and social skills. Inter-personal skills and communication skills will dominate the accountant's skillset and the ability to interpret and explain information is fundamental to what is communicated being fit-for-purpose and useful to decision makers. Accounting education needs to focus on developing those skills if it too is to be fit-for-purpose and its graduates fit-for-theirs.

The rest of this paper considers how accounting education has developed over this period, and also in the 1980s before Bob Elliott first highlighted what was coming in 1992. This earlier decade was one in which technology was slowly beginning to impact faculty and, to a far lesser extent, students. It does so through the experiential lens of its author. As such, it is very much a personal viewpoint informed by observation that identifies changes in how faculty and students engage in the education process, of the impact technology has had on it and them during that period, and the external factors that have shaped how we now find ourselves as faculty and students in 2022. In doing so, the focus is mostly on accounting education in the UK but, most of what it contains is relevant and applicable to accounting education elsewhere.

2. Teaching accounting in the 1980s

When I began teaching in Glasgow in 1983, we used blackboards plus rolls, or sheets, of acetate, which had to be washed after each class so that they could be used for the next one. All teaching was face-to-face and students did the lengthy exercises I asked them to prepare between their classes. They bought all the core texts. Attendance was 100 per cent unless there was a train strike or, in one instance, the off-licence where the student worked was broken into the evening before. There was no email, no Internet, no PowerPoint, no spreadsheet, no computers, and no online teaching. Only two of the 80 faculty members in my institution had personal computers: mine was provided when I was appointed so that I could continue to use the spreadsheet and word processing software that I had been using in industry; the other was self-funded by a colleague to assist him in his research.

I was teaching in a vocational college for students seeking careers in home economics in the hotel, catering, and institutional management industry. Several of the modules I taught were accredited, but none by an accountancy body. Student engagement was high, almost no student failed and, in my first 4 years as a lecturer, only one student I know of dropped-out. Teacher training was mandatory and lasted for a complete semester, full-time. The course was so popular across Scotland that there was a 4-year waiting list. None of my colleagues had PhDs but many were professionally qualified. Neither of my two accounting colleagues had a graduate degree or an accountancy qualification.

In 1987, I moved to a university in Glasgow. In place of the full semester of teacher training for college lecturers, two half-days of teacher training were mandated by the university in my first semester. At the university, I was teaching accounting undergraduates, and the degree was accredited by the Institute of Chartered Accountants of Scotland (ICAS). Everything else I have described above was the same, except I no longer needed to wash my acetates after every class; all faculty and all doctoral students had personal computers; and we had a computer lab where I taught workshops in DBase (database software) and another where I taught workshops using general accounting package software. Colleagues told me that both were required for accreditation. That was not entirely correct. I introduced expert systems software into computer labs for a financial accounting module on accounting standards. The students were just as committed as in the vocational college: zero absences, virtually 100 per cent pass rates, core texts purchased by everyone. Most of my 10 accounting colleagues were professionally qualified. None had a PhD, though one was studying for one.

Two years later, I moved to another Scottish university. Only one of my accounting colleagues was not professionally qualified. She had a PhD in chemistry and had been assisting the International Accounting Standards Committee, so taught financial reporting and inflation accounting. No teacher training was required or offered. No-one else had a PhD when I arrived but one colleague completed hers soon after. A year later, I decided that I needed to know what a teacher should do and enrolled in a 1-year full-time course in Teaching English to Speakers of Foreign Languages (TESOL), with the classes all in the evenings. At the university, we taught programming in Basic, which was required for accreditation, in place of the database software I had been using in my previous job. Either was considered appropriate to meet the needs of accreditation. However, the aim of this inclusion in the syllabus by ICAS, the accrediting professional accountancy body, was to develop skill in logical thinking, not programming. Programming in Basic was what they expected, but anything equivalent would do.

In the university, we could teach however we wanted, and doctoral students took some of the small group teaching. We did not feel constrained by accreditation within topics – e.g. audit, tax, management accounting, financial accounting – either regarding content or assessment. We simply had to teach the topics and ensure our syllabus and our assessment covered and/or assessed the topics required for accreditation. We sensed we had a lot of capacity for innovation in the syllabus, and we did. We had to comply with the examination requirements – closed book was the approach and the time given was the primary issue: it had to be 3 hours. Continuous assessment was not included in final grades. My students still had some to complete: I made passing weekly objective tests compulsory if a student was to be allowed to sit the exam for my first year management accounting module.

When I arrived at that university in 1989, there was one desktop computer shared by everyone. Soon after, we were all provided with a PC but, there were no computer labs, and no-one taught using software of any type. A year later, the head of department secured external funding for a 20-seat computer lab and I introduced spreadsheets into my management accounting workshops. He also secured a site licence for financial modelling software that I used in the lab with my accounting information systems students. I began to use a computer-based instruction package to teach accounting standards and a colleague used another CBI package to teach double entry bookkeeping. By 1996, all accounting modules included spreadsheets in their classes and the double entry bookkeeping CBI package was in use in over 100, i.e. nearly all the UK universities that taught accounting.

I moved to a different university in July that year. It had its own computer lab for teaching and all staff had a networked pc running software off a central server. In January 1997, I used PowerPoint in a classroom for the first time. At this university, as at all the others in which I had worked, students attended all classes and they all took notes in lectures. The accounting degree received maximum exemptions from CA Ireland. Exams still dominated assessment, but coursework counted 50% towards grades in the first-year accounting module; and an individual project was the only assessment in the final year accounting information systems module.

Moving forwards past roles in seven other universities to January 2020, much had changed. The accounting syllabus was trying to cover everything, expectations had plummeted, assessments were much less challenging, and essays and discursive questions were noticeably less prominent. Most students no longer did homework before class, almost none did assigned reading before class, the majority did not attend lectures, attendance at workshops and tutorials, while compulsory, was around 85 per cent. As a consequence of the explosion in VLE adoption in the mid-2000s and the "it is there, we must used it" mentality that propelled spoon-feeding to a new level by obliging academics to populate their module websites with PowerPoint *before* classes, students viewed PowerPoint slides as the only course text. Note-taking in class had disappeared, and core texts were not purchased.

Assessment in the discipline across the sector had become mixed, with varying amounts of continuous assessment in most modules. But, the omnipresent closed book examination continued to dominate assessment on those that were accredited by professional accountancy bodies. In many cases, exam length had reduced from three hours to two but student anonymity, imposed with rigour in the 1990s, was superficial at best possibly because, in some, but by no means all cases, the VLEs could not provide it. Essays as coursework and undergraduate dissertations were problematic with plagiarism increasingly evident. While anti-plagiarism software, such as *Turnitin* and *SafeAssign* had some impact, essay mills made it difficult to address this effectively; and, whereas in the 1980s, students caught cheating would accept their punishment, the systems in place in universities in 2020 made any punishment for cheating no more than a delaying phase requiring resubmission or a second attempt. I have never encountered or heard of a student being expelled for plagiarism, not even one a colleague identified a few years earlier who downloaded a dissertation online, substituted her name for the original, and rewrote the dedication.

One reason for the increase in cheating was that, compared to the 1990s, students were not engaged, and much less motivated. However, grading drift was very noticeable, resulting in them achieving far higher grades than their peers of 30 years ago would have done had they sat the same assessments and written the same answers. The lack of engagement reveals itself in the fact that, although there were many more first and upper second grades than in the 1990s, failure rates were higher. Another cause of this was that student entry requirements were lower and controls over English language ability thresholds for entry had been introduced and then sometimes ignored. Also, regimented quality measures imposed on assessments in the mid-90s had been replaced with a much less formal, more flexible approach. While small group teaching was still believed to be effective, few felt that lectures really worked any more but, counter-intuitively, while lectures continued to be taught by faculty, PhD students were much more prominent in teaching of seminar classes and tutorials, and in marking.

During my career, I have acted as external examiner or programme validator for over a quarter of UK accounting departments, and I was involved in the accreditation of over half of them in the 1990s. I still have many of the contacts I established then. As I discussed the sector with many of them, I heard of and saw similar changes. The undergraduate syllabus of the accredited degree programmes I saw or heard described seemed full and cumbersome. This is how I had increasingly viewed it everywhere I had worked at or served in as an external examiner or course validator since the Board of Accreditation, which accredited degree programmes on behalf of most of the UK & Irish professional accountancy bodies, was disbanded in 2001. In an instant, that act destroyed 15 years of collective memory which, as regional chair for Ireland, Scotland, Northern Ireland, and the North of England, I believed had made accreditation a positive process for accounting programmes. The bodies thereafter reverted to each one separately accrediting individual accounting programmes; and there seemed to be much less awareness in universities of what was required for accreditation – where the limits lay. Compliance with what was truly needed was replaced with compliance with everything, just in case.

Elsewhere a few years ago, I tried to redress the balance by redesigning the accounting programme to embrace both what was truly needed for accreditation, and to meet the needs of employers. The latter was and is particularly important. Despite the research literature informing us for more than 30 years what our graduates should be able to do when entering the accounting profession, little had been done to meet those demands, and less had been successful in improving these desirable abilities. In fact, critical thinking seemed to have diminished in importance and, with that, skills in logical thinking. Students no longer learn what it means to communicate, nor how to do it – few would argue that group assignments and occasional presentations in class do develop communication skills, but not very much. So far as I am aware, that is as far as interventions like that go. Gone is the range and variety of activities I saw in many different universities in the 1990s. My attempt to redesign the curriculum failed at the last hurdle. The key decision maker, unaware of the demands being addressed in the proposed programme, asked for more time for reflection. It was never mentioned again.

This was, therefore, a completely different education system in early 2020 from the one I had been working in during the 1990s. To me, very little made sense. Then came Covid-19, and what made little sense became worse.

3. What we learnt from Covid-19

Universities across the world closed their doors in mid-March 2020, throwing students, faculty, and administrators into a virtual campus. The infrastructure was not in place, students did not know how to learn in this environment, faculty did not know how to adapt how they taught and assessed, and administrators and universities were reluctant to change procedures and systems to fit this temporary new world. For accounting programmes that were accredited by professional accountancy bodies, a similar but narrower situation existed: the bodies were reluctant to change their demands on assessment which, of course, caused confusion for both students and faculty, never mind administrators, when they realised that they would need to organise online exams for accounting students while the rest of their business school students had a piece of coursework instead or, in some cases, no assessment at all.

From across the world came stories of how faculty and students coped with the chaos, many of which were captured in the article compiled by Sangster, Stoner & Flood in 2020: *Insights into accounting education in a COVID-19 world*. Included in it were contributions from 66 faculty in 45 countries. It revealed how faculty, students, and administrators found their lives disrupted and changed, with some changes, such as online teaching, expected to become permanent after things returned to "normal". By the time that the survey data was gathered, two months had passed since physical campuses were closed. Faculty had learnt how to teach differently. Syllabuses shrank as topics within modules were dropped to provide more time to prepare new teaching materials. The new online world relied on technology, and many started using it for things they had never envisaged doing.

Training was available for some, but by no means all, and faculty had to teach themselves skills in video and communication technologies, often by trial-and-error, always against a backdrop of insufficient time to "make it perfect". Technology deprivation was a major problem in some regions for both faculty and students, for which there was no immediate solution. In some countries and regions the provision of Internet and power was also, at best, unstable, threatening both delivery of instruction and engagement with online learning problematic for many.

Virtually immediately, education was no longer the priority, student well-being was the priority. In contrast, faculty well-being was not the priority. They had to deliver, in some cases, to extremely tight deadlines; and many suffered extreme stress and even burn-out. The impact in some institutions was a disaster, particularly where international students financed much of the sector, such as in Australia and New Zealand. Universities in those countries had no choice but to downsize when international students stopped enrolling. Many faculty lost their jobs with no prospect of a return to teaching unless they emigrated.

While student well-being was the priority, no moves were made to train students in how to learn in this new online-only environment. There was no time to do so. Consequently, untrained students resisted switching-on videos and microphones in synchronous classes, preferring to use online chat to ask questions or answer queries from faculty, even in large classes where class-management issues for instructors made doing so pointless. The "black screen" became the norm and faculty frequently only saw themselves while they taught. Most students avoided watching asynchronous lectures. They preferred to rely on the PowerPoint slides. Only the committed minority tried to keep pace with the curriculum when looking at online course materials, meaning that synchronous online classes that discussed any online course material scheduled to have been accessed by students before the class were far from successful learning or teaching experiences. The possibility of developing understanding and critical thinking in those synchronous online classes was minimal, as was any possibility of developing either student verbal communication skills or student inter-personal skills, the very things that employers of accounting graduates want.

Faculty demonstrated that they could be extremely flexible, but the cost was high with some subsequently taking early retirement in preference to working in ways they viewed as pedagogically inappropriate or, too difficult to do at the level of quality they sought to achieve. In many cases, this situation lasted for over a year before campuses began to partially reopen and move back towards "normal". Even then, many universities were forced by social distancing requirements to commit to dual provision of simultaneous face-to-face and online mode. In March 2022, two years on, in many universities masks were still mandatory, which transferred online anonymity into classroom anonymity, causing further stress for both faculty and students.

Looking back across those two years, faculty learnt how to examine students differently. The standards achieved were sometimes ignored, grades were inflated, pass rates were inflated and, in some cases, certificates and diplomas and degrees were awarded with control over the assessment reduced to a level of insignificance, if there was any at all. Students learnt to "game" the "new world" and cheating, particularly plagiarism, became endemic where previously it had been a significant exception. Faculty also learnt to "game" the "new world" and two distinct groups emerged:

> - Faculty who did not care about the quality of their teaching did not attempt to do anything different. They delivered the same classes online as they had previously delivered face-to-face. Their work-life balance improved during campus closure.
>
> - Faculty who did care about the quality of their teaching completely changed how they taught. Their work-life balance plummeted. This was the group to which those who took early retirement largely belonged.

Reflecting on what happened, the response to Covid demonstrated that faculty could use technology to replace costly physical teaching. Not surprisingly, universities realised that large face-to-face lectures were not only of limited pedagogical value, they were also a waste of resources. Some ceased them permanently. Faculty learnt that using technology could save them a lot of effort if they switched from face-to-face delivery to recorded video or to synchronous online delivery that they recorded for future use. Some claimed that providing pre-recorded videos makes it easier for students because they can choose when to listen to their lectures but, in my view and those with whom I have discussed it, students watched asynchronous lectures even less than they had previously attended lectures pre-Covid. The challenge of getting students to attend and acquire basic knowledge of their subjects is now worse than it was before.

Faculty using computer-graded assessment for the first time learnt that it is less work than formal examinations, and can be repeated many times compared to the single use examination paper. Universities learnt that online examinations are cheaper to run than face-to-face exams, faculty found them more convenient, as did students, particularly as they could go home from campus after classes finished and did not need to make the potentially expensive and sometimes thousands-of-miles-long journey, to sit a 2-hour exam. Faculty also learnt that levels of cheating increase dramatically when examinations are online unless there is effective proctoring in place, which there was not.

4. How these lessons from Covid campus closure may impact the future of accounting education

It seems unlikely that there will ever be a return to 100 per cent face-to-face instruction. Blended learning is cheaper to resource, and faculty who learn to reuse their recorded material will prefer doing so to having to repeat the same lecture every year, or even three times a year as I had to do in one of the universities in which I worked a decade ago. A shift to timetabling small group teaching in place of lectures will increase demand on rooms, which most universities do not have, so the number of hours of face-to-face small group classes each student has is unlikely to increase above 2019 levels. Any significant increase in small group classes will be online, which we have learnt in the past two years does not develop any of the inter-personal skills that employers and the literature tells us we need to be focusing upon. In addition, when campuses were shut we also learnt that students did not engage with online material. The only solution I can envisage is adoption of a flipped classroom (see, for example, Persky & McLaughlin, 2017). It is the only approach likely to enable the same subject coverage to persist as in 2019 unless face-to-face lectures are retained. But, we know they were poorly attended too. So, again, the flipped classroom is the only solution I can envisage.

Otherwise, seminars, workshops, and tutorials will be used to teach knowledge – currently, the role of a lecture – rather than to teach understanding and application. The result would be an inevitable lowering of standards and inevitable increasing unemployability among accounting graduates seeking entry-level accounting positions.

4.1 The flipped classroom

My own experience of using the flipped classroom throughout the past 10 years is that it needs to be supported by assessment of the prior study material before it is discussed in the class. Unfortunately, I do not believe that most faculty are ready for this. Where a flipped classroom is appropriately managed and preparatory learning is incentivised, students will improve their inter-personal skills, their communication skills, their interpretive skills, and their critical thinking skills. With respect to the future of accounting as a university discipline, adopting a flipped classroom approach, supported by summative assessment of preparatory learning, develops the skillset required by employers of accounting graduates. I do not believe we have a choice but to switch teaching of all subjects to this approach. It would not be a Grade Point Average assessment system. Each summative assessment would stand apart and could contribute relatively little to the final grade, with the majority of summative assessment grades obtained by a combination of in-class participation grades and out-of-class assignments and projects.

To function effectively, faculty and students will need training in how to teach and learn in a flipped classroom. To address this, all faculty irrespective of experience, will require to attend a mandatory course. Failure to do so, or failure to create effective courses will put the entire programme at risk. For students, all degree programmes should include a compulsory module on how to learn at the beginning of the first year of study. Ideally, this should be delivered in block-teaching mode, with the module being the only one taught in the first weeks of the first semester. For example, if a semester has 12 teaching weeks and contains 3 modules, the first four weeks would be devoted to the 'how to learn' module and the final eight weeks devoted to the other two modules. Universities may require to amend their regulations concerning late enrolment if this is to be effective.

We knew that the current teaching model was out of date in 1992. We knew it in 2017. And, the approaches adopted during Covid only made the problems worse. It is time to re-engineer the whole education process and design one that is fit-for-purpose before the doom-and-gloom described by Pincus et al. (2017) becomes a reality and accounting programmes shrink in numbers to the point of extinction because the profession no longer wants our graduates.

4.2 Assessment

Online assessment is unlikely to reduce back to the levels of 2019 and, if universities decide to invest in proctoring software, online examinations will replace face-to-face examinations virtually everywhere. Alternatively, universities may find it easier to scrap examinations altogether, in which case use of online tests will increase. Furthermore, if universities decide that they are unable to control plagiarism, they may shift away from using essays for summative assessment, which would also shift the emphasis onto online testing. However, for accounting education in regions, such as the UK and Ireland, where professional accountancy bodies constrain flexibility and choice in assessment, these changes will be difficult, if not impossible. It is time for accounting departments in those and other similarly situated regions to come together and present a case to the professional accountancy bodies for a new model of accreditation, one that does not embrace traditional examinations either online or face-to-face. This has already begun to happen in Australia with one accounting programme now accredited that has no traditional examinations.[1]

5. Other factors and their potential impact on accounting education

Before the period of Covid campus closure, it was already apparent that several topics had become more important in the eyes of the accounting profession, particularly big data, data analytics, and artificial intelligence.

5.1 New topics

These topics are being added to the examinations of the professional accountancy bodies, which means that they will be required to be covered for accreditation of an accounting programme. Who will teach these subjects in the universities? Perhaps they can be marginalised into components of existing modules, like audit, with very little detail, in much the same way computerised audit testing was dealt with 30 years ago: it exists, it involves this, and it is done in the following way. That is, at a very basic level past experience indicates that this would be sufficient for accreditation but, considering how the role and skillset of entry level accountants has changed (Pincus et al., 2017), it seems unlikely that this is a long-term solution. Knowledge and understanding will need to be at a higher level, which means it must be taught. In turn, that means that some faculty will need to learn about these subjects sufficiently to do so. The simplest solution is to recruit people who already have that expertise. That probably will not be a problem 10 years from now but, it will be for the more immediate future of the next few years.

Another set of topics that emerged, this time during the past two years, are ones that were already taught in some accounting programmes by enthusiasts. Now, they are being perceived as priority topics, ones that must be included. They go by a variety of names but the one I have most often seen used is Environmental, Social, and Governance (ESG). As with big data, data analytics, and AI, who is going to teach them, and how will they be brought into programmes that do not currently include them? Similar implications apply to those mentioned in the previous paragraph.

5.2 Other voices

Recently, the accounting profession has begun to speak louder about the poor design of accounting programmes with too much coverage of unnecessary technical topics and too little emphasis on what employers need. I first heard something like this in the UK in the early 1990s, when a senior partner in a very large accounting firm, told his academic audience that universities were wasting their time teaching unnecessary topics. He told us that the only thing the profession wanted us to ensure was that accounting graduates could do double entry bookkeeping. Since then, accounting programmes have been going in the opposite direction, adding technical content – mainly in the form of expanding coverage of accounting standards – and minimising coverage of double entry. If there is one lesson I have taken from 40 years as an academic it is that accounting programme designers deliver what they *think* is needed or *wish* to be needed, rarely what is *actually* needed. Given what Pincus et al. (2017) tell us about the present of accounting, it is time for that tendency to be reversed. Accounting programmes need to start listening before employers refuse to employ accounting graduates because, if that happens as it ultimately will, within a few years, those programmes will not have any reason to exist.

Listening to the profession would result in faculty realising that the profession and those who employ accounting graduates in industry, government, and the third sector want to recruit people they can train to do their jobs. They want accounting graduates to be ready to become accountants. They have never wanted them to start their jobs already highly skilled in accounting, accounting regulations, audit, tax, or anything else. As anyone will tell you who has tried to teach someone a skill that they have learnt in a way that is different from the one desired by the trainer, it is a thankless and sometimes pointless task. It is far easier to train someone who knows the basics of what something is and why it exists, but has no deep knowledge. That is what the employers want. What conversations with employers have consistently told me is that they want accounting graduates to have good interpersonal skills, good communication skills, that they are flexible adaptive learners with good critical thinking skills and good problem solving skills – the ability to apply logic and reasoning to solve problems irrespective of how structed or not they may be; and the only technical skill they want accounting graduates to have is, as it was 30 years ago: the ability to do double entry bookkeeping.

6. What this all means for accounting education

Accounting programmes need to change before they become obsolete. Pincus et al. (2017) describe the tip of the iceberg. The impact on the soft skills of accounting students of the Covid campus closedown and the restrictions after campuses were re-opened have only exacerbated the problems accounting as a university discipline previously faced. Accounting programmes urgently need to be redesigned in a manner that recognises that traditional lectures and equivalent online video lectures are not fit-for-purpose. In their place, a flipped classroom approach should be adopted. It should be supported by summative assessment of the preparatory learning assigned before each small group class. Those teaching the small group classes should assume that students have acquired the knowledge delivered in the preparatory learning, whether it was delivered by video, online resource, textbook, or any other means, including lecture. Their classes should focus on developing understanding and application, and on growing the skills of the students that employers seek. They should avoid teaching the knowledge that should have been acquired in the preparatory learning. Doing so *will* encourage students to engage with that preparatory learning, as will the summative tests of their knowledge.

The content of accounting programmes urgently needs to align with the demands of employers. Technical knowledge and understanding that employers teach their graduate entrants on the job should be removed, including all technical aspects of accounting regulation. Financial reporting should be taught from a user perspective, not from a preparer perspective. That is, students should be given knowledge of the process of preparing financial statements in the preparatory learning phase. The classroom, however, should used to provide understanding of what such statements mean, how to interpret them and use them for decision-making. Similarly with management accounting topics such as budgeting and variance analysis. Costing should also be taught from a user perspective focusing, for example, on what cost information is used for, where it comes from, how uncertainty is addressed, and contrasting the outcome of decisions based on cost information with those taken lacking such information.

If included in the accounting programme, taxation should be taught as a theoretical subject, *not* as one where tax calculation is the focus. The “6-Ws” should dominate the classroom: who? what? why? when? where? how? But, always with a focus on developing understanding and application and developing critical thinking skills, not doing the underlying technical task, such as preparing a budget or calculating a cost or a tax liability.

Double entry bookkeeping, which is fundamental to an understanding of financial statement preparation, audit, earnings management, and forensic accounting should be taught critically at a technical level, reinforced in small group classes. It should be taught in a way that develops understanding. Rules do not develop understanding. They can only assist in the *doing* of a task *without* understanding (Briggs & Wager, 1981: 40-44). To understand double entry, students:

> need to be taught the principles that define them, the relationships between [the debit and the credit], and how they operate: how they

> work and where, as in this case, the two are mutually exclusive, how they work together. Rules are incapable of doing so. (Sangster, 2022)

How to teach double entry by principles was demonstrated over 500 years ago by Luca Pacioli (1494). In two recent publications (Sangster, 2018, 2022), I presented a framework encapsulating the approach, which is presented below.

Figure 2. Pacioli's (1494) approach to teaching double entry by principles[2] [3]

How double entry works and how to identify the account to debit and the account to credit

- ❒ **All transactions involve two elements: an item exchanged and a form of settlement**
- ❒ **One element is debit and the other is credit**
- ❒ **Debit = credit**
  - ⇒ The amount of the form of settlement = the amount of the item exchanged

- ❒ The amount of the form of settlement = the amount of the item exchanged
- ❒ **All forms of settlement can substitute for each other**
- ❒ Cash received is a debit
- ❒ Cash is a form of settlement
  - ⇒ If a form of settlement is received, it is a debit
    - ⇒ And the item exchanged is a credit

- ❒ The amount of the form of settlement = the amount of the item exchanged
- ❒ **All forms of settlement can substitute for each other**
- ❒ Cash given is a credit
- ❒ Cash is a form of settlement
  - ⇒ If a form of settlement is given, it is a credit
    - ⇒ And the item exchanged is a debit

- ❒ **The entries in the money column are to be in one currency only**

Note: Pacioli's *forms of settlement* are cash, IOU, barter, bank draft, or a mixture of these. When teaching using this figure, I add capital, which makes explicit what Pacioli made implicit. The symbol '⇒' represents 'implies'.

Teaching double entry by principles makes it an ideal topic to develop student critical thinking skills from the very beginning, in teaching what the debit and the credit represent, in identifying the accounts to debit and credit for individual transactions, and in developing, for example, understanding of the impact of adjusting entries on the financial statements. There can be few more appropriate vehicles to use to teach critical thinking skills in a way that is relevant to accounting, the accounting profession, and the demands of employers of accounting graduates.

Being able to interpret, think logically, and question and explain data and information will be essential skills for accounting graduates to possess in their role as business solutions professionals. Auditing is an ideal topic in which to develop those skills and should be taught, not as a technical, "how to do it" subject, but as a theoretical, critical subject focusing, as with tax, on the "6-Ws".

To these accounting subjects should be added those that most appropriately address the skillset required of accountants of the future – the business solutions professional envisaged by Denna et al. (1993), the knowledge professional described by Elliott & Jacobson (2002), and confirmed by Pincus et al. (2017). These new subjects should be people-focused, from human relations, sociology, psychology, communication studies, personnel management, information science, data management, knowledge management, and environmental studies. The result will be an accounting programme mainly about social science – people – and much less about rules, regulations, and technical procedures. This will meet the needs of employers and will prepare accounting graduates to survive and flourish in the increasingly computerised world of accounting, where they will provide the added value that technology cannot bring.

7. What this would mean for accounting faculty

To teach such a diverse programme, accounting departments as we know them today, with their mixture of accountants and finance faculty equipped with PhDs, will gradually disappear. Eventually, they will be replaced by interdisciplinary departments containing less accounting faculty. The accountants will be joined by information scientists, psychologists, sociologists, data analysts, and experts in communications, knowledge management, personnel management, and environmental studies. Accounting as a university discipline will continue to exist, delivering the core of the accounting programme, but the number of accounting faculty will significantly reduce over time.

This is not a new phenomenon for accounting faculty, especially in the UK where it is very difficult to recruit qualified accountants into universities. In the UK, recruitment to accounting departments since the early 1990s has focused on research capability, not on professional accountancy qualifications. In a study I conducted in 1992, the vast majority of faculty in UK accounting departments were qualified accountants. Almost none had PhDs. In 2022, most have PhDs and the minority are qualified accountants; and the majority of new lecturers appointed fit that profile. If the trend continues, within the next decade, two at most, the number of qualified accountants working in most UK university accounting departments will be close to zero. Accounting modules will be taught almost exclusively by faculty ill-equipped to do so. Perhaps the trend to appoint faculty to teaching and scholarship positions that has gathered pace, in the UK at least, during the past few years will help reverse this situation.

However, I do not believe that it alone will be sufficient to make an impact on the problem. This preference to recruit faculty with PhDs rather than accounting qualifications will be reversed if the new accounting programme outlined above is adopted. Doing so will place the emphasis back on recruiting specialists. No longer will someone with very little accounting knowledge or expertise, typically with no relevant work experience, be seen as an appropriate appointment to an accounting position. Being a qualified accountant will become of value once again, as it was in the 1980s. If having a doctorate is required, it will be obtained while employed as accounting faculty, not as a prerequisite for becoming one.

8. What else is required?

For accounting programmes in regions where they are accredited by professional accountancy bodies, the terms of accreditation will need to be rewritten. In addition, the whole concept of accreditation needs to be reconsidered with considerable changes to what accreditation entails, means, and provides. Even a cursory glance at what the current system entails reveals how irrational it is, especially given what more than 30 years of research tells us employers want from accounting graduates. Accreditation does not consider the demands of employers, it is entirely focused on the examinations of the professional accountancy bodies, providing exemption from some of those examinations to holders of accredited degrees. The professional accountancy bodies set their exams to test the abilities of trainee accountants, not those of accounting undergraduates. Trainee accountants acquire those abilities in the workplace, not at university. This is why, in the UK at least, accreditation is not a barrier to being admitted to training to become a professionally qualified accountant; and the majority of graduate entrants to, for example, the Institute of Chartered Accountants in England and Wales (ICAEW), do not have an accredited degree.

For accounting graduates to appeal to employers, they need to be equipped with the skillset that the employers want. Today's accounting programmes do not equip graduates with those skills, they teach them how to be accountants because that is necessary for accounting programmes to be accredited. Thus, these programmes equip accounting graduates to by-pass some professional accountancy body examinations. The cost of doing so is an over-full curriculum that does not provide accounting graduates with the skillset needed to be attractive in the job market. To gain good entry level positions in the profession, accounting graduates need the latter, not the former. Without it, they will find it increasingly difficult to compete in the job market against students from other undergraduate disciplines who do have more of that skillset when they graduate. Accreditation of this type needs to be replaced by accreditation of attainment of the skillset needed by entry-level accountants today. Doing so requires that a new accounting programme of the nature described above is adopted. Simply adding-in more time spent on development of these skills in current programmes will not work. That was tried, to no lasting effect, in the UK in the early-1990s.

The proposed new accounting programme outlined above will be needed if accounting graduates are to thrive and develop as accountants. Its skillset includes interpersonal skills, problem-solving skills, investigatory skills, analytical skills, communication skills, explanatory skills and relevant knowledge and understanding. This skillset will assist accounting graduates to adjust as their roles transform into business solution professionals/knowledge professionals equipped to guide those they advise towards value-creation decisions, as foreseen by Hollander et al. (1996) and Elliot & Jacobson (2002). Graduates whose degrees are accredited for their development of these skills will be attractive to employers. The relevance of their degrees to accounting and to business will make them far more attractive to employers than graduates from other disciplines, leading to higher levels of recruitment and retention than graduates from current accounting degree programmes will experience. In short, by adopting this type of a new accounting programme taught in the way described, and changing how accreditation is done, accounting students, faculty, graduates, employers, and the accounting profession will all benefit.

9. The way forward

Some would argue that accreditation must be dealt with before the radical changes proposed in this paper are made to accounting programmes. However, there is no reason for the excessively technical focus in current programmes. A first step would be to work towards establishing the minimum technical coverage required. As shown in the Appendix 1, in the 3-year degree programme I designed a few years ago, space was created for 6 unaccredited modules from outside accounting, finance, and law. Benchmarking against the accounting programmes of 15 other universities of comparable status in the sector, found that it would have been granted full accreditation by the Chartered Institute of Management Accountants (CIMA) and The Association of Chartered Certified Accountants (ACCA); and granted equivalent accreditation to those accredited by ICAEW, CA Ireland, and ICAS. Doing this would require that the individual bodies approve the changes but, all things being equal, they would.

The next step is to build the proposed new accounting programme around that minimal technical content. Then, the process of changing the focus of accreditation towards the skillset outlined above could meaningfully begin. Achieving it would require that accounting departments work together, possibly through national academic bodies, like the British Accounting and Finance Association. If they spoke with a united voice, the illogicality of accreditation focused on professional examinations as opposed to accreditation focused on what is required and demanded of entry-level accountants by their employers would be laid bare. Those institutions that preferred to continue with professional-exam-based accreditation could do so but, over time, their accounting graduates would find it increasingly difficult to obtain entry-level accounting jobs. Furthermore, several accountancy firms already require their trainees to sit the professional exams from which they are exempted. If that were to spread across the sector, having exemptions would serve no benefit at all, either for the student or for their employer.

10. Conclusion

This paper has presented a blueprint to guide designers of university accounting programmes in creating a new type of accounting degree that has a focus on making accounting graduates fit-for-purpose, rather than training them to be traditional accountants. Building on lessons learnt in the two years since the first wave of Covid-driven campus closures, to maximise the benefits of the proposed change in content, the approach to teaching must recognise the inappropriateness of lectures and adopt a summative assessment-supported flipped classroom approach to education.

It should be recognised that accounting education is different across the world. Where I am based, in the UK, accounting education is influenced and impacted by the UK and Irish professional accountancy body accreditation system for accounting programmes. A solution to that situation has been proposed in this paper. In many other parts of the world, that does not apply and different forms of accreditation may present other difficulties or opportunities. Nevertheless, as described by Pincus et al. (2017), wherever an accounting programme is located in the world, the future of accounting as a career is going to differ greatly from how it has been in the past. Accounting faculty have long resisted the demands of employers, or responded only minimally to them. Now more than ever, with the nature of entry-level positions changing at pace for at least the past decade, it is time to take notice and change our accounting programmes before they become obsolete. More to the point, it is time to change them before significant numbers of accounting graduates find that they cannot obtain entry-level positions or, worse, discover that having obtained an accounting job, they cannot do what their employers expect.

On that point, I can add one personal experience illustrating how devastating it can be. In my fully accredited degree obtained almost 50 years ago, we did costing, not management accounting. At that time, only people with accredited degrees could get positions as apprentices in Scottish chartered accountant firms. We then attended block release classes delivered by ICAS three time during the first year of training. In the classes, it was assumed we had acquired the knowledge for which our degrees had been accredited. My degree got me the job, but my first fortnight as a trainee in my ICAS-run classes in management accounting ended with the lecturer, who was handing back marked assignments to each student individually, taking me aside and telling me in a very loud voice that I had no possibility of every passing his subject. My only option was to teach myself the then entire undergraduate management accounting syllabus that my peers had done at university in the 6 weeks that I had before the next set of classes. I came close to abandoning my plans for a career in accounting and taking a job as a trainee manager in the retail industry. I even had an interview arranged and only withdrew at the last minute when a colleague, who was helping me understand the very dense textbook, told me that it appeared I had now "caught-up". The skillset our graduates need cannot be learnt in 6 weeks of self-study.

Our duty to our students to make them fit-for-purpose as graduates makes what is proposed in this paper an imperative. Failure to respond will guarantee the demise of accounting as a university discipline, one that no longer serves a purpose. Anyone who doubts that need only read Pincus et al. (2017) and consider what it is that accounting programmes equip their graduates to do compared to what employers want and to what accounting roles are becoming, especially the entry-level roles our graduates traditionally seek.

Endnotes

[1] This point was made by Professor Nick McGuigan of Monash University, Australia during the 2022 conference of the Accounting Education special interest group of the British Accounting and Finance Association.

[2] Pacioli did not use the term 'IOU', he used the word, '*termine'* (time), which refers to a specific arrangement of credit, a promissory note or an IOU, a written acknowledgement that the amount is due. Today, when teaching double entry, we would use 'credit'. However, because we are already using the word 'credit' with a different meaning, doing so can confuse students. It is less confusing for them if 'IOU' or 'time' are used when these principles are first taught.

[3] This figure can be restated as follows: if there is a transaction, it will have two elements: an item exchanged and a form of settlement; one will be a debit and the other a credit, which will have equal value; it does not matter how settlement is done – receipt of a form of settlement, such as cash, is a debit and payment is a credit. All entries should be in the same currency.

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Appendix 1
An interdisciplinary undergraduate accounting programme

Recommended programme: 24 modules over 3 years 18 accredited + 6 from other disciplines	**Contributes to Accreditation**
Year 1 Semester 1	
Business & Management	
Law for Accounting	✓
Maths & Statistics for Accounting	✓
Intro to Management Accounting	✓
Year 1 Semester 2	
Intro to Financial Accounting	✓
Principles of Finance	✓
Economics	✓
Biological and Cognitive Psychology	
Year 2 Semester 1	
Intermediate Financial Accounting	✓
Leadership Foundations: Managing Projects and Technologies	
Communication Studies	
Accounting Information Systems	✓
Year 2 Semester 2	
Taxation	✓
Financial Institutions & Markets	✓
Intermediate Management Accounting	✓
Leveraging Human Capital & Performance (HRM)	
Year 3 Semester 1	
Financial Accounting & Analysis	✓
Advanced Management Accounting	✓
Business Strategy	✓
Knowledge, Work & Organisations	
Year 3 Semester 2	
Integrated Reporting	✓
Accounting Theory	✓
Auditing	✓
Contemporary Issues in Accounting	✓

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Global university rankings: The macro-micro contradiction in public university management

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ABSTRACT

Performance measurement and management has become a passion, even approaching a mania, of Australian public universities. In a world of multiple, competing global rankings of universities, known as global university rankings (GURs), our public universities pit themselves against each other competitively in seeking to ascend selected ranking regimes that best suit and reflect their institutions. This Australian study delves into this New Public Management (NPM) driven mantra, by examining the explicit mission or purpose statements (hereafter "missions") and the vision or ambition statements (hereafter "visions") of the 37 public universities in Australia in late 2021/early 2022, based on their public disclosures. This study provides widespread evidence of the formal aspirations of these institutions to act in the public interest and to serve and advance society, communities and people. At the same time, however, the main operational game, or rather the passion being played out by these institutions, is facilitated by means of the transformative (or potentially corrupting) power of GURs in moving Australia's public universities progressively towards a self-interested corporate culture and associated dysfunctional behaviours in creating competition within and across public universities. This dichotomy is identified as the "macro-contributions" approach to university management as opposed to the "micro-measurement", metrics-driven approach to university management, described herein as "the macro-micro contradiction" in public university management. Accounting as performance measurement is portrayed as transformative, influencing human behaviour, shaping organisational culture, and impacting the organisational and social functioning and development of these institutions. Moreover, public universities, in substance, become what they are not.

Keywords: accounting as technical, social and moral practice; global university rankings (GURs); key performance indicators (KPIs); macro-contributions; micro-contributions; the macro-micro contradiction.

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1. Introduction

What is the key purpose of public universities? Public universities are universally expected to operate in conformity with the legislation and regulations that enabled their establishment and to act in the public interest for the benefit of society. Whether this expectation is what occurs in practice is of key interest in this investigation. This study, therefore, is concerned with elucidating whether this "public benefit" proposition broadly holds in practice for each of the 37 public universities in Australia towards the end of 2021, based on the formal disclosures of the missions and visions declared by the universities themselves. Accordingly, this study is concerned with the mission or purpose statements and the vision or ambition statements of this country-wide population of public universities. This focus on organisational missions and visions is premised under what has been described as the "macro-contributions" approach to university management (Carnegie, 2021a, 2021b; Carnegie & Lucas, 2022).

Societal expectations of universities around the globe, as represented in mission and vision statements, portray a broad-scope orientation, specifically a macro-contributions approach to serving and supporting society and nature, as indeed is expected of public universities. This approach requires our universities to contribute positively to society by answering big or massive questions and solving wicked or super-wicked problems. Indeed, there is no shortage of questions or problems of the genre on writing. To the contrary, the proliferation of global university rankings ("GURs") across the past 20 years involves a concentration in public universities on "management by numbers" or the "micro-measurement", metrics-driven approach to university management (Carnegie, 2021a, 2021b). This micro-measurement approach of organisations has also been termed "governance by numbers" (Supiot, 2017). This dichotomy is recognised in the title of this study as "the macro-micro contradiction in public university management".

According to van der Kolk (2022: 20), this state of organisational psychology is known as "indicatorism", where organisations "overly stress the importance of performance measures" and thereby "trigger behaviour that is aimed at improving performance indicators, while losing sight of actual goals" and where improving indicators is "for the short term (at the expense of the long term), ignoring 'unmeasured' tasks, and manipulating [or gaming] numbers". There seems to be an almost endless number of competitive global rankings for public universities to choose. These multiplying sets of rankings are based on a large set of key performance indicators ("KPIs") or metrics. These indicators or metrics typically fall within the domain of the organised accounting profession and are usually devised and prepared by professional accountants. The use of such seemingly endless numbers of KPIs has become rampant in Australian public universities, which form the basis of globally publicised ranking assessments by the GURs agencies themselves based on data freely passed over to the agencies "that have strong interconnections with the 'big publishers'" (Peters, 2019: 8).

GURs are premised on "the belief that performance can be measured, with [apparently] *remarkable precision*" (Brankovic, 2022: 804; emphasis added by the writer). They have generated considerable discussion and debate in public universities and business schools and gain attention in accreditations and in social media; they are far from being uncontroversial, nor without impacts, whether intended or not. Public universities, in the process of what seems to be a passionate desire to continuously move up, otherwise known as "rank up", (and never down), have arguably allowed themselves to be captured by rating agencies that prepare and publish these global rankings. More critically, this "movement", is best represented by a confusing array of GURs determined on typically copious, narrow-based KPIs. Should the number of such ranking schemes keep multiplying, there may even arise an imperative for a mega ranking scheme to rank the diverse and confusing rankings. In this micro-measurement, metrics-driven performance arena, university mission and vision statements appear to be given lip-service, with little passion or commitment displayed to attaining such overarching dynamics of delivering macro-contributions for the public good and benefit, including the protection of our planet.

Moreover, what if the performance measurement and management expectations (or "targets") of public universities are aggressively set and are widely recognised as unreasonable and unrealistic? What if the scenario of setting unrealistic or insurmountable KPIs results in unethical behaviours or even illegal actions (see, for instance, Carnegie & Tsahuridu, 2019)? This downside scenario may turn out to be the very opposite of public universities' presuming to be operating as expected under the legislation and constitutions which enabled their formation to advance the public interest for the benefit of society. Further, the micro-measurement approach has the potential to outmuscle the broader-scope, big-picture, macro-contributions approach, as articulated, which is more aligned with institutional collaboration and global citizenship rather than institutional competition and the individual academic actor.

The study's major objective is to examine the purported incongruent affect in Australia of public universities aspiring to attain their express missions and visions, under the macro-contributions approach to university management while, simultaneously, aspiring to advance their global positioning determined under the alternative micro-measurement, metrics-driven approach to management by apparently objective means of GURs. The study's key research question is posed as follows: "Is micro-measurement performance deployed in GURs, transitioning

Australia's public universities to become, in substance, what they are not?". Moreover, Carnegie and Parker (2022) argue that the "university rankings industry is a classic case of form without substance".

This study is of international relevance and importance given the impacts of GURs, intended or unintended, on public universities and their stakeholders around the globe. These effects have been subject to little critical examination, especially from within the international accounting profession. The study is also primarily set in the context of public university sector in Australia, which has become increasingly commercialised, even somewhat aggressively, in recent decades under New Public Management ("NPM") ideology and its worldwide dissemination since the 1980s (see, for instance, Jansen, 2008; Lapsley, 1999; Parker, 2013, 2020; Parker et al., 2021).

The remainder of this paper is structured as follows. The next section provides a review of relevant literature on the emergence of GURs from 2003. There follows an overview of the methodological approach employed in this study. Thereafter, the findings are presented of the examination undertaken of the explicit mission statements and vision statements of the 37 public universities in Australia, which occurred in late 2021 to early 2022. These findings are discussed in the following section in view of the contrasting macro-contributions and micro-measurement approaches to university management. In the final section, concluding comments are provided and due recognition is necessarily afforded to the transformative power of accounting.

2. The emergence of GURs from 2003

The Shanghai Academic Rankings of World Universities ("ARWU") is the first ranking of global universities, established in 2003; the number of these rankings have progressively multiplied since that time (Hazelkorn, 2019; Peters, 2019). ARWU (also known as the Shanghai Jiao Tong University Academic Ranking of World Universities) "has been presenting the world's top universities annually [since 2003] based on transparent methodology and objective third-party data. It has been recognized as the precursor of global university rankings and the most trustworthy one" (Shanghai Ranking, 2021).[1] Under the AWRU, "universities are ranked by several indicators of academic or research performance, including alumni and staff winning Nobel Prizes and Fields Medals, highly cited researchers, papers published in Nature and Science, papers indexed in major citation indices, and the per capita academic performance of an institution".[2]

In the context of Australia, the "World Ranking of Australian Universities" provides the annual ranking of each Australian universities under four different ranking lists which are described more specifically as "World Ranking of Australian

Universities Within the Main World University Ranking Systems": Quacquarelli Symonds ("QS"), Times Higher Education ("THE"), ARWU and US News ("USN").[3] Despite the availability of such ranking outcomes, there are many different lists of GURs, including descriptive lists of various ranking schemes produced by individual universities, such as RMIT University[4]. This RMIT list of rankings includes the statement "there are *at least* 15 global ranking schemas, of which (QS, ARWU and THE) are considered the most influential" (emphasis added by writer). Missing from the RMIT short list of "most influential" rankings is USN, under which RMIT is not flatteringly ranked compared with the latest positioning of the University under the other three ranking systems specifically identified (QS, ARWU and THE). Selective usage of rankings systems, especially for university marketing purposes, is generally perceived as common.

More generally, according to Brankovic, (2022: 802), "the dramatic proliferation of all kinds of rankings over the past several decades has further helped institutionalize the imaginary of the modern world as a stratified order, whose actors are imagined as *continuously striving* to overtake those they are compared with" (emphasis in original). People are constructed in the image of competitors in the purest sense (Werron, 2015). GURs stimulate our institutions into competition with each other while, simultaneously pitting academic staff in the same university to effectively compete in performance terms against each other. Rankings of universities are "driving a resource-intensive competition worldwide" (Hazelkorn, 2019). It is readily apparent in the substantial, if not massive, marketing campaigns and growing associated expenditures of many or most public universities.

These impacts of rankings, therefore, include moving away from a public university system grounded on the virtues of cooperation among universities to one premised on competition between the same institutions. Yet, the persistence of multiple GURs is argued to be 'tied to their celebration of "elites"' (Hazelkorn, 2019; also see Hazelkorn, 2017; Peters, 2019). Nevertheless, GURs have, according to Wilbers and Brankovic (2021: 1), "become deeply embedded in the epistemic fabric of higher education and as such normalised". This phenenomon is described as the "allure of rankings" (Sauder & Espeland, 2009) while rankings themselves in higher education, "has been especially far-reaching" (Brankovic, 2022: 804), and are described as "engines of anxiety" (Espeland & Sauder, 2016) and as creating a "metrics maze" in public universities worldwide (Carnegie, 2022b).

The popularly of GURs, however, is "largely related to their simplicity" – but this is their "main source of criticism" (Hazelkorn, 2019). The producers of these rankings, particularly big publishing houses, reflect the priorities of these producers. According to Hazelkorn (2019) "there is no such thing as an objective ranking … . Their influence derives from the appearance of scientific objectivity". Rankings are also subject to institutional and discipline-based politics, particularly in manoeuvres by certain elites or 'clubs', to influence the awarding of national or regional journal rankings to certain types of research, for example, quantitative versus qualitative research domains, and sub-discipline areas, such as in the accounting discipline (see, for example, O'Connell, et al., 2020; Guthrie & O'Connell, 2022), and the attribution of generally low levels to international journals, such as niche or specialist journals, on accounting history, accounting education, and on social and environmental accounting (see, for instance, Hoepner & Unerman, 2012; Adams, 2019).

The proliferation of different, competitive university rankings may relate to "different types of institutions, world regions, and aspects of higher education" (Hazelkorn, 2019). GURs may provide the perception that public universities in the sector are dealt with on a "level playing field" basis. This is far from the case. For instance, many of the indicators focus on inputs which are strongly correlated to wealth (e.g., institutional age, tuition fees or endowments/philanthropy). In Australia, for instance, The University of Sydney and The University of Melbourne were established in 1850 and 1853 respectively and operated in their respective states of New South Wales and Victoria for more than 100 years without any other public university being established in these two most populous states as a competitive entity.[5] This sole operational privilege in any populous jurisdiction is a clearly influential determinant of the rankings attributed to such long-established institutions around the globe. Therefore, in heavily populated fields GURs are indeed expressly *not* examples of "level playing fields". Elitism is indeed set up to succeed in the GURs caper; "sanity rarely wins out over prejudice".[6]

Competition, however, does not need to be fair; indeed, competition over the decades or centuries seems to be rather more about the elimination of competitors from the market. Pertaining to GURs, Brankovic et al., (2018: 270) argued "it is often assumed that rankings produce or intensity competition while the way this happens remains largely obscure". These authors "develop an explanation of how rankings construct competition between universities" (Brankovic et al., 2018: 270). In their study, the authors highlight the following three effects of rankings on creating the image of competition between universities: "(a) globalisation of a specific disclosure on university excellence; (b) 'scarification' of reputation for excellence; and (c) regular publication of findings, effectively transforming a stable status into a dynamic, competitive field" (Brankovic et al., 2018: 270). The authors then state, "in the process, competition for status is being converted from something implicit and inherently local into something explicit and globally acknowledged" (2018: 280). In concluding their study, the authors suggested a preliminary conclusion as follows: "we live an era of growing *imagined* global competition – the impact of which on actual competitive behaviour is largely unknown and up to further research" (2018: 284, emphasis in original).

Wilbers and Brankovic (2021) undertook a "historical-sociological account" of the emergence of GURs. While these authors indicate that these rankings are "often attributed to broader trends, which are seen as impacting higher education over the recent decades, such as 'marketization', 'managerialism' and 'neoliberalism'" (2021: 1), they stated that this "has arguably diverted attention away from the phenomenon of rankings itself and not least from the social and historical circumstances which have made its institutionalization possible" (2021: 1-2). These authors provide "a historical-sociological perspective and offer a corrective to these accounts" (2021: 2). To this end, they state:

> we conceptualize university rankings as a social operation whose legitimacy is rooted in a specific understanding of *organizational performance* – uniquely articulated by rankings. The crux for this understanding is the possibility to improve, which, as rankings become institutionalized, transitions into a widely shared belief that improvement is only possible in relation to the performance of other organisations (Brankovic et al., 2018, emphasis in original).

The unravelling of the historical circumstances under which GURs has become a legitimate, yet controversial method of comparing higher education institutions, based on continuous published observations, while important, are not addressed herein. Importantly, Wilbers and Brankovic (2021: 1), argued "that the advent of this specific understanding of organisational performance constituted a discursive shift, which was made possible – most notably but not solely – by the rise of functionalism to the status of a dominant intellectual paradigm". In their "conclusion and outlook", however, the authors argued that: "while saying that 'rankings are here to stay' would likely resonate with many, we would like to propose another way of looking at it, which follows from our study: 'rankings are here to change and their status challenged'" (2021: 15). These authors conclude by emphasising in the last sentence that the study of GURs is "a critical one to pursue" (2021: 15).

In another recent study, the issues associated with academic research measurement in GURs is brought out by Woelert (2021), who set out to augment the literature on reactive performance measurement and management, that is, where it takes longer to react to notions of bad or poor performance. Drawing upon individual actors' gaming responses to the use of research KPIs in Australian public universities, Woelert (2021: 963) reported that gaming responses "reflect both positive self-imposition as well as active subversion of performance measures". Woelert pointed out "this implies that gaming reinforces metrics' standing and sway over individual and organizational efforts while, at the same time, undermining the foundations from which performance measurements derives its legitimacy in the first place" (2021: 963). In concluding, the author argued this "creates a strategic situation in which complicity and collusion between those actors gaming metrics and those responsible for performance management at various levels becomes an attractive and plausible proposition" (2021: 979). Therefore, gaming activities related to research KPIs contribute to an ambivalent form of reactive performance measurement and management.

Of relevance to this study is to view that GURs are derived from the accounting discipline as performance measurement in the management of public universities. On the other hand, "rankings do not have any correlation with accomplishment in effectively realising the express social purpose of a public university" (Carnegie, 2021d). Establishing and reviewing the express social purpose and vision of any public university, however, does not fall within the domain of professional accounting. Experience with GURs, however, has shown that the notion of elitism and at least the spirit of competition, both between universities and within each university, appear to be prized by public universities and indeed feed their marketing engines. Is this really the case? Well, these institutions have at least conveniently allowed GURs agencies to effectively dictate "where to place the goalposts of university performance measurement", evidencing that "our public universities appear to be comfortable, or at least ready, to accept this subordination" (Carnegie, 2021c). National, state, and territory governments around the globe, however, seem to have had little to say about this subordination.

3. Methodological approach

The context of this study is public, not-for-profit universities in Australia. A search was undertaken to discover the international and institutional cultural values that are the *raison d'être* for the existence, operation, and the public benefit expectations of the entire population of Australian public, not-for-profit universities. This occurred by specific reference to both the explicit university mission (or purpose) statements and the explicit vision (or ambition) statements published by each of these Australian universities.

In the first instance, it is important to clarify the key difference between a mission statement and a vision statement. The primary difference between these two formal and important organisational statements is the frame of time on which these statements focus. In summary, a mission statement deals primarily with the present and a vision statement focuses on the future. A mission statement focuses on the present state of the organisation, describing an organisation's overall purpose. A vision statement is an inspirational statement outlining where the organization intends to be in future (see, for instance, VanBaren, 2017). This examination is concerned with both how each

Australian public university portrays itself both in the present and its aspirations for the future. This examination of the mission and visions of these 37 public universities in the country was made during the period 27 November 2021 to 31 January 2022. Appendix 1 shows the findings of this investigation.

The source of the formal mission and vision statements of these universities was the most recently published and available media during this specific period of investigation, specifically the official websites of these public universities, to capture and illuminate the organizational and social contexts in which these institutions operate. This study draws on a prior study, jointly undertaken by the writer, of the explicit mission statements of a sample of 16 major Australian public museums by Carnegie and Wolnizer (1996), who focussed on examining the explicit missions of these institutions in proposing an approach for “Enabling accountability in museums” as the title of their article published in *Accounting, Auditing & Accountability Journal*.

In this current study, the mission and vision statements adopted were analysed on a thematic basis. The themes or categories used for both mission and visions statements were not decided on any form of supposition before the investigations were undertaken. Rather, each mission and visions statement were carefully considered, with like-fashioned statements grouped together. In all, seven categories of available missions for 36 of these 37 universities were identified and, in total, 11 categorises of visions were determined for 32 of all 37 universities which had adopted an explicit vision statement.

Of all the public universities comprising this investigation, Charles Darwin University was the only institution found not to operate by reference to a specific mission statement. In all, there were five other Australian universities which did not operate with a specific vision statement. These institutions were Federation University Australia, Murdoch University, University of South Australia, University of Tasmania, and the Western Sydney University. In all six instances, written clarification was sought as to whether this finding of the study was indeed the actual state of play. Helpful responses in confirmation were received from all these universities.

In a written communication, the University Secretary of Charles Darwin University advised “we explicitly decided in our planning process last year not to have a mission and that the vision would be succinct so as to be memorable”.[7] In reference to the lack of vision statements, the Chief Operating Officer of Federation University Australia provided a link to the “Strategic Plan 2021-2025”, which did not include a vision statement.[8] Similarly, the University of Tasmania, University Secretary provided a link to the University’s

Strategic Plan 2019-2024, but an explicit vision statement was not found.[9] The University Secretary of Murdoch University advised that there was “no explicit vision”.[10] For the University of South Australia, the Chief Academic Services Officer indicated that the University “doesn’t have an explicit vision statement.[11] Finally, the University Secretary of the Western Sydney University, also responded to state “the University does not have an expressly stated vision”.[12] At times in undertaking this investigation, it was also necessary to seek clarification from officials at four other universities to confirm the actual official mission and vision statements given the identification of other statements of a similar character. Clarification of the kind was helpfully provided by Charles Sturt University, Deakin University, Queensland University of Technology, and RMIT University.

4. Findings of this study

Appendix 1 contains the mission and vision statements of Australian public universites, in instances where these existed in late 2021/early 2022. For illustrative purposes, the mission statements of the universities of Sydney and Melbourne, the two oldest public universities in Australia, formed in 1850 and 1853 respectively,[13] are stated as follows: The University of Sydney, “we’ve been challenging traditions for more than 170 years. We make lives better by producing leaders of society and equipping our people with leadership qualities so that they can serve our communities at every level”. The University of Melbourne’s “enduring purpose is to benefit society through the transformative impact of education and research”. Clearly, these most prominent of Australia’s public universities are charged with the responsibility of acting in the public interest for the benefit of society. The vision statements of these two most longstanding universities in Australia are expressed for Sydney as “leading to improve the world around us. Since our inception, we have believed in education for all and leadership that improves lives in all of the communities that we serve”. For Melbourne, the institution’s vision is stated as “our aspiration is to be a world-leading and globally connected Australian university with students at the heart of everything we do”.

As illustrated in these two sets of mission and vision statements for the universities of Sydney and Melbourne, there are similarities and differences, which is not remarkable. The following examination of mission statements of Australia’s 36 public universities which provide an explicit written mission and the 32 of these institutions which explicitly disclosed a vision statement, reveal various similarities and differences across the higher education sector in the country.

Mission statements

These findings relate to 36 public universities disclosing an explicit mission statement. On close analysis of these statements, the following categories of emphasis identified within university missions, as discerned by the author, were used for analysis purposes:

1. To transform, be transformational or transformative (12 institutions)
2. To focus on key region of location or prime focus of orientation (5 institutions)
3. To be world class (3 institutions)
4. To focus on social justice or social causes (6 institutions)
5. To focus on a sustainable future of our planet and its peoples (6 institutions)
6. To develop and operate successful partnerships (5 institutions)
7. To be student focussed (4 institutions).

The total number of public universities linked to one or more the above seven categories number 41, while Charles Darwin University is not included in the absence of a mission statement. Of the remaining 36 universities, the difference between 41 and 36 is reconciled as follows: Four universities were identified as linked to more than one of the seven categories above, specifically Central Queensland University (three in all: 1, 3 & 6) and, with two each are Charles Sturt University (3 & 5), Macquarie University (1 & 6) and University of Wollongong (4 & 5). Therefore, there were five instances of multiple classification occurring within the categories discerned. Each of these seven categories are now addressed on a paragraph-by-paragraph basis.

Like the University of Melbourne mission statement, many of the other mission statements state the institutional purpose in common terms such as by stating the words “transform”, “transformational” and “transformative”. Such mission statements include to “serve society through transformational research and education” (Australian National University); “transform lives and communities though education and research” (Curtin University); “transform lives and enhance communities” (Federation University Australia); “transform lives and enrich society“ (Edith Cowan University): “change lives and change the world” (Flinders University); “transform lives and add to human knowledge and understanding in a way that creates a future that benefits all” (Griffith University); “serve and engage our students and staff through transformative learning and life experiences” (Macquarie University); “provide … transformative education and research” (Central Queensland University) and to “provide transformative education and research relevant to our communities” (Queensland University of Technology). While the University of Sydney does not use the words “transform”, “transformational” or “transformative” in its mission statement, the University implies a history founded on "challenging traditions for more than 170 years", which implies that transformation is a key the pursuing its mission. Similarly, in less direct terms, Murdoch University's mission is "to be a creative force for current and future generations".

Some public universities in their mission statement emphasise their key region of location or their prime focus or orientation, such as James Cook University, in far North-Queensland to "create a brighter future for life in the tropics world-wide through graduates and discoveries that make a difference"; the University of Tasmania to be "a place where we do things for Tasmania and from Tasmania"; the University of Southern Queensland by "building on our strengths as Australia's leading regional university, we will realise our vision by creating and sharing knowledge, transforming lives and solving the problems that matter in our world", and the University of the Sunshine Coast, in coastal Queensland, in "enriching our regions, connected with our communities and creating opportunities for all". The mission of the University of Canberra emphases its nation capital location in stating "as a university anchored in Australia's capital, we work with government, business and industry to serve our communities and region, and to be the capital's educational window to the world ...".

Some universities focus their missions more specifically on remaining or becoming "world-class" universities, such as Central Queensland University to "provide world-class, transformative education and research to our students, partners and communities across Australia and internationally"; the University of Western Australia to "provide world-class education, research and community engagement for the advancement of the prosperity and welfare of our communities". Differently, another university states the term "real world" in its mission, with a commitment, to "advance careers, deliver research with real world impact and teaching excellence by partnering with industry, government, and our communities ..." (Charles Sturt University).

Certain universities afforded prominence to social justice or social causes in society such as the University of New South Wales (UNSW) and the University of Wollongong, which state in their missions: "since our foundation in 1949, UNSW has ... a commitment to advancing just society" and, in the case of Wollongong, to "contribute to a stronger economy and a more just society". Somewhat less specifically, the University of South Australia mission statement includes " ... and helping to solve the challenges of industry and society". In further, less specific terms, "Deakin University aims to be a catalyst for positive change for the individuals and the communities it serves. The University of Newcastle mission, however, is concerned more generally with "preparing graduates for life in an increasingly interconnected society". Taking a more novel and instrumental approach is the University of Adelaide, whose focus is on providing solutions to solve problems in a resource-constrained world, in its purpose of "working with communities to research, design, develop and implement affordable and desirable whole system solutions for complex problems facing members of resource-constrained communities".

Other universities expressly focus their main orientation more specifically on creating a sustainable future for our planet and its peoples, such as to "... play a leading role in creating sustainable prosperity ..." (Charles Sturt University); by preparing "students to thrive in a rapidly-changing world and, in so doing, to improve the health of people, communities, and our planet" (University of New England); to "promote responsible leadership and sustainable business practice" (University of Wollongong), and "... our communities will thrive though our commitment to excellence, sustainability, equity, transformation and connectedness" (Western Sydney University). Less specifically, Victoria University specified that it "has a deep commitment to protecting country", the meaning of which, in essence, seems to be both broad and somewhat vague. Not a single public university of these 37 institutions included the words "ethics" or "ethical", as in the instilling of ethical behaviour, nor "moral" and "morality" in their mission statements. However, the Australian Catholic University moves onto the realm of desirable human behaviour with its mission "within the Catholic intellectual tradition and acting in Truth and Love, ... is committed to the pursuit of knowledge, the dignity of the human person and the common good".

Two universities focused on the development and productive operation of partnerships in their mission statements. Macquarie University's mission states, in part, "we serve and engage the world through discovery, dissemination of knowledge and ideas, innovation and deep partnerships", although it is somewhat unclear what is specifically meant by "deep partnerships" in the context of public universities. The University of Technology Sydney is more forthcoming concerning the nature of partnerships of considerable interest in stating "our purpose is to advance knowledge and learning though research-inspired teaching, research with impact and partnerships with industry, the professions and community". Alternatively, three other universities referred to working productively with "partners" in their mission statements, specifically Central Queensland University, La Trobe University and University of Queensland.

Finally, some mission statements focussed much or all their attention on University students. These missions were notably student focussed, such as to "equip our students to live a life they value and to be effective global citizens" (Southern Cross University). Swinburne University of Technology emphasised imagining and positioning itself in a digital world to "create tomorrow's technology and the human capital and talent required for a digital, tech-rich future". RMIT University put students at the centre of university experience as key stakeholder in stating that the institution "exists to create transformative experiences for our students, getting them ready for work and life," and added, in completing the sentence, "and to help shape the world with research., innovation, teaching and engagement". Monash University emphasised the importance of students and the student educational experience in its mission statement, in focussing on "*excellence* in education", "curriculum … infused with *internationalism* and *enterprise*", and on being "*inclusive*" (emphasis in original).

Vision statements

These findings relate to 32 of the 37 Australian public universities expressly disclosing an explicit vision statement. On close analysis of these vision statements, the following 11 categories of emphasis identified within university visions, discerned by the writer, formed the frame of analysis:

1. "To be recognised as one of the world's top 50 universities by 2050" (1 institution)
2. To be a world leading and globally connected university (4 institutions)
3. To focus on key region of location or prime focus of orientation (4 institutions)
4. To build or shape a better world (2 institutions)
5. To aspire to produce global impact or aspire for world leadership (4 institutions)
6. To protect the natural environment and the Planet (3 institutions)
7. To aspire to leadership in educational delivery to stakeholders (6 institutions)
8. To aspire to make a positive change of difference (2 institutions)
9. To aspire to provide leadership in ethics and ethical education (2 institutions)
10. To be a leading Australian university in terms of specific positioning (5 institutions)
11. Other visions (2 institutions).

The total number of public universities linked to one or more the above 11 categories number 35, while five universities, as previously indicated, did not disclose an explicit vision. Of the remaining 32 universities, the difference between 35 and 32 is reconciled as follows: Three universities were identified as linked to more than one of the 11 categories above, specifically Macquarie University (two: 6 & 7), University of Adelaide (two: 5 & 6), University of Wollongong (three in all: 3, 6, & 9). Therefore, there were three instances of multiple classification occurring across the 11 categories depicted. Each of these categories are now addressed in acceding number order.

The examination of the vision statements of Australia's public universities also reveals similarities and differences with a focus, in broad terms, on global impact/ connection/leadership. The vision of the University of Western Australia is unique among Australian public universities in stating the institution's vision as "we aspire to be recognised as one of the world's top 50 universities by 2050". This genre of vision statement, however, is peculiar to Australia (Carnegie, 2021a)[14]; it relates merely to attaining a selected global ranking range or 50 or less (Carnegie, 2021c), indeed in a competitive market of diverse journals rankings. At best, it is a mere preferred ranking with no distinctiveness evident in institutional character or aspiration. The University's vision is based on measured performance alone; it is mere comparison with other universities of any age or era, cultural tradition, location (such as capital or regional cities or country areas), with no attempt to portray institutional distinctiveness as well as foci and specialisations in teaching and learning and research and innovation. As the University of Western Australia is publicly funded, what really is its express vision or ambition for public benefit, and for the intended betterment and advancement of society?

As indicated earlier, the University of Melbourne vision, at the forefront, is "to be a world-leading and globally connected Australian university …". The Australian National University, along these lines, "will be among the great universities of the world". The University of Sydney vision, as mentioned previously, is "leading to improve the world around us". This is, however, regarded as another means of expressing the vision of aspiring to be a world leading institution. Similarly, the University of New South Wales aspires "to improve lives globally, through innovative research, transformative education and commitment to a just society". A global commitment to improving lives in the ways, as articulated, is reasonably seen as an endeavour to improve the world around us.

In narrower terms, the University of Newcastle, which is not a capital-city based university, aspires "to be a world-leading university for our regions. James Cook University aspires "to facilitate and foster an increased capacity for world-class marine research", as a specialist research arena. The University of Wollongong "will be a global leader in promoting the theory and practice of responsible business principles". More broadly, RMIT University vision is broader scope in terms of fields of scholarship and is expressed as "a global university of technology, design and enterprise".

Two universities articulated their visions, more specifically, in overarching terms as essentially concerned with developing or shaping a "better world", such as Swinburne University of Technology, whose vision "is to bring people and technology together to build a better world" and the University of Queensland in stating a brief vision as "knowledge leadership for a better world".

Other Australian universities, outline their vision by means of global impact, such as the University of Technology Sydney, on stating "our vision is to be a leading public university of technology recognised for global impact". Victoria University articulates an aspiration "to be a global leader in dual learning and research by 2028". Some other universities are broader in emphasis in stating their aspirations for world leadership, such as Flinders University which aspires "to become internationally recognised as a world leader in research, an innovator in contemporary education, and the source of Australia's most enterprising graduates". In addition, the University of Adelaide states "our vision is to be the international leader for research, design, and implementation of whole-system humanitarian and development solutions that are inclusive, empowering and sustainable".

Adelaide's mention of "sustainable" in its vision statement is the only Australian university to refer to this notion in vision statements. Macquarie University in its vision statement, however, acknowledged an aspiration to be "known across Australia and beyond as custodians of a remarkable University campus that blends the vibrancy of a cosmopolitan university village with a setting of Australian natural bushland". This statement gives credence to seeking to preserve the natural environment as much as feasible in urban Sydney where the University's campus is located, being Australia's largest populated city on writing.[15] Furthermore, the University of Wollongong may be touching on this domain, but not specifically, in stating its vision for global leadership by "promoting the theory and practice of responsible business principles". Notwithstanding these more nebulous connections, the notion of visions expressly aimed at protecting the natural environment and the Planet are indeed scarce in supply.

Several universities did not appear as aspirational as others in portraying their visions, such as the Queensland University of Technology in aspiring "to be the university for the real world" (emphasis added by the writer), whatever this may mean to its stakeholders, which may be clearer at the campus locations. Monash University's vision might seem to be somewhat specialised for a major, comprehensive university based in the populous capital of Melbourne, which "is working to deliver education of exceptional quality on an unprecedented scale". Similarly, the University of New England (UNE), as a regional university, expresses its vision as "we will realize this mission by committing to a distinctive approach to education that will make UNE among the most experientially driven institutions of higher education in the nation". The vision Macquarie University, on the other hand, is to be "a destination of choice for staff and students who share our values", which positions executive management, academic and professional staff and the University's students as the prime stakeholders, among other categories. Similarly, the Southern Cross University vision is "to be recognised for enriching our communities through the excellence of our scholarship and the achievements of our graduates". Edith Cowan University is "to lead the sector in educational experience, research with impact, and in positive contributions to industry and communities". All these six universities articulate visions which seem to belong to a category, described in this study, as leadership in educational delivery to stakeholders.

Two universities express their visions with a focus on "positive change" or "positive difference". Curtin University "will be a beacon of positive change ...". Similarly, LaTrobe University states "we are a university known for making a positive difference in the lives of our students, partners and communities".

Only two universities refer to "ethics" in their vision statements, comprising Griffith University in stating "we will pursue our vision through our core principles of excellence, ethics, and engagement" and the Australian Catholic University whose vision is "hope, faith and reason through opportunity, innovation and ethics". Again, the University of Wollongong, may be placing an emphasis on business and professional ethics without, as shown earlier, making this expressly clear.

In all five public universities expressed their vision as relating to their existing and/or intended positioning in the Australian public higher education sector, comprising the following highlights: "Australia's most connected university by being courageous ..." (Charles Darwin University); "Australia's most assessable, supportive and engaged university ..." (Central Queensland University); "Australia's leading regional university" (Charles Sturt University); "we will be Australia's most progressive and responsive university ..." (Deakin University), and the aspiration "to become Australia's premier regional university" (University of the Sunshine Coast).

The University of Southern Queensland vision statement is expressed in notably broad terms, as stated: we "will be renowned for our innovation and excellence in education, student experience, research and engagement". On the other hand, the University of Canberra vision appears to be a touch abstract or even a little vague or potentially unclear in specifying "our long-standing excellence in mission-oriented research will be fostered and, together with a renewed emphasis on entrepreneurship, will be woven inextricably into the University's educational experience".

5. Discussion of the macro-micro-contradiction in public university management

This examination of mission and vision statements has penetrated the underpinning organizational cultural values of public universities in Australia that are the *raison d'être* for the existence, operation, and the public benefit expectations of all 37 public universities. These universities have adopted higher order and broader missions and visions than merely being ranked by a number by external agencies alongside each other among other universities spread around the globe. Indeed, such narrow-based rankings of certain types of measured performance is undertaken without any consideration of, or interest in, the published annual reports, including audited financial statements, most specifically for the *raison d'être* and distinctiveness of each single public institution acting in the public interest to serve and advance society.

Each public university operates in the specific city or within a metropolitan area within in a particular country and in a geographical regional area of the world. In their local, national and international contexts, as public instructions they are widely expected to serve and support communities and society, comprising a wide diversity of stakeholders, to whom accountability is owed for the performance of publicly funded institutions in accordance with vital, purposeful, foundational or reconstituted statements of organisational mission and vision. GURs, on the other hand, are not based on common organisational and social contexts or institutional missions or visions. Such rankings are determined in accordance with a narrow-based set of KPIs, where the prime focus is merely to measure the performance of each university in its purported standing, in this era of calculative order based on KPIs, alongside other universities of any time in history and of any persuasion from anywhere in the world.

GURs are in plentiful supply, if not over-supply across the world, working in competition with each other, which is complicated and confusing even for academics. Furthermore, they inappropriately compare universities of any age or era, cultural tradition, distinctive missions and visions as well as *foci* and specialisations in teaching and learning and research and innovation located in any country of any economic status, such as developing countries. Moreover, this is all a growing industry without any apparent focus by ranking agencies or sources, on what each public university is purposed to do under their mission and with no concern for the institutional vision as the chosen (read "intended") orientation for calling to account. This constitutes a contradiction.

The macro-contributions approach to university management is premised on mission and vision statements and the micro-measurement approach is premised on competitive databases of KPIs. Each of these two approaches stands in stark contrast to the other. It is argued that the current fixation on GURs will not only impede or prevent the enhancement of the accountability of university managers but will, concerningly, distract attention away from the expected significant contributions to society of, and intended outcomes achieved by, public universities: matters that are beyond the scope of the use of micro-measurement in the form of selected KPIs from a raft of agencies producing a diversity of GURs.

As previously mentioned, van der Kolk (2022) referred to the notion of indicatorism where organisations orientate their attention and energy on managing KPIs with a specific view to improving KPIs that are used to provide evidence of narrow-based notions of advancement or improvement in comparison with other organisations. High level performers under such regimes often become eligible within organisations for further rewards or enhanced compensation as incentivised staff. In public universities, salary bonuses for academics are in short supply compared with the private sector. However, incentives may be available to high level performers by mechanism such as by being given preference to conference funding, sabbatical leave and teaching load carve-outs, all intended to help support leading and productive researchers according to research-orientated KPIs. van der Kolk indicates that indicatorism may trigger in "losing sight of actual goals" (2022: 814). Furthermore, it is common and peculiar to hear of staff members being narrow sighted in organisations when one hears statements in the workplace location or online, such as "that matter has nothing to do with me; it's not part of my KPIs".

This study, however, is concerned with key overarching organisational missions and visions of public institutions, which respectively provide the meaning for the existence of public universities and their express orientation, and to portray the prime aspirations or ambitions of these institutions. A dive into the metrics-driven changing culture of academic departments/schools and facilities or colleagues will reveal that university academics are being urged, and increasingly unduly pressured, to achieve aggressive, often insurmountable KPIs targets for research and innovation and for teaching and learning that are moulded on KPIs recognised in GURs.

The performance of the individual academic in research, for instance, becomes the prime focus of attention under what is often perceived as measurement mania. For example, it is now common to be apprised of the practices of certain department/school heads posing questions during regular performance evaluation meetings with academic staff, such as: "Why did you publish in this "A" ranked journal? Why didn't you aspire to publish in an "A*" ranked journal instead? Increasingly numbers of academic staff are perceiving their regular, and indeed formal performance evaluation meetings as "anxiety forums" or make use of similar non-flattering terms or words.

In the field of Accounting, Auditing, Accountability (hereafter "AAA"), for example, the most highly ranked journals are relatively few and are prized or acclaimed, often beyond sound justification. Accordingly, literally huge numbers of accounting academic staff located in universities worldwide are commonly being encouraged and often pressured, with light or heavy persuasion, to publish in these exact same small number of debatably superior-quality journals. What is often overlooked is that the designated journal ranking lists themselves are consummated on a thorny bed of university discipline and institutional politics as well as a lack of accountability in how rankings are both set and reviewed in specific national or regional contexts.

Anecdotally, conflicts of interest appear to be curiously difficult to envision or spot in such settings by various academic leaders who are engaged in setting and reviewing journal rankings in any country or region, such as in AAA. Some academics appear to have difficulty, at an elementary level in discerning the quality of publications arising from "quantitative" research in comparison with "qualitative" research or in having an apparent prejudice against "historical" research, for example, in favour of "contemporary" research. To some, accounting "education" research is apparently only what accounting teachers do. This scenario may otherwise be known as another form of elitism or a similar trait in higher education which is not focused on developing communities of practice and in collectively contributing to shaping a better world.

This approach to performance measurement and management in public universities contains elements of unfairness and, indeed, is not sustainable. It fosters, as stated earlier by the writer, "a concentration in our universities on 'management by numbers' or the micro-measurement performance approach" (Carnegie, 2021b). As previously argued, "the effects of this accounting on human behaviour and on organisational and social functioning and development are rarely adequately identified nor are they prone to be effectively evaluated" (Carnegie, 2022). This trend contrasts with a more holistic, macro-contributions to institutional management premised on broad acceptance of advancing the public interest and for the benefit of society, comprising humans and non-humans alike, gaining sustenance' lifestyle and joys from the natural environment. There is no "Planet B"! Under the macro-contributions approach, universities ambitiously collaborate in answering "big questions" and in solving "wicked problems" or even "super wicked problems" such as the now aptly described "climate crisis". Most academics recognise this is a huge issue in the world. In short, we must demonstrate that we can sustain ourselves.

The present alarming, even passive drift to micro-measurement driven by metrics sows the seeds of individualism and is premised, fundamentally, on the notion of elitism and unfairness by means of the high consideration afforded under this approach to the first and the earliest universities established in time across the world. This undisputed trend is resulting in what Carnegie and Parker (2021) describe as "the transformative (or corrupting) power of GURs [which] has concerningly stimulated a self-interested corporate culture and dysfunctional behaviours on a scale not previously imagined in higher education. The warnings are clear". In the present study, this notion is termed "detachmentism", arising where public universities advertently or inadvertently deemphasise or move away from a prime and expected exhaustive focus on strategies aimed at earnestly meeting their missions and attaining their visions. This will ease the tendency for our public universities to honour, respect and attain their overarching purpose of facilitating macro-contributions for the advancement of people, communities, societies, nature and for the protection of Planet Earth. Indeed, GURs do not help in building trust in public universities (Carnegie, 2022a) and are "becoming a menace" (Carnegie, 2022c).

Moreover, rankings can be understood as "a story of historical institutionalization", according to Brankovic (2022: 804), in arguing "one important development we can observe is that the more rankings proliferate, the more we are accustomed to their way of organizing social reality in an ever-increasing number of domains, and thus less likely to question the assumptions undergirding them". As argued in this study, the micro-measurement approach to university management has strong potential to ascend to dominance over the macro contributions approach. This is the seen as a potential danger arising within public universities as learned institutions in our nations, regions and globally.

6. Conclusion

This investigation, set in Australia, has examined the macro-micro contradiction in public university management, which is linked to the rise to prominence, and high attraction among public universities, of GURs. This dichotomy is otherwise known as the macro contributions approach which has been contrasted with the micro-measurement approach to university management in the public sector. It has been shown that *raison d'etre* of public universities in Australia, based on a late 2021/early 2022 examination of their prevailing mission and vision statements is concerned with the rendering macro-contributions to serving and supporting local, national, regional and global societies.

On the other hand, the micro-measurement, metrics-driven approach, however, is now increasing absorbing public universities, moving their orientation towards a pre-occupation with the minutiae of performance, micro-measurement, building metrics mazes, as part of a bigger enterprise of GURs on a scale not previously experienced. The underlying ramifications, both already apparent and which will continue to emerge and take greater prominence, have, unfortunately, not been properly or effectively evaluated in terms of their intended and unintended consequences. Of international relevance and importance, this lack of evaluation of the impacts of GURs on public universities, their stakeholders and on society and nature is currently in short supply in Portugal, across Europe and around the world. This study, therefore, serves to inform and enlarge discussion and debate internationally on this macro-micro contradiction in public university management.

Moreover, rankings stimulate and glorify a culture of competition between public universities and within each public university, making it difficult for these learned institutions of the world to operate and collaborate in aspiring to answer big questions and to solve wicked problems or super wicked problems in society, such as the climate crisis. The accounting profession as well as professional accountants are implicated in this scenario by the investigation undertaken of the mission and vision statements of Australia's 37 public universities during 27 November 2021 to 31 January 2022. Accounting includes performance measurement embracing all forms of KPIs.

Importantly, "accounting is not a mere neutral, benign, technical practice" (Carnegie et al, 2021a: 72). In addition, Supiot (2017: 163) argues that "governance by numbers gives immense power to those who construct the figures, because this is considered as a technical exercise which need not be exposed to open debate". To help overcome this common misconception of accounting as being of narrow and incomplete nature, Carnegie et al. (2021a: 69) proposed the following new definition of accounting for discussion and debate: "Accounting is a technical, social and moral practice concerned with the sustainable utilisation of resources and proper accountability to stakeholders to enable the flourishing of organisations, people and nature" (also see Carnegie et al, 2021b; Carnegie et al, 2022a, 2022b).

Under this proposed definition for extension into the classroom and beyond into the world of professional practice, accounting is portrayed multi-dimensional, constituting technical, social and moral practice. It is also highly influential in the world around us, shaping organisations of all forms and society. Indeed, "whether changing or change resistant, accounting has consequences for human behaviour, for shaping the organizational culture, and for conditioning the way we think and what we do" (Carnegie: 2022b). Therefore, accounting plays a key role as a change driver in helping to facilitate changes in human behaviour and transformations of organisations and society, such as has been enabled by the emergence and rise to prominence of GURs across the past two decades.

A culture of micro-measurement has emerged in public universities across this period. It is now resembling a performance measurement mania in our learned or "thinking" institutions. Repeating the warnings of Carnegie and Parker (2021), "the transformative (or corrupting) power of GURs has concerningly stimulated a self-interested corporate culture and dysfunctional behaviours on a scale not previously imagined in higher education. The warnings are clear". It is important to reflect upon, and to keep in mind, that "the transformative power of GURs is indeed premised on the transformative power of accounting" (Carnegie, 2021d).

According to Carnegie and Parker (2021), "what has become a naked pursuit of university self-interest threatens the national interest and social fabric". Importantly, the macro-micro contradiction in public university management is due, at least in part, to a lack of appreciation and understanding generally of acounting as an influential, multi-dimensional technical, social and moral practice. Accounting is much more than the mere doing of accounts and preparing financial and other statements. Under the conceptions of accounting as social practice and moral practice, the following key questions are paramount to understanding the effects of accounting: "What does accounting do?" (i.e., as a social practice) and "What should accounting do? *or* What should accounting not do?" (i.e., as a moral practice).

Accounting is not a neutral bystander in shaping the world, most preferably a better world where "public" universities or any other types of public institutions are most preferably not associated with naked pursuits of institutional self-interest and, accordingly, working potentially against the national interest, social fabric, and the natural environment. It would indeed be counter-productive, should the strengthening focus on global direct competition, instigated by GURs of public universities, comes at the expense of the continuous achievement of public good for humans and non-humans alike, and of a better society, nature and world. The danger signs are lurking for all of us to envision, assess and address.

Endnotes

[1] Refer to https://www.shanghairanking.com/news/arwu/2021 and https://www.shanghairanking.com/ (both last accessed 29 March 2022).

[2] See, https://www.shanghairanking.com/methodology/arwu/2020 (last accessed 29 March 2022).

[3] See, https://www.universityrankings.com.au/world-rankings/ (last accessed 29 March 2022).

[4] Refer to https://www.rmit.edu.au/about/facts-figures/reputation-and-rankings (last accessed 29 March 2022)

[5] The second universities to be established in each state where the University of New South Wales and Monash University in Victoria, both of which become public universities in 1958.

[6] See Dictionary.Com: Win out Definition & Meaning | Dictionary.com

[7] Email of Hilary Winchester to the writer of 3 February 2022.

[8] Email of Chief Operating Officer to the writer of 27 January 2022.

[9] Email of Sally Paynter to the writer of 1 February 2022.

[10] Email of Trudi Mc Glade to the writer of 21 December 2021.

[11] Email of Tom Steer to the writer of 10 February 2022.

[12] Email of Jane Hutchison to the writer of 31 January 2022.

[13] The third oldest public university in Australia is the University of Adelaide, which was established in 1874, 21 years after The University of Melbourne was established, see: https://www.cateight.com/news/oldest-universities-in australia#:~:text=The%20University%20of%20Adelaide%20is,the%20top%20universities%20in%20Australia

[14] In this study, Carnegie (2021a) examined the mission and vision statement of two UK public universities, specifically the Cardiff University and the University of Portsmouth. Both of these institutions vision statements were of the genre of the University of Western Australia.

[15] See, for example: https://www.population.net.au/

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Appendix 1
Mission (Purpose) and Vision (Ambition) Statements, Late 2021/Early 2022

Names of universities	Mission/purpose statements	Vision/ambition statements
Australian Catholic University	Within the Catholic intellectual tradition and acting in Truth and Love, Australian Catholic University is committed to the pursuit of knowledge, the dignity of the human person and the common good.	Hope, faith and reason through opportunity, innovation and ethics.
Australian National University	To serve society through transformational research and education.	ANU will be among the great universities of the world and driven by a culture of excellence in everything we do.
Central Queensland University	To provide world-class, transformative education and research for our students, partners and communities across Australia and internationally.	To be Australia's most accessible, supportive and engaged university, recognised globally for innovative teaching and research excellence.
Charles Darwin University	Not specifically stated	We will be Australia's most connected university by being courageous and making a difference in the Northern Territory, Australia and beyond.
Charles Sturt University	To advance careers, deliver research with real world impact and teaching excellence by partnering with industry, government, and our communities to play a leading role in creating sustainable prosperity. As the largest regionally based university, we are an anchor institution in our communities and the leading provider of online higher education in Australia.	Australia's leading regional university, advancing the careers of our students, inspiring research excellence and driving regional outcomes with global impact.
Curtin University	Transform lives and communities through education and research.	A recognised global leader in research, education and engagement, Curtin will be a beacon for positive change, embracing the challenges and opportunities of our times to advance understanding and change lives for the better.
Deakin University	Deakin University aims to be a catalyst for positive change for the individuals and the communities it serves. It aspires to be recognised as Australia's most progressive university.	Our innovation and excellence in both education and research generate ideas that transform lives and communities. We will be Australia's most progressive and responsive university, leading in blending digital capability with our distinctive campus precincts. We will leverage strong partnerships to maximise the social, cultural and economic impact we deliver regionally, nationally and globally.
Edith Cowan University	To transform lives and enrich society.	To lead the sector in educational experience, research with impact, and in positive contributions to industry and communities.
Federation University Australia	Our purpose is to transform lives and enhance communities.	Not specifically stated

Names of universities	Mission/purpose statements	Vision/ambition statements
Flinders University	To change lives and change the world.	Flinders University's vision is to become internationally recognised as a world leader in research, an innovator in contemporary education, and the source of Australia's most enterprising graduates.
Griffith University	To transform lives and add to human knowledge and understanding in a way that creates a future that benefits all.	We will pursue our vision through our core principles of excellence, ethics, and engagement.
James Cook University	To create a brighter future for life in the tropics world-wide through graduates and discoveries that make a difference.	To facilitate and foster an increased capacity for world class tropical marine research, by integrating the strengths, synergies, infrastructure and expertise of the two parent institutions, so that they collectively address the national and international priorities with leading edge science outcomes that would not have been possible by either institution on its own.
La Trobe University	We are a university known for making a positive difference in the lives of our students, partners and communities. We will become an even more valued and relevant university because of the way we respond to their needs at this time of great local and national challenge.	We are a university known for making a positive difference in the lives of our students, partners and communities. We will become an even more valued and relevant university because of the way we respond to their needs in this time of great local and national crisis.
Macquarie University	Macquarie is a university of service and engagement: We serve and engage our students and staff through transformative learning and life experiences. We serve and engage the world through discovery, dissemination of knowledge and ideas, innovation and deep partnerships.	We aspire to be: A destination of choice for staff and students who share our values. Deeply connected with our stakeholders and partners, and known for this globally. Ranked among the highest performing research universities of Australia and for key disciplines, to be recognized globally for our preeminence. Known across Australia and beyond as custodians of a remarkable University campus that blends the vibrancy of a cosmopolitan university village with a setting of Australian natural bushland.
Monash University	We will strive to achieve **excellence** in education to ensure our students serve the good of their communities. Curriculum will be infused with **internationalism** and **enterprise** to prepare our graduates for their futures in a multi-skillset workforce. We will be inclusive – embracing the talented independent of their social or economic circumstances (emphasis in original).	Monash is working to deliver education of exceptional quality on an unprecedented scale. At the heart of our new vision for education is a commitment to an outstanding student experience that is underpinned by the four pillars of Focus Monash.
Murdoch University	To be a creative force for current and future generations.	Not specifically stated
Queensland University of Technology	To provide transformative education and research relevant to our communities.	To be the university for the real world.

Names of universities	Mission/purpose statements	Vision/ambition statements
RMIT University	RMIT exists to create transformative experiences for our students, getting them ready for life and work, and to help shape the world with research, innovation, teaching and engagement.	A global university of technology, design and enterprise.
Southern Cross University	It is our mission to equip our students to live a life they value and to be effective global citizens.	Southern Cross University's vision is to be recognised for enriching our communities through the excellence of our scholarship and the achievements of our graduates.
Swinburne University of Technology	To create tomorrow's technology and the human capital and talent required for a digital, tech-rich future.	At Swinburne, our vision is to bring people and technology together to build a better world. Our people are driven by a shared sense of purpose to create tomorrow's technology and the human talent for a digital, tech-rich future.
The University of Melbourne	The University of Melbourne's enduring purpose is to benefit society through the transformative impact of education and research.	Our aspiration is to be a world-leading and globally connected Australian university with students at the heart of everything we do.
The University of Sydney	We're been challenging traditions for almost 170 years. We make lives better by producing leaders of society and equipping our people with leadership qualities so they can serve our communities at every level.	Leading to improve the world around us. Since our inception, we have believed in education for all and leadership that improves lives in all of the communities that we serve.
University of Adelaide	Working with communities to research, design, develop and implement affordable and desirable whole system solutions for complex problems facing members of resource-constrained communities.	Our vision is to be the international leader for research, design, and implementation of whole-system humanitarian and development solutions that are inclusive, empowering and sustainable.
University of Canberra	As a university anchored in Australia's capital, we work with government, business and industry to serve our communities and nation, and to be the capital's educational window to the world. From this vantage point, we challenge the status quo in a relentless pursuit of original and better ways to teach, learn, research and add value – locally and internationally.	Our long-standing excellence in mission-oriented research will be fostered and, together with a renewed emphasis on entrepreneurship, will be woven inextricably into the University's educational experience.
University of New England	The University of New England prepares students to thrive in a rapidly-changing world and, in so doing, to improve the health of people, communities, and our planet.	We will realize this mission by committing to a distinctive approach to education that will make UNE among the most experientially driven institutions of higher education in the nation.
University of New South Wales	Since our foundation in 1949, UNSW has aimed to improve and transform lives through excellence in research, outstanding education and a commitment to advancing a just society.	To improve lives globally, through innovative research, transformative education and commitment to a just society.

Names of universities	Mission/purpose statements	Vision/ambition statements
University of Newcastle	To deliver an exceptional student experience, preparing graduates for life in an increasingly interconnected society. To serve our regions by taking research that matters to the world and bringing our global expertise home.	To be a world-leading university for our regions.
University of Queensland	Our core purpose is to deliver for the public good through excellence in education, research and engagement with our communities and partners: local, national and global.	Knowledge leadership for a better world.
University of South Australia	The University of South Australia is a globally connected and engaged university educating professionals for the new economy and helping to solve the challenges of industry and society.	Not specifically stated
University of Southern Queensland	Building on our strengths as Australia's leading regional university, we will realise our vision by creating and sharing knowledge, transforming lives and solving the problems that matter to our world.	The University of Southern Queensland will be renowned for our innovation and excellence in education, student experience, research and engagement.
University of Tasmania	A place where we do things for Tasmania and from Tasmania.	Not specifically stated
University of Technology Sydney	Our purpose is to advance knowledge and learning through research-inspired teaching, research with impact and partnerships with industry, the professions and community.	Our vision is to be a leading public university of technology recognised for our global impact.
University of the Sunshine Coast	Enriching our regions, connecting with our communities and creating opportunities for all.	To become Australia's premier regional university.
University of Western Australia	To provide world-class education, research and community engagement for the advancement of the prosperity and welfare of our communities.	We aspire to be recognised as one of the world's top 50 universities by 2050.
University of Wollongong	We will advance business-related knowledge through ground-breaking research, innovative degree programs, inspirational teaching and industry collaboration to promote responsible leadership and sustainable business practice, and contribute to a stronger economy and a more just society.	We will be a global leader in promoting the theory and practice of responsible business principles.
Victoria University	Victoria University emboldens its people to design their future and has a deep commitment to protecting country.	To be a global leader in dual sector learning and research by 2028.
Western Sydney University	Starting in Western Sydney, our students will succeed, our research will have impact and our communities will thrive through our commitment to excellence, sustainability, equity, transformation and connectedness.	Not specifically stated

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From Stakeholder to Rightsholder Perspectives The UNGPs, SDGs and New Paradigms for Corporate Accountability

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ABSTRACT

This essay explores the extent to which the emerging field of Business and Human Rights presents an opportunity to push our theorizing in new directions and extend our understanding of the potential role that accounting could play in contributing to a better and more sustainable world.

The paper critically explores the stakeholder conception of corporate social responsibility that has dominated research on Social and Environmental Accounting to date. The first substantive part of the paper outlines the three main strands of *stakeholder* theory research: descriptive accuracy, normative validity, and instrumental power and begins to explore how the rightsholder perspective, encapsulated in the United Nations Guiding Principles on Business & Human Rights, extends these three perspectives and addresses some of the limitations in stakeholder theory.

The second substantive section outlines two specific opportunities for new directions in accounting research: first concerning the connection between corporate accountability and democracy and second about the theorization of accounting measurement. The first issue relates to the theory of the firm, the second, to our theory of value.

Keywords: Human Rights; Stakeholder Theory; Political CSR.

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1. Introduction

The changing role of business in society has been framed within the accounting literature in terms of a firm's Corporate Social Responsibility with Stakeholder Theory providing the lens through which this responsibility has been conceptualized. However, this narrative is shifting. A new framework, based on the universal nature of human rights, is emerging as a way of clarifying the responsibilities of corporations to society and providing a clear normative benchmark against which to assess the performance of the economy more generally (Ramasastry, 2015). This essay presents an initial attempt to explore how a human rights-based perspective extends the literature on stakeholder theory and opens up new opportunities and directions for accounting research[1].

According to Ratner (2020: 163) in the 10 years since the endorsement of the United Nations Guiding Principles on Business & Human Rights[2] (UNGPs), the field of Business and Human Rights (BHR) "has moved from the periphery to center stage" of international law. In addition, at the national level, legislation like The Modern Slavery Acts in the UK and Australia; the Netherlands Child Labor Due Diligence Act; the French Duty of Vigilance Law and the German Supply Chain Due Diligence Act, all require companies to implement human rights due diligence, particularly concerning their global supply chains (Bueno & Bright, 2020; Krajewski et al., 2021).

However, BHR is not just about the identification of new kinds of human rights risks that companies need to manage (notwithstanding the fundamental shift in our understanding of both international human rights law and the purpose of the firm that this entails). Its emergence coincides with an unprecedented level of skepticism towards our established economic narrative. While there is little doubt that the globalized free market has been successful in creating a kind of wealth, there is increasing concern over the ability of this system to distribute financial wealth fairly (Amis et al., 2020) and the resulting political instability caused by growing levels of inequality. Globalization hasn't delivered the kind of social and economic uplifting we have implicitly taught in our courses on international accounting (Barrientos et al., 2011). In addition, the promise that globalization would result in economic integration and deter international conflict has proven to be a false hope (Mansfield & Pollins, 2009).

As a consequence, there is increased focus on new measures of economic and social progress that seek to realign the economic system towards more valuable human ends (Sen, 1993). Recently these ends have been articulated in terms of 17 Sustainable Development Goals (Kanbur et al., 2018). The accounting literature contains relatively little analysis of the relationship between the UNGPs and the Sustainable Development Goals which were adopted by the UN 4 years later

(Bebbington & Unerman, 2020, 2018). Both initiatives are part of the same response to a global socio-political order that now bears little resemblance to the assumptions underlying our established Chicago School economic theories and Westphalian political theories.

The existence of the Sustainable Development Goals (SDGs) calls into question what we mean by the efficient allocation of capital. Parkinson (1993: 41) observes, that the profit maximization objective is justified on the basis that "companies contribute to the maximization of society's total wealth when they seek to maximize their own profits". But if global capital is being allocated efficiently, why do we need a goal to provide access to affordable, sustainable, and modern energy (SDG 7)? or to end poverty (SDG 1) and hunger (SDG 2)? While on the one hand the SDGs highlight a series of existential grand challenges we urgently need to address, the UNGPs highlight that line between state and business responsibility for addressing them is becoming increasingly blurred. Taken together, this new responsibility narrative raises fundamental questions about the assumptions underpinning the practice of accounting.

The issue is fundamentally whether the prevailing "Chicago School" understanding of what it means for a firm to behave efficiently and to create wealth remains the best way to theorize accounting practice? The economic historian Brad DeLong thinks not, pronouncing the "intellectual collapse" of the Chicago School and with it, our understanding of the relationship between economic activity and human thriving.

As Battilana (2018) and others have commented, this intellectual collapse leaves a lacuna that has yet to be filled with credible alternatives. This paper explores the role of the emerging BHR field as one potentially fruitful resource for beginning to build alternative theories and practice. While the accounting literature has begun to consider the implications of extending human rights responsibilities to companies (see for example McPhail & Ferguson, 2016; McPhail & McKernan, 2011), we have yet to fully explore the extent to which conceptualizing the social responsibility of business in terms of protecting and promoting human rights, as well as providing remedy when they are violated, has the potential to open up new perspectives on accounting theory and practice (see Schrempf-Stirling, et al. 2022) for a similar observation concerning business ethics). Drawing on the theme of this special issue, this paper studies the extent to which BHR presents an opportunity to push our theorizing beyond its current confines and extend our understanding of the potential role that accounting could play in contributing toward a better and more sustainable world.

Now is an opportune time to do so. In October 2021 the GRI revised its "Universal Standards" to require greater transparency concerning companies' human rights impacts, a change aimed at aligning the GRI's human rights-related disclosures with the UNGPs. While in February 2022, the European Commission published its draft directive on human rights and environmental due diligence. The Draft Directive explicitly requires directors to consider "human rights, climate, and environmental consequences" while acting in the best interest of a company. We are at a very important moment for the development of corporate reporting. As we increasingly focus on understanding the impact of companies on human rights, we need to find new ways to conceptualize the relationship between the environment and human rights and develop a new accounting paradigm. As yet we have no theory of why and how we should measure human rights, that is, we have no systematic way of giving meaning to the measurement of human rights. We need one.

Historically, our attempts to extend the conceptualization of corporate responsibility beyond the rights of shareholders has been dominated by the stakeholder perspective. While the literature has shown this perspective to be helpful, it has also been criticized for its lack both of a normative basis and voluntary adoption. The BHR perspective may go some way towards addressing both these concerns. To date, the accounting literature has yet to fully explore how a business and human rights perspective, relates to, extends, and differs from, stakeholder theory. This paper begins this task.

The remainder of the paper is structured as follows. Section two critically explores the stakeholder conception of corporate social responsibility that has dominated research on Social and Environmental Accounting to date. This section studies the shift from a shareholder perspective to a stakeholder perspective, then further explores what might be involved in transitioning from a stakeholder perspective to a rightsholder perspective. Drawing on this analysis, section three outlines some opportunities for new directions in accounting research.

2. Shareholder, Stakeholder, and Rights Holder Perspectives

This section begins by outlining the three distinct strands of stakeholder literature. The traditional model of the corporation vests control rights in shareholders because they are assumed to bear the greatest amount of business risk. This perspective results in a focus on the structures and incentives required to ensure that managers maximize the value of the shareholders' stake in the organization. However, following Freemans (1984) seminal work on a stakeholder approach to strategic management, the idea that corporations have a broader set of stakeholders in addition to shareholders is now a commonly accepted basis for framing our understanding of the firm and its social responsibilities (Donaldson & Preston, 1995). The stakeholder perspective is now a standard part of accounting theory and practice and it has emerged as one of the primary ways of conceptualizing an organization's ethical responsibility (Clarkson, 1995; Phillips, 1997; Wettstein, 2012) and reconceptualizing capitalism (Freeman *et al*., 2007).

Donaldson & Preston (1995), see Spence et al. (2010), identify three strands of stakeholder theory: descriptive accuracy, normative validity, and instrumental power.

Descriptive accuracy relates to the view that the prevailing principle agent model is empirically inaccurate, and that stakeholder theory better captures the real-world contexts within which corporations operate and the factors that influence the way managers behave (Brenner & Cochran, 1991). As a theory of the firm, stakeholder theory views the corporation as an organizational entity through which diverse participants seek to accomplish different, often opposing purposes.

Normative perspectives on stakeholder theory study the ethical basis of the relationship between corporations and those impacted by their actions. A core dilemma for stakeholder theory has been establishing the criteria by which to judge who is and who is not a legitimate stakeholder of the firm, the nature of their claim, and how stakeholders' interests should be negotiated (Donaldson, 1989). Donaldson & Preston (1995) for example contend that stakeholders are "identified by their interest in the affairs of the corporation" and that, the interests of all stakeholders have intrinsic value." While Donaldson (1999) identifies "concern for others" as being one of the basic ethical assumptions of stakeholder theory.

Yet this language has been criticized for being too imprecise within the context of the firm and unhelpful in distinguishing those individuals and groups with a legitimate stake in the firm from those that do not (Phillips & Reichart, 2000). Establishing who is a stakeholder and the nature of their claim against the firm requires the development of a clear normative basis (Jones & Wicks, 1999). The literature contains several attempts to develop such a grounding, including Kantian capitalism (Evan & Freeman, 1988; Rawlsian Fairness (Phillips, 1997); social contract theory, and utilitarianism (see for example Garriga & Melé, 2004). Thus, while there may be broad recognition that the claims of some stakeholders have intrinsic worth, there is little agreement on the normative basis underpinning these claims.

Finally, the instrumentalist strand of stakeholder research has focused on whether and how stakeholder theory helps a firm achieve its goals. While this task has principally been viewed in terms of increased profitability, others have explored the aggregate basis on which stakeholders' interests are maximized. This literature has explored new forms of measurements, like aggregate social welfare maximization and notions of shared value (Porter & Kramer, 2011; see also Kanbur et al., 2018).

The emergence of stakeholder theory has been an important development. It recognizes that the firm is a vehicle through which different interests are met and also that the financial success of the firm depends on the extent to which a broad range of stakeholder interests are managed. However, it does not provide any conclusive basis for the recognition of these claims. Neither does it provide an actionable way to negotiate between competing claims. Jensen (2002) contends that it is morally wrong for managers to act in any other way than to prioritize the interests of shareholders because stakeholder theory does not offer a credible and practical way of determining between the conflicting interests of different stakeholders. Jensen worries that without such a theory, management decision-making simply becomes a matter of preference and hugely inefficient for the allocation of capital.

This is a very important question, even though 100 years of business history has taught us that our current mode of business decision-making is socially and environmentally inefficient. Yet, to be fair to Jensen, the question is not whether we should ascribe intrinsic worth to all stakeholders or only value the interests of shareholders. The point, of course, is that Jensen assumes that the intrinsic claims of other stakeholders are recognized through other regulatory mechanisms. The company doesn't need to concern itself with adjudicating the claims of multiple stakeholders, not because they are unimportant, but because that's the job of the state. This latter point raises the important issue not only of the moral basis of the stakeholder's claim but also the concomitant moral basis requiring the firm, as opposed for example to the state to adjudicate between claims.

Stakeholder theory, therefore, provides the most widely used perspective for re-theorizing the social responsibility of firms (Spence et al., 2010). Yet while this perspective has obvious links to the emerging business and human rights field, there has been little systematic analysis of how the UNGPs relate to stakeholder theory. The remainder of this section begins to explore how the rightsholder perspective encapsulated in the UNGPs provides the basis for extending the three perspectives outlined above and addressing some of the limitations in stakeholder theory[3]

2.1 Human Rights & Descriptive Validity

If stakeholder theory is advanced on the basis that it better captures the real-world contexts within which corporations operate, then the BHR debate takes this argument a step further in recognizing the gulf between the world of assumptions that underpin conventional theories of finance and democracy and the *real* world.

As with stakeholder theory, there is descriptive validity to the starting point that companies impact many aspects of human rights. Indeed, it was this growing realization that provided the basis for the UNGPs. The lived experience of human rights for many individuals is, to a significant degree, dependent on the actions of multinationals rather than those of the nation-states that provide them with their citizenship. Think for example of the impact of the Rana Plaza disaster and those individuals embedded within garment manufacturing supply chains (Zürn, 2002). According to the Ethical Trade Initiative, an estimated 190 million women work in global supply chains that supply the world's food and clothing[4]. However, while this may be true for nations with perceived weak political governance like Bangladesh, it is also the case for those countries with stronger political institutions. For example, there is growing recognition that social media companies fundamentally impact the experience of an individual's right to privacy (Article 12), while corporate political lobbying undermines the individual's right to take part in the government of their country either directly or through freely chosen representatives (Article 21).

The nature of multinational corporations means they span different regulatory domains and also operate in regulatory gaps. So, while economists maintain that managers of corporations should maximize shareholder value (Jensen, 2002; Sundaram & Inkpen, 2004 a, b) and leave the state to take responsibility for social and environmental externalities (see e.g. Friedman, 1962), the reality is that we can no longer assume a functioning nation-state. The distinction between the private domain of the corporation and the public domain of the state no longer applies. Multinational companies are now political actors (Scherer et al., 2009), a development that has been recognized in the shift toward "political CSR" (Scherer, et al., 2016; Scherer & Palazzo, 2011).

Yet stakeholder theory doesn't critique the political philosophy of the firm as such, it doesn't challenge the idea that the firm is a private institution (Wettstein, 2012). Thus, while companies and their social responsibilities have been located in the private domain, human rights, by contrast, have traditionally been perceived as tools to curtail and limit political power (Wettstein, 2012). The Business and human rights debate fundamentally challenges this assumed separation of public and private power.

2.2 Normative Basis

One of the most pertinent connections between BHR and stakeholder theory is the formers perceived lack of a normative basis. Stakeholders and their stakes have been broadly construed in terms of "anything influencing or influenced by the firm." By contrast, BHR grounds the answer to this question in those rights recognized in international law. While stakes may not have any legal recognition, rights do.

Human rights identify those interests that 'trump' all other considerations (Dworkin, 1978). The universal and inalienable nature of rights is challenging because it means that rights cannot be offset. It is not possible, for example, to contravene rights through a business model but make up for it by promoting other rights through corporate philanthropy and voluntary work.

They also provide specificity to what these interests might be, for example, the right not to be held in slavery or servitude; the right not to be discriminated against; the right to just and favorable conditions of work and to protection against unemployment; the right to a standard of living adequate for the individuals' health and well-being and that of their family, including food, clothing, housing, and medical care and necessary social services; the right to just and favorable remuneration ensuring an existence worthy of human dignity. These are universally applicable, clearly defined rights that are grounded in international law rather than the perspectives of either the company (which may for example be inclined to limit the scope of stakeholders), or the community (who may not know what rights they are entitled to). As such, a BHR perspective also potentially changes the power relationships between rightsholders and corresponding duty bearers.

However, we have yet to think about how universally applicable rights connect to our models of corporate accountability and allocative efficiency. Much of the stakeholder literature distinguishes between market stakeholders like customers, employees, and investors, versus non-market stakeholders like governments, local communities and more recently, the natural environment (Starik, 1995). Yet this is a false distinction. In order for the market to allocate efficiently, all rights need to be recognized.

2.3 Instrumental Views

If the descriptive stream of stakeholder research suggests companies take stakeholders into consideration when making management decisions, the instrumental strand of literature explores the reasons why they do so. The focus here is on the extent to which positively engaging with stakeholders enables the firm to achieve its objectives. However, these ends have predominately been framed in terms of profitability (Mitchell et al., 1997) through the lens of Enlightened Shareholder Value (ESV) (Mayer, 2021; Mayer et al., 2021). The purpose of the corporation is not explicitly called into question[5].

If historically we have construed the value of the firm in terms of the sum of the values of all financial claims on the firm, where does social value enter into this equation? If the traditional instrumentalist perspective involves the "maximization of corporate value," the question implicit within BHR is how we measure the value contribution of a company to both the economy and valuable human ends in the broadest of senses. The question emerging here is what we mean by social value and whether we can legitimately hold companies accountable for its accumulation.

Yet there is a further question that relates to the process by which multiple interests are negotiated, as distinct from a measure of the outcome of this process. If the purpose of the corporation is to satisfy multiple interests, then how do we conceptualize this function in terms of the realization of rights? How do you negotiate competing claims, each of which is assumed to trump all other claims? Further work is required on the potential for the UNGPs to expand our thinking about the firm as a sight for the negotiation of rights, in a way that might respond to Jensen's objection that current versions of stakeholder perspectives, "have no theory which explains how the conflicting objectives of the individual participants are brought into equilibrium so as to yield this result."

3. Revitalized Questions for Accounting Research

These fundamentally challenging questions about the empirical reality of our socio-economic system, the normative basis against which corporate activity should be judged, and how we conceptualize the function of the firm and assess its performance, require nothing less than a rethink of the theoretical basis of the Chicago school and the development of credible alternatives. While Mayer et al.'s (2021) conclusion that "stakeholderism has proven to be a dead-end street" in helping us get to these alternatives seems harsh, it is clear that we need to stimulate some fresh ideas. The question is, whether BHR can provide a bridge into a rich vein of scholarship and new conceptual resources to help with the task at hand.

Drawing on the discussion above, this third section begins to sketch out two new(ish) directions for accounting research: first concerning the relationship between corporate accountability and democracy and second in relation to the theorization of accounting measurement. The first relates to the theory of the firm, the second to the theory of value.

3.1 Accountability and Democracy

The UNGPs are based on the increasingly blurred distinction between the private and public spheres. The BHR debate implicitly calls into question the effectiveness of the state in determining responsibilities and promoting rights to ensure that social, political, and economic needs are met. While the relationship between accounting and the proper functioning of democracy has been explored within the social and environmental accounting literature (see Gray et al., 1987; Lehman, 2001), the BHR field may provide a basis to further expand these debates and reconceptualize our theory of the firm and its purpose in contra-distinction to the purpose of the state. In concluding their analysis of the political role of the corporation, Scherer et al. (2009: 339) concluded that we need no less than a "new understanding of politics" to determine the "new political role of business in global governance." I agree.

Within the business and society literature, the breakdown in this distinction has been explored primarily in terms of the emergence of Multi-Stakeholder Initiatives (MSIs). The political CSR literature frames these initiatives as models of global governance that take the idea of democratic legitimacy beyond the nation-state (Scherer & Palazzo, 2007). The recent scholarship on this issue has been motivated by the promise of new forms of "industrial democracy" (Zajak, 2017). Indeed, Donaghey and Reinecke (2018), see also Lee et al. (2020), present the Accord MSI, which emerged in response to the Rana Plaza disaster, as one such example (although Alamgir & Banerjee, 2019 and Fougère & Solitander, 2020 provide critiques).

This focus resonates with two main strands of work within the accounting literature that explore the function of accounting first in dialogic and deliberative forms of social governance (Bebbington et al., 2007; Power & Laughlin, 1996) and second in agonistic forms of social governance (Brown, 2009, 2017; Dillard & Vinnari, 2017). While this body of work has led to important new insights for the "democratizing potential" of counter and shadow accounting by social movements, the BHR field may provide scope for further extending these theoretical insights. On the one hand, Macdonald and Macdonald (2020) for example draw on the global governance of business and human rights to develop a new articulation of the normative grounds for legitimacy within a pluralist global order in a post-state context. But BHR may also provide the basis for a more practical analysis of what democratic corporate forms of accounting might look like (Gould, 2004). Similarly, the requirement that corporations provide remedy where rights have been violated, (the third pillar of the UNGPs), raises questions about our conceptualization of the state as the context within which justice is administered.

Is it possible to transfer notions of political accountability and the administration of justice to the corporation? Can we combine corporate accountability over the exercise of public power with financial accountability? And how can the firm be viewed as a vehicle for the negotiation of competing interests in contradistinction to the state? The answers to these questions become even more important as the IFRC embarks on a process of establishing new international sustainability standards (McPhail et al., 2016).

3.2 Accounting Theory & Measurement

The discussion of business and human rights has tended to focus on protecting rights and "doing no harm". This focus on human rights as a constraint to behavior is primarily associated with human rights risk and due diligence (Wettstein, 2012). Yet while the requirement to do no harm is paramount, it limits our conceptions of what firms and the economy more broadly could be responsible for in terms, not only of protecting rights but also realizing them. The UN project on the Sustainable Development Goals after all calls on businesses to, amongst other things, help bring about an end to hunger, promote healthy lives, and wellbeing and ensure clean water and sanitation for all. There is scope to further explore how a BHR perspective could inform new theories of economic value.

There would seem to be obvious overlaps between this question and questions currently being explored by at least some of the professional accounting bodies. For example, the ICAEW's (Institute of Chartered Accountants for England & Wales) thought leadership project, "So what is economic success? Going beyond GDP and profit"[6],[7] critically explores two measures that dominate current discussions of corporate and economic success: GDP at the national level and profit at the organizational level. Profit and GDP are viewed as proxy measures for human development and, in part at least, the extent to which human rights are realized. The BHR field provides scope for further discussion of the theory of value that lies at the heart of accounting practice and encourages further reflection on the relationship between notions of value, inclusive growth (George et al., 2012), and the operation of the economic system as a whole (see Mayer et al., 2021; Quélin et al., 2017).

The broader management literature does explore several different perspectives that attempt to re-conceptualize value, for example Social Value (Hall et al., 2015; Kroeger & Weber, 2014); Shared Value[8] (Porter & Kramer, 2019; see also Crane et al. 2014) and Blended Value (Emerson, 2003; Nicholls, 2009). However, they do not explicitly engage with BHR or the broader kinds of literature on measuring human rights that might be helpful in further exploring the relationship between the generation of private value and social or public value (see, for example, the Human Development Index or Amartya Sen's work on capabilities). Relatedly, further critical analysis is also required of the emerging ways of accounting for the SDGs, the various frameworks that are emerging, and the political tussle for ascendency between them. All of which might seed new ideas for alternative theories of value on which accounting transactions could be based[9] (see for example Mayer et al., 2021). We need future research agendas that explore the role of the firm in the creation and distribution of social value; whether conceptualizing this process in terms of the realization of rights is helpful; and how we account for this process of value creation. As Mayer et al. (2021) note, none of our established theories or forms of accounting "have effectively delivered responsible business that meets the challenges of system stewardship."

4. Conclusion

A new framework based on the universal nature of human rights is emerging as a way of clarifying the responsibilities of corporations to society and providing a clear normative benchmark against which to assess the performance of the economy more generally. This emerging field of Business and Human Rights presents accounting scholars with an opportunity to push our theorizing in new directions and extend our understanding of the potentially enabling role that accounting could play in contributing toward a better and more sustainable world.

Endnotes

[1] While this paper starts with the assumption that human rights are a valuable and important legal construct, it is important to recognise that there is a broad debate within the human rights, philosophy and sociology literature that critiques that view that rights are naturally occurring. See for example Costas Douzinas' (2000) book, The end of human rights: Critical thought at the turn of the century.

[2] The UNGP's outline three pillars: The State duty to protect human rights; Corporate responsibility to respect human rights; and access to remedy for victims of business-related abuses.

[3] Santoro (2010) provides an attempt to connect stakeholder and rights together.

[4] See https://www.ethicaltrade.org/issues/gender-equality-global-supply-chains

[5] Little of the debate on the future of the corporation and the economics of purpose has engaged with the business and human rights field.

[6] https://www.icaew.com/technical/sustainability/what-is-economic-success-going-beyond-gdp-and-profit

[7] A growing number of projects are grappling with this need to rethink the theoretical basis of accounting, for example, The British Academy's work on rethinking the purpose of the corporation, the Cambridge Institute for Sustainable Leadership's, "Rewiring the Economy" project; and Harvard Business School's Impact Weighted Accounts project. Yet while they all grapple with these questions to varying degrees, it is surprising how little these initiatives engage with the UNGP's or the BHR field.

[8] See Adams, Frost, and Webber (2013) for a review of the literature on triple bottom line reporting.

[9] This task is more advanced in relation to environmental issues. Douai (2009); see also Faber, Costanza & Wilson (2002); Martinez-Alier (1987) for example talks about the need for further reflection on value theory in relation to ecological economics. Yet while there is considerable examination of ecological economics and discussion of its relevance for accounting, the same kind of investigation into rights-based notions of economic value is not nearly as developed.

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How theorising can enhance historical accounting research

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ABSTRACT

Historical accounting research is sometimes criticised for lack of relevance to contemporary accounting issues. One approach that researchers have adopted to demonstrate relevance is the use of theory and theorisation. This paper studies three frameworks for theorisation developed initially in the organisation studies literature: Ann Langley's "seven types of sensemaking", Sue Llewellyn's "five levels of theorising", and Mairi Maclean, Charles Harvey and Stewart Clegg's "four conceptions of history in organisation studies". These all emphasise the different forms that theorising can take in historical studies, from narrative reasoning, where much of the theory is "behind the scenes", to highly structured and general theories that may be drawn on and refined in specific historical studies. The paper suggests that theorisation can enhance historical accounting research by stimulating research ideas, identifying important variables, factors and relationships, suggesting existing concepts helpful for identifying relevant evidence, allowing for creativity in developing new concepts and refining existing ones; and ensuring a coherent narrative that is true to the evidence and sensitive to context.

Keywords: accounting history; theory; theorising; sensemaking; levels of theory; narrative.

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1. Introduction

"Nowadays, accounting is often perceived as a discipline focused on contemporary issues as if the past really is a foreign place, and the phenomena there, including accounting, have no bearing on explaining or shaping the present" (McBride & Verma, 2021: 2). This may suggest that historical accounting research faces challenges in being accepted as an important contribution to our modern understanding of accounting. Accounting historians have used various approaches to convince the wider academic community that their work is indeed relevant. One of these approaches is an increased use of theory and theorising in historical accounting studies. This matches the growth in theorising in qualitative accounting studies more generally, where many researchers draw on diverse theories, particularly social theories (Jack, 2017). Although the present paper concentrates on the use of theory and theorising in historical accounting research, the conclusions drawn are relevant to any mode of accounting research that seeks to understand accounting practices and ideas within an interpretive and critical framework (see for example Parker & Northcott, 2016; de Villiers et al., 2019).

As Carnegie et al. (2020: 1) note: "Historical accounting research has had an upward trajectory in terms of theorising accounting's past within the past 35 years or so." The time period stated in this quotation suggests that theory was beginning to become significant for historical accounting research in the mid-1980s. This would link the growth of theory-informed accounting history (at least that written in the English language) to the emergence of contributions such as the Foucault-informed studies of value-added reporting in the United Kingdom by Burchell et al. (1985), the relationship between education and management by Hoskin and Macve (1986, 1988), and the emergence of standard costing by Miller and O'Leary (1987), the application of labour process theory to study how accounting was used to control businesses by Armstrong (1985, 1987) and Neimark and Tinker (1986), and the use of political economy ideas (influenced by Marx and others) by Tinker (1980). These and other historical studies of accounting were reactions against the characterisation by Hopwood (1985) of previous historical accounting research as, in the main, "partial, uncritical, atheoretical and intellectually isolated" (p. 366). They were forerunners of what was subsequently to be named "New Accounting History" (Miller et al., 1991; see also Bertalan & Napier, 2016).

Over the years since the emergence of New Accounting History, the extent to which theoretical thinking has permeated historical accounting research has indeed grown along with the literature of accounting history. Recently, Ferri et al. (2021) examined 1300 articles appearing in six accounting journals over the period 1996

to 2015. They found that writers not only use a range of different theories but also apply and develop theories differently. They emphasise the distinction between the process of *theorising*, where theories are developed, and the application of theory to provide explanation and understanding of historical phenomena. Ferri et al. (2021) use the "Five Levels of Theorising" identified and explained by Llewellyn (2003): this framework was also applied by Carnegie et al. (2020) in examining historical studies of the roles of accounting in organisations.
But what is "theorising"? A dictionary definition of the verb "theorise" states that this means "to form a theory; to form opinions solely by theories; to speculate" (*The Chambers Dictionary*, 2014: 1619). The second and third definitions are interesting in that they reflect commonly expressed doubts of many traditional historians about theorising: that this involves writing history that lacks a "firm basis in the 'archive'" (Carnegie & Napier, 1996: 8), and is written to a "paradigm" (Fleischman & Tyson, 1997). The first definition depends on what is understood by the word "theory". Again turning to a dictionary definition, we find that "theory" may be defined as:

> An explanation or system of anything; an exposition of the abstract principles of a science or art; an idea or explanation that has not yet been proved, a conjecture; speculation as opposed to practice; an ideal, hypothetical or abstract situation; ideal, hypothetical or abstract reasoning. (*The Chambers Dictionary*, 2014: 1619)

This definition brings out the extent to which theory may be *a priori*, something that already exists and may be used to motivate and inform specific research projects, and may also be *a posteriori*, something that is developed and refined as an outcome of research. This process of development and refining is what we call "theorising". As Ferri et al. (2021: 486) observe: "The outcome of theorizing is the explanation of empirical phenomena via concepts and relationships between the concepts at higher levels of abstraction."

In this paper, I consider how theorising can contribute to enhancing historical accounting research. I do this through considering three frameworks for theorising that have been developed in the organisational literature, and through examining how they may be relevant to historical studies of accounting. The first framework is the "Seven Strategies for Sensemaking" proposed by Langley (1999), which was originally designed to analyse dynamic phenomena within organisations. The second framework is the "Five Levels of Theorising" of Llewellyn (2003), already referred to. The third framework is the "Four Conceptions of History in Organisation Studies" developed by Maclean et al. (2016), which can be used to suggest that theorising may take different forms during the writing up of a single research project.

2. Seven types of sensemaking

Langley (1999) faced the challenge of developing useful theories relating to "process data". Such data have many similarities to those examined by historians, and often arise in broader accounting research, particularly studies of accounting within organisations. As Langley (1999: 692) puts it:

> First, [process data] deal mainly with sequences of "events". [...] Second, they often involve multiple levels and units of analysis whose boundaries are ambiguous. Third, their temporal embeddedness often varies in terms of precision, duration, and relevance. Finally, despite the primary focus on events, process data tend to be eclectic, drawing in phenomena such as changing relationships, thoughts, feelings, and interpretations.

Langley develops seven "strategies for sensemaking" as approaches to developing theories designed to provide effective explanations and understandings of organisational processes.
The first strategy is *narrative*. This involves the construction of a "story" from the data. A story is more than a chronology, where various events are placed in a sequence. The narrative aims to set out evidence within a structure that, by itself, provides reasons, explanations and understandings for what the researcher concludes has taken place. Theory in the sense of higher-order abstraction may not be explicit in a narrative, but the researcher is likely to use reasoning about cause and effect and about the psychology of actors involved in the events being narrated to arrive at explanations of the events that are embedded in the narrative. As Napier (2001) has noted, literary studies of the writing of history have identified different styles of presenting a narrative of events that presuppose different ways in which events may be related to each other and through which the impact of human action can be understood. Langley (1999: 695) notes that almost all empirical research into process data will involve the setting out of a narrative, although this may not be the primary focus of analysis. The narrative strategy is likely to involve a small number of research sites, often just a single "case study".

The second strategy is *quantification*. If the narrative strategy is concentrates on a richly articulated story, quantification requires a significant degree of abstraction from raw data to assess the data systematically against either a predetermined categorisation of types or a taxonomy that emerges inductively from the data analysis. Quantification relies on a large number of "points of analysis", although these could be drawn from a single research site. Langley (1999: 698) notes that quantification may enhance generalisability but may sacrifice the rich context from which the original data emerge. Classifications and taxonomies may oversimplify the data to fit "parsimonious theoretical conceptualizations". Although Langley does not specifically mention this, the process of quantitative theorisation may involve "data mining", where statistical relationships in the data are identified and developed into a "theoretical model" that becomes a basis for explanation of the phenomena being researched.

Langley's third strategy involves the use of *alternate templates*. Here, "templates" are abstract models of how events may occur, using different explanatory frameworks. For example, one template may attempt to make sense of behaviour by positing that actors are "rational economic agents", while a competing template may explain the same phenomena in terms of the constraints imposed by organisational structure, with no reference to individual agency. Langley (1999: 699) suggests that this strategy "is essentially deductive", where "predictions of the competing theories are formally 'tested' in a hypothetico-deductive fashion, with specific predictions being refuted to reject weaker theories". However, Langley acknowledges that the alternate templates strategy often uses different theories to reveal broader aspects of a situation that a single theory would not necessarily capture.

The fourth strategy for theorising identified by Langley is *grounded theory*, associated with the work of Glaser and Strauss (2017) and Strauss and Corbin (1990). Langley (1999: 700) suggests that this approach may be appropriate for analysing data from a single case, but "it demands a fairly large number of comparable incidents that are all richly described" with the intention of identifying a small number of "core categories" to integrate the various theoretical concepts deduced from the data into a "coherent whole". She suggests that the grounded theory approach has similarities to induction, where the researcher looks for patterns and regularities in the data and attempts to build a reasonably parsimonious model that "fits" the data. The key, though, is that this is a "bottom up" form of theorising, relying on empirical details (in the case of historical accounting research, this would be the archival material identified by the researcher). Because the theory is "grounded" in the data of a particular study, it may be difficult to apply the theory to a different situation without losing some of the richness of the theory – a grounded theory may help to provide a deep understanding of the specific example being researched, but it may be difficult to generalise the theory to other examples.

Langley's fifth strategy is *visual mapping*. Such an approach involves a graphical representation of the relationships among different events, which can present these events within a time dimension and show which events influence others. Different types of event, such as decisions, activities, and factors outside the control of the organisation, may be represented using different shapes. Langley (1999: 703) is not completely convinced that a visual map is more than an "intermediary step between the raw data and a more abstract conceptualization", and she observes that it is difficult to present "factors such as power, conflict, and emotion". However, she concludes that presenting the ways in which a series of events may be inter-related may provide a useful stage in developing a more articulated theorisation.

The sixth strategy presented by Langley is *temporal bracketing*, which, she suggests, reflects the structuration theory of Giddens (1984). This approach looks for continuities and discontinuities within a specific research setting over a period of time. Within a particular "phase", a dynamic may be identified that makes sense of decisions taken by actors and their outcomes, but that may carry the seeds of a shock or discontinuity. A theorisation needs to model the "normal" dynamics within phases while also explaining how discontinuities arise and change the research setting:

> The decomposition of data into successive adjacent periods enables the explicit examination of how actions of one period lead to changes in the context that will affect action in subsequent periods. (Langley, 1999: 703).

Finally, Langley (1999: 704) refers to a *synthetic strategy* that attempts to develop a predictive theory from an analysis of multiple events or cases. Such a theory may present similarities with a contingency theory approach in that it seeks to identify a range of factors that can vary in different cases and predict phenomena for a specific case from the "explanatory variables" identified for that case. These factors need not be quantifiable, so developing a "synthetic variance model" differs from a quantification strategy. Synthesis implies the need for multiple events or cases, so would not be an appropriate strategy for theorisation for a specific research example, but if a synthetic model has been developed on other data, it can be "tested" by reference to a specific example.

Langley assesses the seven strategies in terms of three criteria proposed by Weick (1989) for assessing theories: accuracy, which is the extent to which the theorisation reflects the detail of the data; generality, which reflects the range of situations to which the theory may be applied; and simplicity, which addresses the number of components (variables and relationships) in a theory. Langley (1999: 707) suggests that narrative and grounded theory strategies are more likely to generate theories that are high on accuracy but low on generality and simplicity, while synthesis and quantification will tend to produce theories that are low on accuracy (as they abstract much of the underlying details) but high on simplicity and generality. However, she notes that strategies for theorising will depend on the intended function of the theory. If we want to "tell a good story" (Napier, 1989: 241) – one that is well grounded in the archival evidence, is enjoyable to read and improves our understanding of the phenomena – then a narrative strategy would be indicated, or a grounded theory strategy if we want to develop an explicit data-driven "conceptual framework" that helps to make sense of our story at a more abstract level. Using visual mapping or alternate templates may provide ways of thinking about our historical phenomena by teasing out relations and sequences and by comparing different explanations of the phenomena. Temporal bracketing may be a useful way of breaking a complex sequence of events down into separate periods – a "periodisation" – though Langley (1999: 704) warns that "there is no *a priori* guarantee that discontinuities will naturally synchronize themselves to produce unequivocal periods." Finally, researchers with rich sets of historical data that can be quantified or otherwise classified by reference to a parsimonious set of "variables" can use quantification and synthesis strategies to develop theories that may have greater possibilities for generality and predictive value.

Finally, Langley (1999: 708) stresses that theorisation is not a mechanical process but requires inspiration that draws on empirical data, reflection, and prior knowledge of both theory and earlier research. She concludes by suggesting an iterative approach to theorising:

> [W]e should not have to be shy about mobilizing both inductive (data-driven) approaches and deductive (theory-driven) approaches iteratively or simultaneously as inspiration guides us. There is room not only for building on existing constructs to develop new relationships [...] but for designing [...] research that selectively takes concepts from different theoretical traditions and adapts them to the data at hand, or takes ideas from the data and attaches them to theoretical perspectives, enriching those theories as it goes along.

Theorising aims to produce theories, but are all theories basically the same in terms of structure and objectives? Langley (1999) examines different ways of generating a theory, and she is moving away from the notion that the paradigm of "theory" may be found in the natural sciences. Llewellyn (2003), who does not cite Langley's work, extends this criticism, and develops different "levels of theorising" to help explain the different forms that theory may take.

3. Five levels of theorising

Llewellyn (2003: 664) begins by criticising the tendency of organisational theorists to stress generality and predictive value as the hallmarks of a "good" theory, noting that a "focus on generic behaviours (and structures) and generalization excludes an interest in emergent, localized phenomena", and "ignores the 'contextualization' of behaviours and structures that may be essential to understand them". On the other hand, "empirical data are always pre-theorized, the world is understood only through particular 'ways of seeing'. [...] As a consequence, new theories bring new objects into view and the 'same' empirical object appears differently through different theoretical 'lens'" (Llewellyn, 2003: 666). Llewellyn observes that theorisation operates in different ways, and that the actors being studied also have their own (probably implicit) theories, for example about cause and effect relationships. She sets out five "levels of theorisation" – it is unfortunate that she uses the word "level" here, as this suggests an ordering or hierarchy that could be interpreted as suggesting that there are "higher-order" theorisations that are in some way superior to "lower-order" theorisations. Llewellyn is ambiguous as to whether she would accept such a hierarchy, but producing a "ranking" of different approaches to theorising would not be consistent with her overall objective of advocating for theorisations that "fit" the issue being researched.

The five levels of theorising are (1) metaphor theories; (2) differentiation theories; (3) concepts theories; (4) theorising settings; and (5) grand theorising. *Metaphor* theories seek to provide insightful "images" of micro-level phenomena that provide new and insightful "ways of seeing" phenomena, as readers of research translate the phenomena into something with which they are more familiar. The complex ways in which different organisations engage with their rivalry with other organisations could be explained as "competition", leaving different interpretations of the metaphor open to different readers. This example shows how terms that originally were metaphors, borrowed from different contexts, can become "naturalised" and no longer count as metaphors.

In a historical narrative, the language used by the researcher is likely to include metaphors. For example, Napier (1997) looked at how the relationship between a parent company and other companies in which the parent was the majority shareholder changed as the metaphor for the relationship moved from "allies" (creating an image of "equal friends and partners") to "subsidiaries" (with an image of power and direction). *Differentiation* theories "create meaning and significance through setting up contrasts and categories that order the world" (Llewellyn, 2003: 672). Llewellyn stresses dualisms/oppositions as ways of differentiating, although differentiation theories would also include taxonomies with multiple elements.

Metaphor and differentiation are seen by Llewellyn as precursors of *concepts*, which are likely to be more general and abstract than the images implied by metaphor and differentiation. Concepts "name" particular practices as examples of broader behaviour. For example, Napier (1998) used the concepts of "collectivity" and "business company" to differentiate forms of corporate governance in explaining the changing role of external auditors in the UK and how this had an impact on auditor liability for negligent misstatements.

Concepts theories are likely to examine how individuals behave in the context of organisations or wider society – as Llewellyn (2003: 673) notes: "The conceptual is the 'highest' level of theorization that can still take the agent as its unit of analysis." Llewellyn sees concepts theories as ways of theorising about practices, particularly if the concepts being used bring out the contested nature of practices. Often, concepts reflect both subjective and objective aspects of experience. Llewellyn (2003: 674) gives the example of "accountability", which "can describe both a [subjective] feeling of responsibility to and for others and [an objective] structural aspect of organizations that sets up a system through which people are called to account."

Llewellyn's fourth level is *theorising contexts*. Llewellyn (2003: 675) notes the contribution of Hopwood (1983) to encouraging accounting researchers to study accounting not just as a technical practice but also as something that operates within organisations and society. Napier (2020: 34) has categorised research that studies "how accounting impacts on specific individuals and organisations, and more broadly on society" from a historical viewpoint as "socio-historical accounting research", and much of this research theorises at Llewellyn's fourth level. Research that studies how the roles of accounting systems in organisations emerge, are preserved and reproduced, and change over time, would involve theorising contexts. For example, Maali and Napier (2010) used the theory of organisational culture developed by Schein (2004) to examine the factors, including accounting methods, that underpinned the creation of an early Islamic bank. Although key individuals were important in the narrative, it was the broader external context within which the bank was established that the research sought to theorise, rather than the behaviour of such individuals.

The final level of theorising is *grand theorising*. Grand theories are:

> [M]eta-narratives […] formulated at a high level of generality [that] reflect ideas that have been arrived at by thinking through issues and relationships in an abstract way – rather than being derived from empirical research. […] At the extreme, such theorizing may aim for universal explanations that are beyond history and society. (Llewellyn, 2003: 676)

Llewellyn considers the work of Marx and Habermas as exemplars of grand theory, on the basis that they concentrate on understanding the broad structures of society (with specific organisations, let alone individuals, playing a smaller part in their analysis), and that they adopt a very high level of abstraction.

In their analysis of a selection of historical accounting studies relating to organisations, Carnegie et al. (2020) find that theorising concepts is the predominant mode of theorising, with concepts often being derived from metaphors and differentiation. They find very little use of theorising settings and even less use of grand theories. Ferri et al. (2021: 487) combined Llewellyn's first two levels (metaphor and differentiation) into a broader category of narrative theorising, involving "micro-levels of analysis (individuals, micro-actions and micro-processes). Level 3 (theorising concepts) was seen as a mid-range approach, while Levels 4 and 5 (theorising settings and grand theories) were seen as "the networking of concepts into more abstract theories at macro levels of analysis (focusing on structures, patterns and regularities)". They found that narrative was the most common approach in historical accounting studies, with the aim of "understanding rather than explaining a specific phenomenon" (Ferri et al., 2021: 495). Theorising in terms of concepts included studies of how financial and cost accounting concepts emerged and developed, as well as developing and refining analytical concepts used to understand and explain the behaviour of actors in the settings being researched. Consistent with the findings of Carnegie et al. (2020), Ferri et al. (2021) found less use of theorising settings and grand theories.

The frameworks of both Langley (1999) and Llewellyn (2003) have been available for about 20 years. A more recent attempt to provide a framework for thinking about different approaches to theorising within historical management research has been developed by Maclean et al. (2016), who have suggested four conceptions of history within organisation studies. These are considered in the next section.

4. Four conceptions of history in organisation studies

Maclean et al. (2016: 612) propose two dimensions within which they position their four conceptions of history. The first dimension is purpose: why is history used in studying organisations. Two potential purposes are identified: *exposition* of ideas, concepts and theories through the use of historical resources, and *interpretation* of present phenomena through identifying continuities and discontinuities with the past. The second dimension relates to what Maclean et al. (2016: 612) describe as the "mode of inquiry" of the research. They identify two modes of inquiry: a *social scientific* mode of inquiry, where the aim is to identify and theorise overall and general patterns, and a *narrative* mode of inquiry, where "the expression of theoretical ideas remains embedded within the story being told" (Maclean et al., 2016: 612). Combining the two purposes and the two modes of inquiry generates four conceptions of history in organisation studies.

The conception *history as evaluating* combines exposition with a social scientific mode of inquiry. Within this conception, the main role of history is to provide a range of settings in which pre-existing theory may be tested and refined: "history serves as a laboratory or testing ground to confront theory with reality in an incremental process of knowledge creation" (Maclean et al., 2016: 613). Some researchers wish to apply theories developed to understand and explain contemporary practices to historical situations to demonstrate the generality of the theories. Other researchers may wish to show that their theories can explain differences between historical and contemporary settings. This can be observed in the many historical accounting studies drawing on the notion of governmentality as promulgated by Foucault (1991). This theoretical construct is itself dynamic, as Foucault theorises that governmentality may take different forms in different settings across space and time. Accounting historians often examine how far the basic notion of governmentality needs to be developed and refined to provide an adequate explanation of how accounting and other means of control and discipline worked in practice in a specific setting.

The *history as explicating* conception combines the social scientific mode of inquiry with the purpose of interpretation. History is used to apply and develop theory to reveal the operation of transformative social processes (Maclean et al., 2016: 613). For example, a theory may posit causal mechanisms as explanations for change, but researchers may suspect that such explanations may not be robust across different temporal settings. Using history to explicate may start with an initial theory that is "skeletal" rather than highly developed (Laughlin, 1995). Such a skeletal framework may suggest potential concepts and their relationships. At the outset of the research, concepts are under-defined but direct the researcher to focus on specific aspects of the archive. Accounting historians will refine and clarify the skeletal concepts and relationships and may even identify new concepts and relationships that may augment the original skeletal theory.

The approach *history as conceptualising* combines a narrative mode of inquiry with an expository purpose, with history being used to generate new theoretical constructs (Maclean et al., 2016: 614). Even though the narrative sets out the specific circumstances of the historical events being investigated, the researcher may be able to identify within the specific narrative some new concept or relationship with a more general application. Maclean et al. (2016) suggest that grounded theory approaches for analysing historical material may be regarded as a form of history as conceptualising, and accounting historians increasingly report that, in considering archival material, they identify and code "themes" that are used to produce a "theory" in the form of a more generalised and abstract statement.

Finally, the conception *history as narrating* reflects a narrative mode of inquiry and a purpose of interpretation. The narration is valued not just for the specific story it tells but also for the insights that are given about the form and the origins of significant present-day phenomena. "Theory is largely offstage, with propositions and arguments emerging inductively from the accumulation, ordering, and analysis of historical evidence" (Maclean et al., 2016: 614).

The *history as evaluating* approach will usually begin with a richly articulated theoretical framework. The historical research aims to test the theory (in some cases, this will involve the formulation of explicit hypotheses or propositions derived from the theory) in new settings. A possibly outcome of testing will be that the theory undergoes a nuanced refinement. At the other extreme, *history as narrating* will focus on telling the "story", without necessarily aiming to develop broader propositions that could be relevant to wider settings. If each research setting is regarded as unique, then generalisation will not be an important aim of history as narrating. However, researchers are likely to use broader concepts "behind the scenes" to explain the actions of individuals and, to a lesser extent, organisations. An example of this would be the assumption that individuals are "economically rational" as a way of explaining their actions and choices.

Maclean et al. (2016) appear to present their conceptions of history as mutually exclusive, but their taxonomy provides insights into how theorising can be a dynamic process. Many accounting historians will start from an archive and want to establish clear understandings of the chronology of events (perhaps through constructing a timeline) and the significant actors and their relationships. At this stage, theory may play little if any part in the development of a historical understanding of past accounting events and practices. Having produced a "history as narrative" story of the past, accounting historians may then look to a general theoretical framework to provide deeper understanding, generating a "history as evaluating" story. However, the process of evaluating a general theory or applying a broad concept may reveal areas where the general idea does not fit neatly to the historical material. Researchers may then try to extract a simpler or more basic framework from the general theory, through "history as explicating". As the historical material is interpreted through the lens of this skeletal framework, theoretical developments and expansions may be prompted, leading to a "history as conceptualising" as the end-product of the historical analysis.

5. Theorising in accounting history research

The three frameworks studied in the previous sections provide insight into how there are many ways for theorising in historical accounting research. All three frameworks acknowledge that presenting a narrative may involve an implicit theorisation, as the researcher identifies what issues are important for the research, selects the evidence to be used, marshals this evidence into a "good story", and prompts readers to draw out the appropriate insights from the research. The language used in the narrative may itself imply theoretical considerations in the choice of metaphors, contrasts and classifications. However, the frameworks all envisage more explicit theorisation, to produce a higher-level understanding of the phenomena and how they relate to other situations and settings.

Accounting historians, like any researchers, are likely to start a new project with some initial theoretical grounding. They may have used specific theoretical frameworks in other research and found them effective, or they may be encouraged by supervisors, colleagues and co-researchers to think about specific theories. Such theories may influence the choice of research location or archive and the historical material that will be selected and reviewed. Maclean et al. (2016) suggest that researchers need "pluralistic understanding", so that they are open to alternative "ways of seeing". This may be a challenge to researchers who have invested considerable mental resources in mastering a specific theory or theorist, but being willing to consider alternative understandings is important to prevent "writing to a paradigm" (Fleischman & Tyson, 1997). Different theoretical perspectives may illuminate different aspects of a specific research project, but in any case researchers should consider whether alternative theorisations may be as good as, if not superior to, the initial theoretical position adopted.

A skeletal initial theory will probably identify key concepts and how they are related, and the theory may stress specific factors as potential explanations of phenomena that are subject to research. Thus, the theory helps in designing the research project, identifying appropriate archives and the material to be prioritised in the collection of data and determining provisional research questions. In practice, the initial stimulus for research may come from the discovery of a rich and little-explored archive – this was certainly the case for my own research into the British shipping company P&O (Napier, 1990, 1991, 1997), where I was asked to advise a historian of the British Empire on interpreting the company's accounting records and realised that the archival material provided insights into various historical accounting debates. By today's standards, these studies are very under-theorised, but they take for granted that human agency is central to historical events, and that actors' motivations may be deduced from the evidence that survives of their actions, coupled with a working assumption that behaviour should appear to be reasonable to the actor even if it seems less rational to a modern observer.

Theorising at the outset of a research project therefore involves reflection on how far existing theoretical frameworks are likely to help in making sense of the research findings. As the research project progresses, theorising will probably be an iterative process as the researcher reflects on newly examined archival material or other sources, and again Maclean et al. (2016) stress important principles for historical organisation studies. The first is *representational truth*. In setting out a narrative, the researcher implies logical relationships between actions and outcomes within the events that are being narrated, but telling the story inevitably involves selection and interpretation. Maclean et al. (2016: 617) suggest that the research should exhibit “a high degree of congruence among evidence, logic, and interpretation”. This means that representational truth is not just a matter of “correspondence” between the narrative and the events being narrated, because the researcher’s selection of events and putting them into a specific order goes beyond simple chronology to provide a substantive interpretation. The second principle is *context sensitivity*: being aware of the specific setting in which the phenomena being researched are located. General mechanisms and relationships suggested by a broad theoretical framework are likely to operate in specific ways within given contexts, and an aspect of theorisation may involve identifying boundary conditions or contingencies that need to be taken into account in applying a general theory to specific contexts. Given that one of the driving factors of the New Accounting History was to study accounting in the contexts in which it operates now and operated in the past (Hopwood, 1983), it is unlikely that accounting historians will ignore context, but context is sometimes seen as the enemy of generalisation, whereas it may actually enhance generalisation through allowing the researcher to develop a more nuanced theory.

One of the key roles of theorisation in historical accounting research is to make a bridge between the specific story and more general concerns. Even rich narrations can benefit from theorisation, which may often involve identifying a key concept of broader relevance. A good example of this is the study by Miley and Read (2016) of the use of accounting and other record systems in the Foundling Hospital, an institution established in London in the eighteenth century to look after children of the poor. A fascinating and rich narrative is “lifted” by the use of the concept of “stigma” as a central organising mechanism for the paper. The idea of stigma is associated with the work of Goffman (1974), although references to Goffman appear only in the early pages of the paper. Miley and Read confirmed to me that they began their study of the Foundling Hospital with a well-articulated understanding of Goffman’s concept of stigma and its relevance to the specific research they were undertaking, and the importance of the theoretical concept to their analysis is obvious from the first sentence of the paper.

Miley and Read (2016) do not use the word “stigma” or related forms in the main body of their narrative, though it appears frequently in the introduction, discussion and conclusion sections. However, readers are alerted to the importance of the concept and will be prompted to look out for evidence relating to stigma as they read the narrative. Some researchers dismiss this approach as a "theory sandwich", where the theory seems to disappear as the historical story is told. Different studies call for different presentational styles, but it may be useful to eschew a separation of narration and discussion and include more theoretical comments and framings in the narrative section. The discussion section could then focus on theory development: what has the present study added to our theoretical understanding? This could range from slightly nuanced interpretations of an already richly developed theory to new theoretical concepts and constructs. In whatever way the study uses theory and involves theorising, an explicit consideration of theory can help to locate a single study within a wider research dialogue, showing how the study contributes to more general concerns. This is not the same as "generalisation", where the aim is to develop a theoretical explanation or model that applies in a wide range of settings. This approach relates more to how the specific research study casts a light on broader concerns. Miley and Read (2016: 181) finish their paper by observing: "The example of the Foundling Hospital enhances our understanding of the role of accounting in overcoming stigma through the creation of an identity acceptable to society." Hence, their study contributes not just to accounting history but also to wider social issues, and shows, to audiences that may not be aware of it, the power and importance of accounting in organisations and society.

To sum up, theorising can help the accounting historian, and the accounting and management researcher more generally, by (1) providing an initial framework for stimulating research ideas and helping in research design; (2) identifying potentially important variables, factors and relationships that can be searched for within the archival or other evidential material; (3) suggesting existing concepts that can help in identifying evidence (both already existing and generated in the research process) that may be important for the story that the researcher wishes to tell; (4) allowing for creativity in developing new concepts as well as refining existing ones; and (5) ensuring a coherent narrative that is representationally true and sensitive to context. Thinking explicitly about theory helps researchers to reflect on what they may be taking for granted and is therefore likely to lead to exciting and insightful accounting research.

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Outcome budgets in government entities: rhetoric or a reality!

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ABSTRACT

In recent decades, reforms in the global public sector promoted a culture of private sector style operational performance and accountability mechanisms in public services. Such an emphasis focuses on assessing and reporting on what is being achieved in terms of outcome(s) as opposed to what is being produced (outputs). Within this context, the global public sector is driven by a mission to ensure that government service agencies deliver public value to the community. In doing so, government agencies are required to clearly identify the outcomes they are trying to achieve. The recent emergence of the outcome-based budgeting/performance management approach is a change in thinking from the traditional "inputs-outputs" to an approach that focuses on "outcomes." Building upon the recent edited books (Hoque, 2021a, 2021b), this article aims to assess critically how selected countries in both developed and emerging economies attempted to address the limitations of traditional government fiscal management approaches by introducing the outcome-based approach in their fiscal management programs. The paper reflects on the lessons learnt from this exercise and recommends for some future studies. It raises a question as to whether the outcome-approach is more "political rhetoric" than a "reality."

Keywords: Outcome budgets; NPM; Government; Public sector; Political rhetoric.

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1. Introduction

The recent decade has witnessed a change in basic assumptions in financial planning and control processes in governments which focus more on 'outcomes' than 'outputs' or 'results' (Hoque, 2021a). The role of traditional budgeting expanded to support and prioritize resource allocation for development projects based on their intended outcomes rather than purely outputs. This is earmarked by a shift from a traditional line-item and outputs-based budgets to outcome budgets.

Building upon the two recent edited books by Hoque (2021a, 2021b), the purpose of this paper is to present a critical reflection on whether and how the recent change in thinking in government fiscal management processes, namely outcome budgeting, emerged as another institutional rhetoric or a reality when it comes to assessing public sector efficiency and effectiveness. Hoque in his compilation of the findings from both developed and developing/emerging economies highlights how the new concepts 'outcome budgeting' and 'outcome-based performance management' evolved in various government organizations worldwide. The first purpose of this paper is to critically assess the current state of the development and operation of the outcome budgeting and performance management framework between developed and developing nations. The second purpose is to reflect on whether this outcome framework became a political or institutional rhetoric or reality in government organizations. The article concludes with some recommendations for practice and future academic research.

2. From inputs-outputs to outcomes – an overview

In addition to the requirements for reporting on planning, efficiency, effectiveness, performance, and delivery of services to the community (where appropriate), most governments worldwide now set out a requirement for planning and reporting under the banner of "Managing (or working) for Outcomes" framework. Also, nowadays SDGs is increasingly in the planning and reporting framework of governments and public section organizations. In general, the outcome-based performance reporting highlights: (a) actual achievements against the approved output/outcome performance targets (quantity, quality, timeliness, and unit cost) as specified in budget papers, with explanations for significant variations in performance compared to targets; and (b) performance against the original budget or the revised budget. The outcome framework provides agencies/departments with the tools necessary to effectively monitor, evaluate and improve their performance in the delivery of outputs to the community. It promotes efficient and effective agency management with value for money service delivery.

More recently, as organizations and their technological, political, social, and cultural environments have become more complex and more uncertain, the scale and intricacies of change in public sector organizations have increased. This trend has produced the need for a strategy-oriented budgets and reporting system. Additionally, the role of information produced by the budgeting system in promoting organizational effectiveness (or performance) is an issue that has attracted particular attention worldwide in the context of the New Public Management (NPM) debate (Hood, 1991, 1995).

Budgets play a key role in mapping the future direction of organizations by giving managers information for setting strategies and ensuring that inputs, processes, and outputs are aligned to organisational goals and strategies (Moll & Hoque, 2011; Ozdil & Hoque, 2017). In a public sector context, there is one important additional potential use of this accounting information – that is for *external communication* to users with a personal stake in the direction and success (outcome) of the entity (Moll & Hoque, 2011). These users fall into three groups: resource providers (employees, lenders, taxpayers, creditors, suppliers), recipients of goods and services (ratepayers, taxpayers, and members of professional associations), and parties performing a review of oversight function (parliaments, governments, regulatory agencies, analysts, labor unions, employer groups, *media,* and special interest community groups).

Output measures capture the number of products and services completed or delivered (Ho, 2011, 2021; Hoque, 2021a; Smith, 1993). Examples of such measures would be road safety services, community safety, crime prevention and victim support, road maintenance, number of emergency treatments in hospitals, and providing educational programs or facilities. Outcome measures capture the results or the consequences of service delivery that are important to the public and customers (Ho, 2011, 2021). Examples of outcomes would be maximizing employment and training opportunities for all; improving educational outcomes for all students in all key areas; ensuring safe employment, learning and public environments; ensuring efficient and effective systems to facilitate improvement in above priority outcomes; enhanced community safety and protection; and safer, fairer, and expeditious handling of persons involved in the judicial system.

Thus, encouraging a performance management approach for government departments means managing *results*, not *rules*. The emphasis would be one on *performance and flexibility* rather than on *controls and compliance* as was viewed traditionally. Such emphasis is designed to maintain and focus on what is being achieved or produced (outcomes and outputs) and improving transparency and financial accountability in the public sector (Hoque & Adams, 2011).

Niven (2003) suggests that the performance measurement in the public sector has now moved from a "deciding" phase to a "doing" phase. For public sector organizations, Niven (2003) describes three types of performance measures:

Input Measures: Tracking of program inputs such as staff time and budgetary resources,

Output Measures: Tracking the number of people served, services provided, or units produced by a program or service,

Outcome Measures: Whether the target population is any better off.

Inputs and outputs focus internally on the program or service, whereas outcomes focus on the results of the program relating to how it operates and what it achieves. Niven (2003) suggests that the performance measurement system for the public sector should contain a mix of lag and lead performance measures. Lag refers to historical measures and lead refers to the future measures. A mix of lag and lead measures will allow a balance of what has been achieved and what is to be achieved (Kaplan & Norton, 1996, 2001).

3. Theoretical debate: technical legal rationality vs institutional rhetoric

In recent decades, a paradigm shift in government fiscal management and controls worldwide was initiated when the notion of NPM emerged in the 1980s, which was driven by lessening or removing differences between private and public sector together with transitioning from process accountability to accountability for results (Hood, 1995; Hoque & Thiagarajah, 2021). Considerable research addressed how NPM has evolved within the global public sector and its ramifications for public sector accountability, governance, and performance. Overall, scholars reported on how NPM-type reforms emphasize on outputs and results, making public services more business-like focusing on broader financial performance measures (Hoque, 2021a, 2021b; Lapsley & Miller, 2019).

Broadly, NPM doctrines advocate the introduction of commercial or private sector type accounting practices such as accrual accounting, budgeting, and performance measurement. NPM suggests that decision-making processes within public sector entities can be improved through "new" accounting tools and techniques. One example of this in the public sector worldwide is the introduction of accrual accounting (Barton, 2009). Accrual accounting was introduced in the public sector to improve the accounting information produced and to enhance decision-making. Additionally, technical rules set by accounting standards-setting bodies have been linked to changes in public sector accounting information systems to improve the decision-making ability of government organizations (Barton, 2009; Hoque & Adams, 2011; Parker & Guthrie, 1993).

NPM is a euphemism representing the series of public sector financial reforms and innovations occurring internationally. NPM proponents suggest that the presence of lower levels of trust between the community and the government have required enhanced managerial accountability and performance. From the technical-rational choice model, NPM is a tool of *management* where emphasis is placed on improved performance. Such an emphasis requires organizational activities to be monitored and evaluated using accounting tools and techniques such as accrual financial reporting, accrual budgeting and key performance indicators (Ferlie, 1996; Hoque & Adams, 2011).

While NPM, through the application of detailed accounting methods, may enhance the quality of financial information, scholars suggest that organizations sometimes tend not to use accounting information for making rational type decisions (Moll & Hoque, 2011). Seen in such a context, the reform process in the public sector may not be completely economically rational but could be a 'window dressing' of organizations. By "external" institutional isomorphism (DiMaggio & Powell, 1983, 1991), it then implies that NPM is not a tool of *management* but just another type of *administration*. Administration encourages a highly bureaucratic public system, which can be characterized by rigid adherence to rules and regulations; compliance; stability; predictability; input orientation; and inefficiency. Within such an environment, public sector entities may be undergoing reforms not to achieve managerial efficiency but for legitimizing themselves to the electorate and other constituents such as government and media. A similar argument can be put forward in the emergence of the outcome-based budgeting system.

Institutional isomorphism theory suggests the existence of external 'institutional' factors that influence the design of accountability and control systems (Meyer & Rowan, 1977; DiMaggio & Powell, 1983, 1991). Institutional isomorphism is explained through three isomorphic processes – coercive, normative, and mimetic processes (DiMaggio & Powell, 1983). These processes lead to the 'cloning' or homogenization of organizational practices or operations (Covaleski & Dirsmith, 1988a, 1988b; Hopper & Major, 2007). Coercive isomorphism has been described as the formal or informal pressures of political influences to achieve legitimacy. Examples of coercive isomorphism include government mandates, the legal environment, or even other dominant organizations such as the media. Normative isomorphism is associated with professionalization (DiMaggio & Powell, 1983) which involves the influence of professional bodies/institutes on its members' practices and performance such as American Institute of Certified Public Accountants (AICPA). Mimetic isomorphism on the other hand, results from uncertainty. When organizations face uncertainty, they are likely to imitate or model themselves on other organizations in their industry that are perceived to be legitimate. There is the view that organizations adopt certain systems, policies and procedures to demonstrate conformity with institutionalized rules, thereby legitimizing it, to assist in gaining society's continued support (Green & Li, 2011; Lounsbury, 2008; Preston et al., 1992).

Recently research has shown that public sector entities tend to adapt to government reforms without considering their effectiveness (Hoque & Adams, 2011). It has also been found that the coercive isomorphism forces a whole new set of pressures on their operating environment. For instance, managers are now required to adopt a more conscious managerial approach, adjust to new systems and processes, new relationships, new remuneration policies, organisational restructuring, adopt new quality systems, become more client-driven and to manage that change throughout all levels of the organization. There is the view that such increasing demands can significantly influence employee morale and commitment (Mai & Hoque, 2022). Within mimetic processes (DiMaggio & Powell, 1983), government entities tend to imitate private sectors when designing accounting and performance management systems such as accrual accounting (Hoque & Adams, 2011) and the balanced scorecard approach to performance management (Kaplan & Norton, 1996; Lawrence & Sharma, 2002; Modell, 2001). Regarding normative isomorphism in the public sector, the International Public Sector Accounting Standards Board is expected to influence government organizations across the globe to follow international accrual-based accounting standards for improving their reporting (https://www.ipsasb.org).

It is no doubt that reforms in the global public sector aimed at promoting a performance culture and making the public sector more responsive to the needs of public. Seen in such a context, the outcome-based framework created a greater demand for reform of every aspect of government organizations.

4. International evidence – Hoque (2021a; 2021b)

This section presents international evidence on the attempts to introduce the outcome-based budgeting and performance management framework by government agencies. The first part of this section covers developed nations. This is followed by evidence from developing nations.

4.1 Outcome framework in developed nations

Hoque and Thiagarajah (2021) highlight how the evolution of the Australian government regulatory framework for accounting and accountability mechanisms for government agencies related to budgetary planning and control mechanisms. Their examination of archival documents from the Federal Department of Defence revealed how the agency embedded outcomes-orientation in its conventional inputs/outputs budgeting framework. They argued that the outcome-focused calculative mechanisms were on the rise in the Australian Defence Forces due to the rapidly changing public sector environment in Australia.

Sharma (2021) presents an overview of the development of a wellbeing outcome-based approach to public sector accountability in New Zealand. Drawing upon two case studies of the Ministry of Pacific Peoples and the Ministry of Social Development, the author showed that the wellbeing outcome-based calculative practices were on the rise within the New Zealand public sector, and their outcome framework is oriented towards a well-being budget.

Lapsley and Midwinter (2021) reported on the development of an outcome-based budgeting system by the Scottish Government. Their chapter offers a distinct examination of the complexity of outcome-based budgeting practice. The authors revealed a case of failure in devising an operational outcome-based budgeting system which has symbolic value instead of practical value.

Drawing upon Austrian experience, Polzer and Seiwald (2021) reported the evolution of the Performance (Informed) Budgeting (PB) in the Austrian federal budget management, which went “live” in 2013. This reform in the country has been characterized as a “latecomer” in the literature on NPM. The authors concluded that PB must involve cultural change if it is to become an integrative and relevant managerial practice for decision-making. They further suggest that creating and maintaining legitimacy of the reform is crucial for its success and is an ongoing process.

Reichard and van Helden (2021) presented a description and critical analysis of two best-practice cases in Germany (Mannheim) and in the Netherlands (Eindhoven). In both cases an outcome orientation of the budget appeared to be visible. The authors found that both municipalities under study informed about the aspired performance objectives related to a certain program or product and provide appropriate performance indicators, both about intended outcomes and to outputs.

Evidence from an Italian municipality reported by Grossi et al. (2021), op. cit. in Hoque (2021a), demonstrates how public administrations developed and used performance measurement and management systems (PMMSs) in co-production of public services. The findings revealed that the municipality has formalized its commitment to co-production since 2014. Further, their results highlighted “the relevance of the linkages between the strategic and operational dimensions of a PMMS to make it effective in co-production arrangements, at the same time stressing the different role played and use made of the PMMS by state and lay actors."

Modell (2021), op. cit. in Hoque (2021a), conducted an analysis of reforms unfolding in the Swedish central government over the last three decades. The author conceives of different performance management practices as an integral part of broader governance logics that buttress ways of defining performance. However, "the relatively limited use of outcome-based performance management in Swedish central government is explained with reference to a series of incomplete shifts between such governance logics, which have moderated the impetus behind reforms and created hybrid governance practices."

In a different setting, Aleksandrov et al. (2021), op. cit. in Hoque (2021a), reveal whether and how performance budgeting (PB) reform dialogue unfolds across government levels in Russia. Their findings demonstrate that "PB resulted in a complex regulation framework at the federal level. This framework resulted from both the aspiration to converge globally and a search for internal instrumentality in a centralized political environment (vertical of power). This, in turn, produced tensions for regional and local governments in absorbing central reform and seeking the instrumentality of PB for themselves." The authors concluded that "despite the rhetoric of public sector modernization dialogue, PB reform became a monologue of the federal authorities retaining the Soviet past and its central power."

As can be seen from the above evidence from developed nations, the outcome-based budgeting and performance framework is still in the evolution stage with some progress being made. Most examples above highlighted little or no issues around the development and mobilization of the outcome budgeting/performance management framework. Most studies provided evidence on the efficiency and effectiveness orientation of the framework. Some studies have also pointed out the institutional rhetoric in the emergence of the outcome-based framework for government organizations.

4.2 Outcome framework in developing nations

Nyamori (2021), op. cit. in Hoque (2021b: xvii), reported on the introduction of a Results Based Management Systems (RBMS) in the Kenyan public sector "as a programme to ostensibly improve public sector performance, repair the economy and eradicate poverty". The author argued that performance contracting, rapid results initiatives, programme-based budgeting, and customer service delivery charters were unleashed as RBMS technologies to realize "Results for Kenyans." He further suggests that RBMS innovations seek to decide and assign performance targets, constitute teams to achieve identified targets within the shortest time possible, link outcomes to budgetary allocation and mobilize various actors – including citizens – to monitor the performance of the public sector.

Kholeif (2021) analyzes the difficulties faced by an Egyptian government agency in implementing outcomes-based budgeting (OBB). His findings reveal that the difficulties to operationalize OBB, the use of OBB as a complementary tool, two competing reforms to overcome the budgetary crisis in Egypt, and the degree of involvement of World Bank experts are the key barriers in the effectiveness of the OBB in Egypt.

Saleh et al. (2021), op. cit. in Hoque (2021b: xviii), reported information about the efforts of the Malaysian government in implementing OBB system. Their findings suggest that OBB was the result of public sector reforms in Malaysia which took place in the 1990s. The authors reveal that although the efforts to implement OBB started in 2012, its implementation is still in progress. According to the authors, "among the challenges faced by the government include lack of understanding of the concept and application of OBB, lack of expertise, and commitment from top management."

Ang and Wickramasinghe (2021) show that outcome-based NPM practices in a postcolonial context, which they call neoliberal postcolonialism, are different. Based on the evidence from a Malaysian government's river care programme, this difference is seen in how prevailing local traditions are captured for running this programme through a Public-NGO Partnership. The prevailing traditions come from two communities, the Malay and the non-Malay, which hold non-capitalist and capitalist ideologies, respectively. These traditions complement NPM-led accounting practices and, in turn, produce a set of material and ideological outcomes in response to the United Nations Sustainable Development Goal 6: Clean Water and Sanitation. The outcomes were possible as the traditions were valued allowing communities to engage and to be empowered.

Setiono (2021) has shown a strong commitment to implement outcome-based budgeting for government ministries, agencies, and local governments since 2003. The Ministry of Environment and Forestry (MOEF) is one of the important ministries in Indonesia that serves local, national, and international community interests. MOEF budget is allocated based on program outcomes that are the basic functions of MOEF and the national development priorities. It is still yet to use efficiency, effectiveness, and service quality in the performance measurement. It still also needs to improve its capacity to define Smart performance indicators for their expected outcomes. Last but not the least, it needs support from the stakeholder of the budgeting process, especially the Parliament.

Nath and Sharma (2021) trace and analyze the evolution of the outcomes-based approach to public sector service delivery in Fiji with a focus on two public service delivery entities – the Fiji Audit Office and the Ministry of Health and Medical Services. Drawing on publicly available archival documents, the study provides insights into how the Fijian regulatory frameworks (Public Enterprise Act and Fiji Audits Act) as a part of NPM enabled an outcome-focused orientation in order to enhance accountability. The study concludes with recommendations for policy review and future research.

Aliabad (2021), op. cit. in Hoque (2021b: xix), highlights the public sector accounting and budgeting evolutions and reforms in Iran and their implications for performance-based budgeting in the county. She discusses an inclusive historical and political vision of public sector accounting and budgeting in Iran in the past century. In the context of Iran's transition in public budget legislations, the author has discussed several key issues in the process toward performance-based budgeting which is considered "as an experience for other countries situated in similar changes."

In the Bangladeshi context, Shil et al. (2021) provide evidence on the process of preparing government budgets. They documented recent changes in the budget process where Bangladesh has recorded some milestone achievements in its journey to bring financial discipline through public participation in the process of preparing a pro-people national budget. Based on published research articles and archival records, the authors highlight the budget mechanism as it is applied in Bangladesh with the reform initiatives taken so far. An interesting point that the authors explored was the links between the political philosophy, citizen participation and bureaucratic commitments to ensure transparency and accountability.

Miglani (2021), op. cit. in Hoque (2021b: xix), wrote about the Indian government's implementation of the OBB. Using the central government as an example, she shows that although the adoption of OBB by the central government is a step in the right direction, significant improvements are required in the budgeting process. She concluded that "to convert outlays into outcomes, the central government will require ensuring the right money flows to the right level or place and effective evaluation systems are maintained… to increase the effectiveness of OBB, the performance data need to be used for taking budgetary decisions relating to program formulation and resource allocation."

The findings from the above developing countries display similar rationales for the adoption of the outcome budgeting in the public sector: improved performance, linking the process with government national plans and political ideology, and allocation of resources at the right level and quantity.

Regarding comparing developing and emerging countries, scholars have identified significant differences in socio-political environments between developed and emerging economies. Research reported in the two volumes (Hoque, 2021a, 2021b) demonstrated how various internal and external institutional agents may shape the development and working of outcomes-based approaches to government budgeting and performance management. Researchers also raised a question as to whether the outcome-based approach in governments worldwide is more *political rhetoric* than *a reality*.

5. Concluding reflections and future research

An outcomes-based approach allows government service agencies and specific program areas to organize and communicate priorities to achieve what matters and is effective rather than just going through the motions (Hoque, 2021a). By highlighting the current state of the emergence of outcomes-based budgeting in government entities in some selected countries from developed and emerging economies, it has been argued in this article that the NPM reform in the global public sector and budget deficiencies in governments worldwide, has resulted in an alternative approach which is outcome budgeting with a view to improve public services to citizens and sustainable financial management in the sector.

Nevertheless, the new outcome budgeting approach may demonstrate cases of difficulties in adaptation and cause tensions among certain people at all levels of the organization. A future study may explore this issue with a view to understand how the decision-makers addressed and managed crises in improving the system sustainability. Past research (e.g., Ozdil & Hoque, 2017) demonstrated, through the translation and inscription processes of a new budgeting model, how *hybrid* networks are formed and exist at multilevel within an organization; yet it is not well documented in the literature how various power dynamics may arise and exist within those networks when a new financial management approach such as outcome budgeting is introduced in government agencies. Further research is required to shed light on this phenomenon. In so doing, future research with actor-network theory (Latour, 1987, 2005) and institutional theory (DiMaggio & Powell, 1983, 1991; Green & Li, 2011; Lounsbury, 2008; Meyer & Rowan, 1977; Modell, 2001; Oliver, 1991) as the theoretical basis, researchers can seek to investigate how the construction of supportive networks influences the success of the outcome budgeting innovation implementation. It is expected that the co-existence of multiple networks is necessary to enhance the effectiveness of the system. Without any supportive networks formed the implementation of the system will lead to adaptation problems and resistance by the internal actors. Further, consideration and management of the various dynamics within the constructed networks are essential for the maintenance of the networks for the stabilization and support for the system. Research can also explore the possible occurrence of power struggles within the networks that need to be stabilized to achieve successful outcomes for the system. Any resistance resulting from the system needs to be neutralized for the effective implementation and success of the system (Ozdil & Hoque, 2017).

Most studies to date used institutional isomorphism, institutional logic, theory of translation, actor-network theory, innovation diffusion theory, stakeholder theory, and technical-rational theory in rationalizing the emergence of the outcome budgeting approach. Besides the notion of isomorphism (e.g., DiMaggio & Powell, 1983, 1991; Meyer & Rowan, 1977) studies appear to overlook the implementation outcome. Future studies can be directed towards understanding organisational diversity and complexities and how they drive the outcome of the novel approach to government fiscal management. In this context, research can explore the role of institutional entrepreneurship (Battilana, 2006; Lounsbury, 2008) to understand how powerful actors bring about change (Garud et al., 2007). According to Battilana (2006), institutional entrepreneurship emphasizes the role of powerful actors that have certain social positions which enables them to conduct divergent organizational change despite the institutional pressures (for a review, see Zawawi & Hoque, 2010). This theory focuses on human actors that could control resources to shape new institutions or transform existing ones (Maguire et al., 2004).

Since the notion of outcome-based approaches to government fiscal management is considered as a management accounting innovation, through a longitudinal field study, future studies in various settings can be conducted to elaborate and analyze the ways in which the organization sought to develop and practice the outcome-based budgeting/performance management to achieve its organizational and social goals. Studies of such will contribute to the management accounting innovation research literature by reporting on empirical evidence on whether and how the adoption of the outcome-based budgeting in government organizations was due to its *efficient-choice* (Abrahamson, 1991) status as the policy makers believed that this approach would benefit public service providers in achieving their broader organizational and socio-economic objectives. Further research in various contexts is required to draw a solid conclusion that the outcome approach for budgeting is more "political rhetoric" than "reality."

In conclusion, as demonstrated by scholars in Hoque's two edited volumes, there is limited evidence whether this "new" paradigm shift has accrued benefits to the public sector. Drawing on international evidence from Hoque's two volumes, it is concluded that, while the outcome-based approach has evolved from a good intention of measuring outcomes of government-funded services and projects, it is not evident that the outcome budget approach has improved government accountability processes and performance. Further research is required to shed light on this new development.

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Discretionary Accounting Narratives in Contemporary Corporate Reporting: Review and Framework

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ABSTRACT

This paper reviews prior research on discretionary accounting narratives, adopting a preparer perspective. We develop an analytical framework to organize our review which classifies prior research according to three components: antecedents, characteristics, and consequences of disclosures. We first overview our framework. We then discuss each framework component. Antecedents comprise the external context and internal environment. The paper addresses multiple discretionary accounting narrative characteristics. Consequences comprise share price reaction studies, experimental studies of users' responses to discretionary accounting narratives, and firm consequences such as corporate reputation, image, legitimacy and trust. We conclude the paper with an extensive agenda for future research.

Keywords: Discretionary disclosure; Accounting narratives; Financial reporting; Corporate reporting; Communication.

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1. Introduction

Some view accounting narrowly as a technical practice focusing on recording economic transactions via financial statements for financial decision-making. However, Carnegie, Parker and Tsahuridu (2021: 69) conceptualize accounting as

> "a technical, social and moral practice concerned with the sustainable utilisation of resources and proper accountability to stakeholders to enable the flourishing of organisations, people and nature."

Thus, accounting involves measuring, processing, and communicating financial and non-financial information. Accounting communicates quantitative and qualitative information in a range of formats (i.e., financial statements, corporate reports, corporate press releases, etc.) and media (i.e., corporate websites, social media, etc.) by organizations to external audiences (i.e., shareholders, stakeholders, financial analysts, the media, etc.), to either comply with legal or stock exchange requirements or voluntarily.

Brennan and Merkl-Davies (2018) and Merkl-Davies and Brennan (2011) conceptualize, and Merkl-Davies and Brennan, (2007) and Brennan and Merkl-Davies (2013) review, research on discretionary accounting narratives. Corporate reports, such as regulated annual reports (including the financial statements), initial public offering prospectuses, takeover documents, half-yearly and quarterly reports and stock exchange regulatory news announcements include discretionary information in narrative format, i.e., accounting narratives. While these documents are regulated, there is considerable scope for discretion concerning narrative disclosures. Discretionary accounting narratives amplify or complement quantitative information, especially in the audited financial statements, and provide both financial and non-financial information. Davison (2011) calls these discretionary accounting narratives the "paratext" or "surround" to the audited financial statements. Auditors restrict audit report scope to the financial statements and the notes therein. Auditors are careful to make that scope limitation clear in the precision with which they word their audit reports. Even though audited financial statements contain accounting narratives, most prior research focuses on accounting narratives outside the audited financial statements. We use the term "discretionary accounting narratives" to distinguish them from accounting narratives supporting numerical information in audited financial statements.

We develop an analytical framework (see Figure 1) to organize our review. To categorize prior research on discretionary accounting narratives, we adapt Wiedman's (2000) three-component framework: disclosure environment, disclosure attributes and disclosure impacts, which we label antecedents, characteristics, and consequences. In developing her framework, Wiedman

(2000) draws on Gibbins et al. (1990, 1992) innovative studies applying grounded theory to theorizing financial reporting. Hirst et al. (2008) and Rakow (2010) (using Hirst et al.'s (2008) approach) apply Wiedman's (2000) framework to earnings forecast disclosures. We first overview our framework. We then discuss each framework component. Antecedents comprise the external context and internal environment. The paper distinguishes the dichotomy in accounting research between "discretionary disclosures" quantitative studies in the North American tradition and qualitative "discretionary accounting narratives" studies in the European tradition. Consequences in the discretionary disclosures steam of research comprise share price reaction studies and experimental studies of users' responses to certain disclosures. Consequences for discretionary accounting narratives include corporate reputation, image, legitimacy and trust. We conclude the paper with an extensive agenda for future research.

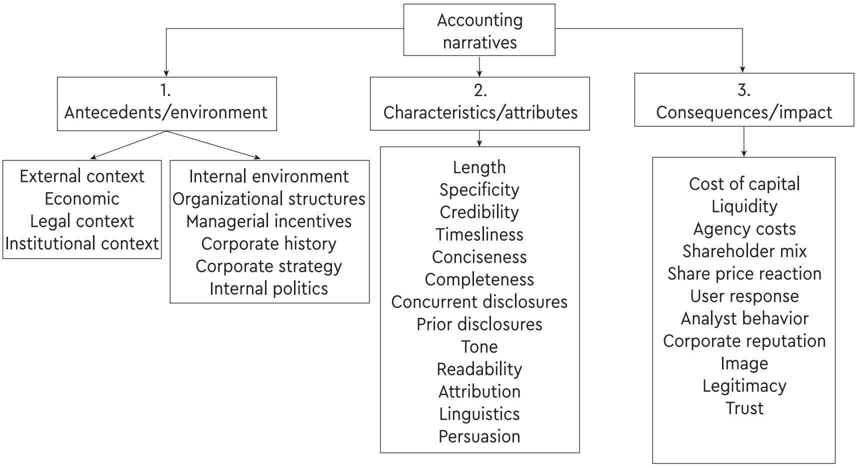
Accounting research uses the term "reporting" (e.g., annual reporting, corporate reporting, corporate social reporting (CSR)), which refers to corporate financial, social and environmental discretionary accounting narratives outside the financial statements to external audiences. The term "reporting" derives from Latin *re* (back) and *portrare* (to carry, to bring), i.e., to carry/bring back. This wording implies that corporate reporting purpose is to relay or convey information about events and effects from which the "accounting actor" is removed (Lee, 1982: 158). This perspective regards the process as a "neutral conduit for transmitting independently existing information" (Craig, 2007: 127). Theoretical accounting literature adopts the term "accounting communication" to highlight the dynamic and reciprocal aspects (i.e., two-way dynamic interactive communication between organizations and their audiences), oral (e.g., conference calls, CEO speeches and media interviews) and non-traditional forms of communication (e.g., social media). In reviewing prior research, we include studies from the two traditions.

Research on discretionary accounting narratives has grown. As mentioned earlier, two research streams, based on different research perspectives, have developed concurrently. North American-style disclosure research views accounting information as an economic good and applies economic and psychological theories to explain motivations and demands for and responses to accounting communication. Such researchers view accounting communication as providing decision-relevant information to capital market participants in the context of information asymmetry and potential agency conflicts between company managers and investors. This disclosure research stream is mainly quantitative and focuses on information content, quantity, quality (particularly readability) or frequency of disclosures. By contrast, European-style narrative research draws on diverse theories from various academic disciplines, sociology, media studies, linguistics, etc., to explore meaning-related aspects of accounting communication, including storytelling, sensemaking and discourse (Merkl-Davies & Brennan, 2017). This discretionary accounting narratives research stream uses various qualitative methods, such as rhetorical or visual analysis or critical discourse analysis, and focuses on accounting communication by a wide variety of organizations, including listed companies, public-sector and not-for-profit organizations, such as charities, social movements, and non-governmental organizations (NGOs). This research stream adopts a broad view of the purpose of accounting communication as providing relevant information to various external audiences, discharging accountability to both stakeholders and society, and a means of legitimation and managing conflict in society (Merkl-Davies & Brennan, 2017).

1.1 Framework

Figure 1 shows the framework which structures our paper. Our framework comprises three components: Antecedents/environment, characteristics/attributes and consequences/impact. Wiedman (2000: 663) describes the "disclosure environment" as "characteristics of the environment in which disclosure decisions are made". "Disclosure attributes" relate to the actual disclosures made, "such as type, frequency, timeliness, and credibility". "Disclosure impact" includes the effect on corporate elements such as cost of capital, liquidity, agency costs, and shareholder mix. In applying Wiedman's (2000) framework to management forecasts, Hirst et al. (2008: 316) extend these conceptualizations. Antecedents are environmental and firm-specific characteristics such as the legal setting and managerial incentives that influence disclosure. Disclosure characteristics include form, forecast horizon and level of detail in forecasts. Finally, they identify consequences such as stock price changes and analyst behavior. Consequences comprise decision-making by corporate audiences (e.g., analyst recommendations, press coverage) and feedback effects (e.g., cost of capital, liquidity, and corporate image, reputation and legitimacy).

Figure 1: Framework for analysing accounting narratives prior research



2. Theories on accounting narratives

Wiedman (2000) does not consider theory in her discussion. Hirst et al. (2008) observe that existing theories focus on *why* managers choose to disclose and the consequences of those decisions, concluding that theories primarily address antecedents and consequences. They highlight opportunities to develop theory on managerial choices concerning disclosure characteristics, noting how few studies examine *how* managers *choose* disclosure characteristics.

We present five broad theoretical perspectives on accounting narratives, namely the economic perspective, (Section 2.1), the psychological perspective, (Section 2.2) the sociological perspective, (Section 2.3) the critical perspective (Section 2.4), and the rhetorical and linguistic perspective (Section 2.5). The economic and psychology perspectives explain the antecedents of discretionary accounting narratives by focusing on managerial motivations. By contrast, the sociological and the critical perspectives focus on environmental factors, such as the legal, economic, and institutional context. Finally, the rhetorical and linguistic perspective explains the characteristics of discretionary accounting narratives.

2.1 Economic perspective

Agency theory

Agency theory (Jensen & Meckling, 1976) provides the basis for the economic incentives' approach to disclosure choice. Agency theory explains managerial motives where firm ownership (principal/shareholder) is separated from the control function, which managers (agents) carry out, acting on behalf of shareholders (Beattie, 2014). Principals can limit divergences from their interests by establishing appropriate incentives for agents and by incurring monitoring costs designed to limit agents' aberrant activities. Monitoring costs include auditing, control systems, budget restrictions and incentive compensation systems to align managers' and shareholders' interests more closely. Expenditure on monitoring can reduce agency costs, such as publication of accounting reports. Firm disclosures can serve as a monitoring mechanism for the agency relationship between managers and shareholders. Managers benefit from producing accounting information voluntarily because they can do so at a lower cost than if shareholders were to produce the same information. Thus, agency theory posits that voluntary disclosure/discretionary accounting narratives function to reduce agency costs. Conversely, agency theory predicts that managers are opportunistic in their disclosure choices and are motivated by self-interest and the firm performance they wish to portray.

The dominant theoretical perspective in discretionary accounting narrative research is agency theory. However, agency theory has limitations and drawbacks.

Much disclosure research is premised on the *mala fides* assumptions of agency theory. Managers are assumed to be self-interested or, as Heslin and Donaldson (1999: 81) say, managers will "steal the silver" unless incentivized to do otherwise. Brennan (1994: 38) objects to the cynicism of agency theory. He says that Jensen and Meckling's (1976) agency theory model "rests on the assumption that the manager will steal what he does not own, so that it is probably more efficient to give it to him at the outset rather than put him to the trouble of stealing it." (Brennan, 1994: 36-37). Brennan wryly conjectures that managers with such a disposition probably need to be replaced rather than tolerated in organizations! These assumptions about human behavior and what motivates people have become widely accepted in business, so much so that some authors conjecture that agency theory is auto-suggestive, is a self-fulfilling prophecy, thereby contributing to low moral standards in business. As Alvesson and Kärreman (2011: 1136) observe:

> "… the issue of theories having truth effects, i.e., becoming self-fulfilling prophecies … with the problematic aspects of economic theories producing truth effects – like the assumption of individuals maximizing their self-interest leading to people doing that…".

Signaling theory

Signaling theory (Morris, 1987; Spence, 1974) posits that managers of higher-quality firms can credibly communicate private information to investors and thereby receive above-average market valuation by undertaking actions that lower-quality firms find too costly to mimic. Managers of higher-quality firms have incentives to signal to the market their higher quality to distinguish themselves from average or lower quality firms. One form of signaling is voluntary disclosure about firm operations. Firms with superior information decide on the level of disclosure, considering the impact on the market and on competitors. The only way informed firms can communicate their prospects to capital markets is by disclosing information of direct usefulness to competitors. Firms, therefore, face a trade-off in their disclosure decisions.

2.2 Psychology perspective

Research in social psychology provides an alternative perspective on why and how managers provide voluntary information. It explains managerial bias by differentiating between deliberate bias and ego-centric bias or self-deception. Whereas the former constitutes "a deliberate attempt to distort one's responses in order to create a favorable impression with others," the latter is "a dispositional tendency to think of oneself in a favorable light," (Barrick & Mount, 1996: 262). Self-deception is a cognitive bias arising because individuals do not behave perfectly rationally. In a financial reporting context, this manifests in managerial bias –

optimism/overconfidence/hubris – that entails managers overestimating their abilities. Hubris involves portraying the firm in a positive light driven by irrational managers displaying behavioral biases, such as optimism and overconfidence. This managerial optimism (hubris) assumption is widespread in research in explaining the motives for mergers. Scholars have adopted hubris to explain the reporting bias inherent in discretionary accounting narratives (e.g., Brennan & Conroy, 2013).

Attribution theory

Attribution theory is concerned with people's explanations of events. Research suggests that people's attribution of actions and events is biased because they tend to take credit for positive and deny responsibility for negative events and outcomes (Knee & Zuckerman, 1996: 78). Self-serving bias entails attributing positive organizational outcomes to internal factors (taking credit for good performance) and negative organizational outcomes to external circumstances (assigning blame for bad performance), to influence investors' perceptions of financial performance (Aerts, 1994, 2001; Aerts & Cheng, 2011; Clatworthy & Jones, 2003; Hooghiemstra, 2010).

Clatworthy and Jones (2003) examine differences in reporting good/bad news in UK listed firms' chairmen's statements with improving/declining performance. Irrespective of financial performance, they find that firms take credit for good news and blame the external environment for bad news. Hooghiemstra (2010) compares explanations of the causes of good/bad news in US and Japanese CEO letters to shareholders. They find cross-cultural differences in performance attributions. Both US and Japanese CEOs claim responsibility for good news. However, Japanese CEOs are more prone to ascribe bad news to external circumstances beyond their control. Merkl-Davies et al. (2011) view managerial behavior as subject to social biases arising from the (imagined) presence of organizational audiences whose behavior management tries to anticipate. Their analysis of UK chairmen's statements focuses on the linguistic manifestations of the psychological processes underlying corporate reporting processes, characterized by the managerial anticipation of the feedback effects of information. Managers use discretionary accounting narratives in chairmen's statements to engage in sensemaking through retrospective framing of organizational outcomes.

However, just as in the economic perspective, organizational actors are regarded as responding to an objective external reality through strategic goal-oriented behavior. Research from the economic perspective conceptualizes some discretionary accounting narratives as management introducing reporting bias into corporate narrative documents to benefit from increased compensation, particularly via managerial stock options (Adelberg, 1979; Courtis, 2004; Rutherford, 2003). By contrast, research from the psychological perspective conceptualizes accounting narratives introducing reporting bias as self-serving bias arising from the anticipation of an evaluation of organizational performance by shareholders and stakeholders to obtain rewards and avoid sanctions (Frink & Ferris, 1998).

2.3 Sociological perspectives

Environments put two types of demands on organizations: (i) technical, economic and physical demands that require organizations to produce and exchange goods and services in a market; (ii) social, cultural, legal, or political demands that require organizations to play particular roles in society and to establish or maintain certain outward appearances. In contrast to the economic and the psychological perspectives, the sociological perspective considers "the social conditions and interconnections in making choices" (Letza et al., 2008: 24). The behavior and actions of organizational actors are regarded as driven by social constraints and structures. This approach analyzes social practices, such as discretionary accounting narratives. Discretionary accounting narratives are regarded as being motivated by the demands and expectations of organizational audiences. For example, this entails (seemingly) responding to the concerns and demands of various stakeholder groups (stakeholder theory) or (seemingly) demonstrating conformity with social norms and rules (legitimacy theory and institutional theory).

Stakeholder theory

Stakeholder theory includes other relevant parties interested in the operations of companies. The theory is premised on the notion of the firm as a legal or artificial person operating in a community, and on the view that "there should be some explicit recognition of the well-being of other groups having a long-term association with the firm – and therefore an interest, or stake, in its long-term success" (Keasey, Thompson & Wright, 1997: 9). Stakeholder theory regards firm corporate reporting as a response to the demands and expectations of various stakeholders, such as employees, customers, government agencies, lobby groups, etc. Firms are assumed to engage in narrative reporting to influence the perceptions of particular stakeholder groups. Hooghiemstra (2000) shows how Shell, after abandoning its plans to sink the Brent Spar oil rig in the Atlantic, engaged in a dialogue with its key stakeholder groups to change their perceptions.

Legitimacy theory

Underlying legitimacy theory is the notion of the firm engaging in a social contract with society. Consequently, survival depends, to some extent, on operating within the bounds and norms of society. From this perspective, corporate narratives are not a proactive strategy proposed by agency based approaches, but are responses to organizational audiences' concerns and demands. Within legitimacy theory, disclosures (particularly social and environmental disclosures) are assumed to alter perceptions of organizations' legitimacy. For example, corporate social disclosures are regarded as a response to public pressure and increased media attention. Campbell (2000), Hooghiemstra (2000), Ogden and Clarke (2005), Linsley and Kajüter (2008), and Aerts and Cormier (2009) apply legitimacy theory to analyze corporate narratives in a corporate reporting context. They regard corporate narratives as attempting to affect organizational audiences' perceptions of the company (Hooghiemstra, 2000; Aerts & Cormier, 2009) to restore legitimacy or satisfy stakeholder demands.

In a longitudinal study of the retailer Marks & Spencer's annual reports, Campbell (2000) applies legitimacy theory to investigate how the firm used corporate social narrative disclosures to manipulate outsiders' perceptions of the firm. He suggests that successive chairmen used corporate social disclosures as a means of reality construction. Using legitimacy theory, Hooghiemstra (2000) analyzes Shell's strategies in its corporate communications to handle the public controversy regarding its plans to sink the Brent Spar oil rig in the Atlantic in 1995. Ogden and Clarke (2005) use legitimacy theory to analyze the strategies used in the annual reports of privatized UK water companies. Focusing on environmental disclosures, Aerts and Cormier (2009) argue that managers manage perceptions of firm environmental performance through environmental disclosures in annual reports and environmental press releases that represent predictable legitimation opportunities. Different forms of verbal accounts affect legitimacy by attenuating organizational responsibility for controversial events and accentuating such events' positive aspects. Linsley and Kajüter (2008) use legitimacy theory to analyze the annual report of Allied Irish Banks plc following a fraud. They focus on using symbolic management in the form of defensive strategies and decoupling to restore firm reputation and legitimacy.

Organizational legitimacy is regarded as a social construct because it is subjectively perceived and ascribed to an organization's actions and outcomes (Palazzo & Scherer, 2006: 71). Prasad and Mir (2002) argue that the manipulation of meaning in CEO letters to shareholders by oil companies in the 1970s and 1980s served to deflect from the crisis of legitimacy in the oil industry. However, they base their analysis on a non-rational view of organizational actors' actions and adopt a critical stance.

Institutional theory

Institutional theory suggests that firms adopt social norms by emulating the practices of other firms to reduce attention from economically powerful stakeholders. Institutional theory examines whether firms engage in mimetic isomorphism (i.e., copying the behavior or reporting strategies of other firms, such as industry leaders) (see DiMaggio & Powell, 1983).

Arndt and Bigelow (2000) use institutional theory to analyze the annual reports of US hospitals, applying narrative reporting strategies to invoke coercive and mimetic pressures to account for a major structural reorganization. In this context, narratives are conceptualized as symbolic management (legitimacy theory) or decoupling (institutional theory). Symbolic management entails adopting strategies that make the organization *appear* to respond to stakeholder concerns or *appear* to be congruent with society's norms and expectations (Ashforth & Gibbs, 1990). Firms facing a major legitimacy threat engage in symbolic management by separating the negative event (e.g., fraud, scandal, product safety issue) from the organization as a whole by providing normalizing accounts (e.g., by using excuses, apologies, or justifications) and by engaging in strategic restructuring (e.g., executive replacement, establishing monitors or watchdogs). Normalizing accounts entail using verbal remedial strategies such as excuses and apologies. Strategic restructuring entails "selectively confess[ing] that limited aspects of its operations were flawed" (Suchman, 1995: 598) and then decisively and visibly remedying them by introducing small and narrowly tailored changes, such as creating monitors and watchdogs and disassociation. Disassociation entails symbolically distancing organizations from negative influences. For example, executive replacement allows organizations to dissociate themselves from legitimacy-threatening events by blaming individuals in organizations. Organizations can also dissociate themselves from de-legitimated procedures and structures.

By contrast, decoupling refers to organizational structures and processes *appearing* to conform to social and institutional norms and rules (DiMaggio & Powell, 1983). Decoupling manifests itself in espousing socially acceptable goals, redefining means as ends, and ceremonial conformity. Espousing socially acceptable goals involves, for example, claiming customer-focus or equal-opportunities' employer status, when, in effect, the opposite is the case. Redefining means as ends involves recasting the meaning of organizational ends or means, for example, by justifying the closure of employee pension schemes based on the introduction of a new accounting standard. Finally, ceremonial conformity entails adopting practices considered consistent with rational management, even though they do not improve organizational practices. For example, public sector organizations introduce private-sector management accounting practices or performance evaluation schemes (see Merkl-Davies & Brennan, 2011).

2.4 Critical perspectives

The critical perspective regards managers as powerful organizational actors who use corporate narrative documents to impose their perspective of their organizations and organizational activities and outcomes (Amernic & Craig, 2004), of specific organizational stakeholders who are in conflict with their organizations or with the industry in which organizations operate (Driscoll & Crombie, 2001; Prasad & Mir, 2002), or of socio-economic and socio-political issues which impact on the activities or reputation of organizations, such as climate change, minimum pay, or human rights (Livesey, 2002). The critical perspective is informed by insights from various critical approaches, including Critical Theory, Marxism and Foucauldian philosophy. Corporate narrative documents are assumed to have ideological effects in the sense that "they can help produce and reproduce unequal power relations between [management and employees, shareholders and stakeholders] through the ways in which they represent things and position people" (Fairclough & Wodak, 1997: 258). Corporate narrative documents are thus used to establish and maintain unequal power relationships in society. Language is regarded as a medium in which prevailing power relations are articulated.

The critical perspective focuses on notions of power and ideology, emphasizing how organizational actors use discretionary accounting narratives to persuade organizational audiences to accept managers' versions of reality or how social structures determine corporate discourse. Adopting an agency perspective, Crowther et al. (2006) analyze ten privatized UK water companies' discretionary accounting narratives. They show how senior managers use binary opposition in discretionary accounting narratives to "control the way in which the corporate story is interpreted" (Crowther et al., 2006: 199). Amernic and Craig (2004) argue that Southwest Airlines' management appropriates symbolic representations in the 2001 letter to shareholders to show their company positively. By contrast, Livesey (2002) analyzes the discourse on climate change in Exxon Mobile's advertorials. She finds that the binary opposites of health/harm are exploited to establish the hegemony of the economic discourse on climate change. Craig and Amernic (2008) analyze the discourse of privatization in Canadian National Railway's annual letters to shareholders. They demonstrate how accounting performance measures and accounting language "have been invoked to show that the vision of the promoters of the privatization has been achieved, and that the decision to privatize has been a sagacious one" (Craig & Amernic, 2008: 1087).

Studies adopting a political economy perspective regard corporate narratives as ideologically biased documents whose main purpose is to maintain the status-quo – as communication vehicles used by "top management [to] impose its perspectives" (Amernic, 1992: 2). In their analysis of the annual reports of the UK water industry, Crowther et al. (2006) use the analogy of corporate reporting as storytelling. Management are the "authors" of narrative corporate report sections that represent "the script of corporate reporting." This constitutes an attempt by the script authors "to control the way in which the corporate story is interpreted" (p. 199). In this vein, various studies demonstrate how corporate leaders use discretionary accounting narratives to imprint their view of reality and thus control outsiders' perceptions of the firm (e.g., Amernic & Craig, 2022; Craig & Amernic, 2021).

2.5 Rhetorical and linguistic theories

Rhetorical and linguistic theories focus on managerial motivations (antecedents) to provide discretionary accounting narratives and the linguistic manifestations of the disclosures (characteristics). Managers choose rhetorical strategies in discretionary accounting narratives to persuade others of the validity and legitimacy of a claim. Managers can use language to attempt to convince organizational audiences of the validity, legitimacy or necessity of organizational changes, to portray financial scandals as isolated incidents, or to persuade organizational audiences of the exceptional circumstances resulting in negative financial performance. Language use in corporate documents is never "innocent" because it is used to achieve various economic, social and political goals and is thus "as ideologically saturated as … text[s] which wear [their] ideological constitution overtly" (Kress, 1993: 174). Thus, discretionary accounting narratives can be viewed as part of "routine" corporate communication managers use to "control the way in which the corporate story is interpreted" (Crowther et al., 2006: 199). Hamilton and Winchel (2018) comprehensively review prior theoretical research explaining how investors process financial communications and are thereby persuaded by the messages.

How organizations respond to their environment depends on how they construct and interpret their environment. Conditions of the environment cannot be separated from perceptions of those conditions. The metaphor of storytelling lies at the heart of the social constructionist perspective. Research in psychology, law, philosophy, and sociology suggests that "social life is itself storied and that narrative is an ontological condition of social life" (Somers & Gibson, 1994: 38). Thus, managers understand their experiences through narrative (Llewellyn, 1999). Corporate narrative documents are regarded as "narratives", i.e., stories through which organizational realities are constructed (Boje, 1998: 1). Based on insights from the social constructionist movement in various disciplines, including sociology and organization theory, organizational actors are assumed to use corporate narrative documents to engage in "sensemaking" (Weick, 1995). Enactment theory (Weick, 1995) assumes that the organizational environment is constructed from intersubjectively shared beliefs about the environment, including beliefs about organizational audiences' perceptions and assessments of organizations. Thus, discretionary accounting narratives may entail managerial attempts to control meaning by creating a "story" from a particular perspective. The focus of analysis is not on specific discretionary accounting narrative strategies, but on how organizational actors use language to create and sustain a particular version of events.

Thomas (1997) analyzes transitivity structures (active and passive) and thematic structures in the letter to shareholders of a firm over five years during which the firm experienced a decline in profitability. She finds that the firm uses language to "positioning [the] company according to the priorities of those who are in control" (Thomas, 1997: 51). Hyland (1998) focuses on metadiscourse in CEOs' letters to shareholders. Linguistic devices, such as hedges, emphasis, attributors and attitude markers serve to "organize and evaluate [the] information [provided] in order to direct readers how they should understand and appraise the subject matter" (Hyland, 1998: 224). Jameson (2000) investigates narrative devices, such as level of directness, use of narrators, alternative perspectives, and implied reader to present a particular version of events. She differentiates between (i) fabula (the underlying materials of the story, including events, actors, time, and place), (ii) story (the fabula presented in a certain way in terms of sequence, duration, frequency, focus, and point of view), and (iii) text (the realized story, i.e., the finite, structured whole converted into words by a narrator). Thus, by selecting specific materials and specific linguistic devices, organizational actors can "foster a specific 'definition of the situation'" (Fisk & Grove, 1996: 7). Research on discretionary accounting narratives also features in other disciplines such as marketing, politics, and social psychology, which may offer new insights for application in a financial reporting context. Stanton and Stanton (2002) identify marketing, political economy, and accountability as additional perspectives adopted in analyzing annual reports. Huang (2003) points to empirical evidence from marketing and consumer behavior studies regarding firm manipulation of consumer perceptions of risk, as potentially relevant for accounting research.

3. Prior empirical research on accounting narratives

We select some prior research on discretionary accounting narratives as exemplars to illustrate Wiedman's (2000) and Hirst et al.'s (2008) frameworks of accounting narratives antecedents/environment, characteristics/attributes and consequences/impact. In selecting papers, we include a range of topics and approaches. It is impossible to neatly disentangle antecedents/environment, characteristics/attributes and consequences/impact, and some papers exemplify elements of the three components.

3.1 Antecedents

Antecedents include environmental and firm-specific characteristics such as the legal setting and managerial incentives influencing disclosure. Table 1 summarizes some recent studies of discretionary accounting narratives focusing on antecedents to their disclosure. External antecedents include hostile takeover bids (Brennan et al., 2010), the 2008 financial crisis (Keusch et al., 2012), the UK Corporate Bribery Act 2010 (Islam et al., 2021), the legitimacy crisis at Barrack Gold's Tanzanian gold mine in the 1990s, leading to the displacement of the local community (Lauwo et al., 2020) and the unique once-in-a-100-years' COVID-19[1] context (Brennan et al., 2022). We base our internal antecedents' exemplars on managerial retrospective sensemaking (Merkl-Davies et al., 2011), incidents in ten companies' assembly plants affecting employees (Li & Haque, 2019) and a case company's corporate performance (Edgar et al., 2022).

Table 1: Prior accounting research on antecedents to discretionary accounting narratives

Study	Antecedent	Measure	Features of accounting narratives	Influences	Findings
External context					
Brennan et al. (2010)	Hostile takeover bid	Thematic, visual and rhetorical manipulation	Attacking versus defensive themes; Rhetoric: repetition and reinforcement; Lexical devices: verbal form, engagement	Defense against hostile takeover bids	Attacking and defensive sentences comprise the majority of the defense documents analyzed. Sentences exhibited varying visual and rhetorical emphasis, which served to award greater or lesser prominence to the information conveyed by target company management.
Keusch et al. (2012)	Economic crises versus non-crisis contexts	Narratives in European company letters to shareholders	Positive/negative, internal/external attributions/casual explanations/cause-effect relations	Firm size, financial leverage, industry-controlled profitability, financial performance change	Crisis context results in more managerial self-serving bias. Managers use external economic conditions to present themselves in the best possible light.
Islam et al. (2021)	Legal setting: UK Corporate Bribery Act 2010	Disclosures on curbing bribery before/after the Act	(i) Presence/absence of disclosure index (ii) Thematic analysis, four themes: top management/human resource policy, risk assessment, due diligence measures, monitoring	News media coverage Full decoupling (Malignant separation – Non-disclosure, separation) Slight decoupling (Symbolic adoption – Ceremonial, ritualistic, generic. Disclosure present but not substantial) No decoupling (Complete implementation –Substantive, detailed, full disclosure)	The Act prompted significant change in anti-bribery disclosure, consistent with the theory of institutional coercive pressure. The study found decoupling, with disclosures not substantively reflecting incidents of bribery, mostly from underprivileged developing nations.
Lauwo et al. (2020)	How a stigmatized industry/company used CSR reporting	Narratives relating to a crisis at a mine	Stigma mirroring; Strategic responses: Denial, Evasion of responsibility, Excuses, Disassociation,	Not applicable	Documentary content analysis of emerging narratives and discourses exploring manifest (visible components) and latent evidence of underlying meanings in the text
Brennan et al. (2022)	COVID-19 profit warnings: Crisis communication in a context of extreme uncertainty	Disclosure quality score	Forecast characteristics (4); Items disclosed (8)	Forecast horizon, firm size, profitability, leverage, listing status, regulatory guidance, industry, risk	Companies regress to silence when investors most need guidance. The research finds poor-quality disclosure, coy ambiguous language, possibly reflecting minimal regulatory guidance on this form of corporate report.
Internal environment					
Merkl-Davies et al. (2011)	Managerial incentives: Retrospective framing	Positive/negative organizational outcomes	Psychological dimension of word use	Firm size, industry	Negative organizational outcomes prompt managers to engage in retrospective sensemaking to make sense of firm performance.
Li & Haque (2019)	Employee-related incidents in assembly plants	Linguistic hedging in employment-related narratives in corporate responsibility reports	Frequency of hedge words, from a dictionary of hedge words	Not applicable	Hedging is used in employee-related disclosures to manage legitimacy challenges due to employee-related incidents.
Edgar et al. (2022)	Corporate performance	Carillion profit warnings, contemporaneous conference calls, board meeting minutes	Rhetorical properties of accounting narratives	Logos, ethos, pathos	The narratives reveal the board and management initially in denial of the company's performance, followed by defiance, leading to desperation and, ultimately, the company's defeat

3.2 Characteristics/attributes

Characteristics of discretionary accounting narratives include disclosure attributes shown in Figure 1. Table 2 summarizes some recent studies focusing on characteristics of discretionary accounting narratives. Elliott et al. (2012) examine the accounting narrative disclosure format, text-based versus video. Riley et al. (2014) examine accounting narrative disclosure concreteness/abstractness by reference to detailed linguistic characteristics considering verb, adjective and noun usage. Athanasakou and Hussainey (2014) assess forward-looking discretionary accounting narratives from the perspective of their credibility. Finally, Iatridis et al. (2022) consider the readability of annual report discretionary accounting narratives using automated textual analysis.

Table 2: Prior accounting research on characteristics of discretionary accounting narratives

Study	Characteristics	Measure	Features of accounting narratives	Influences	Findings
Elliott et al. (2012)	Text-based press release versus video to announce earnings restatement	Experimental instrument	Internal/external attribution for a restatement	Trust in the CEO, CEO denies/accepts responsibility for the restatement	When a CEO accepts responsibility for a restatement via video/text, investors recommend larger/smaller investments in the firm. When the CEO denies responsibility for a restatement via video/text, investors recommend smaller/larger investments in the firm. Investor trust mediates the effect of disclosure venue and attribution.
Riley et al. (2014)	Linguistic characteristics	Accounting narratives with verbs versus adjectives/nouns	Concretely/abstractly written narratives Descriptive/interpretive action verbs, state verbs Adjectives/nouns Positive/negative valence words	Not applicable	The language in press releases is more concrete/abstract when the associated financial information is positive/negative. Investors are least/most likely to invest when a negative/positive narrative is written concretely.
Athanasakou & Hussainey (2014)	The credibility of forward-looking narrative performance disclosures	Forward-looking narrative performance disclosure index	List of 35 forward-looking keywords	Earnings per share growth, earnings growth, aggregate stock return, earnings	Firms having a reputation for high-quality earnings benefit in terms of higher credibility for their narrative disclosures.
Iatridis et al. (2022).	Narrative disclosure quality	Automated textual analysis of annual report commentaries	Five linguistic measures of annual report narratives	Goodwill impairment charge	The research finds that goodwill impairments of firms with low-quality narrative disclosures are less timely than the impairments of firms with high-quality disclosures. The market response to goodwill impairments is more negative for firms with low disclosure quality.

3.3 Consequences/impact

Table 3 summarizes some recent studies of discretionary accounting narratives focusing on their impacts, including the decision-making of corporate audiences (e.g., shareholders, debtholders, financial analysts, the media, etc.) and feedback effects (e.g., share price movements, cost of debt, cost of capital, liquidity, reputation, legitimacy, etc.). Lehavy et al. (2011) examine the impact of readability of accounting narratives on analyst following. They conclude that more complex written communication impairs audiences' ability to extract information, thereby increasing demand for third-party interpretations by financial analysts. Wisniewski and Yekini (2015) consider the effect of discretionary accounting narratives on share prices, Yekini et al. (2016) consider their effect on future share prices. In a very original study, Lee and Sweeney (2015) examined the effect of discretionary accounting narratives on jury awards concerning environmental issues. Leung and Snell's (2021) study is located in an intriguing context, the gambling industry. Discretionary accounting narratives camouflaged rather than engaged in openness.

Table 3: Prior accounting research on consequences of discretionary accounting narratives

Study	Consequence	Measure	Features of accounting narratives	Influences	Findings
Lehavy et al. (2011)	Analyst following, analyst effort and informativeness of analyst forecasts	Readability as a proxy for complexity		Firm size, growth, number of segments, institutional ownership, previous management forecasts, advertising expense, research & development	Analyst following, analyst effort (length of time for analysts to issue their first forecast revision following the 10-K filing), and the analyst report informativeness are positively related to firm communication complexity.
Wisniewski & Yekini (2015)	Future stock returns	DICTON content analysis of 209 FTSE-350 annual report narratives	Two linguistic variables, activity and realism	Risk, firm size, returns, earnings surprise, change in sales, change in leverage	Two linguistic indicators, capturing 'activity' and 'realism', predict subsequent price increases,
Yekini et al. (2016)	Share price reaction	Tone (Optimism)	Frequency of positive keywords	Firm size, returns, earnings surprise, change in sales, change in leverage	Tone of UK company annual report narratives is related to market reaction around the disclosure date. suggesting that such narratives are conduits for disseminating price-sensitive information
Lee & Sweeney (2015)	Jurors' punitive damage awards	Discretionary environmental accounting narratives on investor relations' websites	Discretionary narrative disclosure on company websites about future plans for environmental abatement and control measures, or no disclosure	Industry, perceptions of trust in firm management, Jurors' political ideology	Jurors assess lower punitive damage awards for firms providing discretionary website accounting disclosure on future environmental abatement and control narratives. Firm industry moderates the negative relation. Jurors' perceptions of trust in management mediate the prior moderating effect. Juror political ideology affects awards. Liberal jurors levy comparatively higher awards than conservative jurors.
Leung & Snell (2021)	Legitimacy (i.e., corporate reputation)	Corporate social disclosure narratives	Curtailing disclosure, zero disclosure, disclamation (health warning to consumers, risk to investors), defensive façade	US firms, Macau firms	Gambling firms camouflage legitimacy gaps about sensitive topics by adopting assertive or defensive façades, disclaiming ethical responsibility, curtailing disclosure, or offering zero disclosure.

4. Future research

Prior research focusing on the characteristics of discretionary accounting narratives is largely based on quantitative content analysis, with some qualitative studies. However, conventional content analysis approaches are limited in their ability to differentiate between the nuances of language and linguistic use. More qualitative content analysis or linguistic approaches might be better suited to uncover the underlying managerial intent, providing valuable insights on managerial motives concerning discretionary disclosure decisions.

Social psychology explains managerial motives to present discretionary narrative disclosures and suggests alternative ways to construct such disclosures. Leary and Kowalski (1990) offer opportunities for application in narrative reporting. They identify three factors motivating discretionary accounting narratives, the primary motivation being to maximize expected rewards and minimize expected punishments, consistent with agency theory explanations focusing on opportunistic managerial behavior. The strength of managerial motivation depends on (i) the goal-relevance of the discretionary narrative disclosures, (ii) the value of the desired outcomes, and (iii) the discrepancy between one's desired and current social image. Individuals are motivated to provide discretionary accounting narratives if relevant to achieving one or several goals – the maximization of social and material outcomes, the maintenance and enhancement of self-esteem, and identity creation.

Since discretionary accounting narratives are publicly available, we can assume that managers are strongly motivated to present information to obtain the various material and social benefits (and possibly to enhance self-esteem and create desired identity). This conjecture could be tested, as not all firms attract the same level of public attention. Managers' social and material benefits depend on the approval of both internal and external audiences, prompting them to present discretionary accounting narratives. Internal boards of directors vary in passivity, and external shareholders and stakeholder groups vary in pro-activity. These variations provide opportunities to research their influence.

The value of the desired outcomes is also a factor in discretionary accounting narratives. The higher the value attached to a particular outcome, the stronger the motivation to present discretionary accounting narratives. The value of desired outcomes is a function of resources. This means that discretionary accounting narratives motivation is higher when resources are scarce. Thus, the frequency and/or length of discretionary accounting should increase during economic downturns and when firms are in heightened competition for funds. These factors provide opportunities for enhanced study of motives behind discretionary accounting narratives. Designing studies where these factors are strongly/weakly manifest should enhance our understanding of the influence of each on discretionary accounting narratives in corporate narratives.

Leary and Kowalski (1990) further state that individuals tend to portray images of themselves that are biased in the direction of their desired self-image. Individuals also strive to ensure that their public image is consistent with their social role. In particular, they try to match their social images to prototypical characteristics fitting their role. In addition, individuals construct images of themselves that match the values and preferences of significant others. In a corporate reporting context, this tendency can be applied to investigate whether firms present discretionary accounting narratives which emulate the target values of important stakeholder groups or interest groups in society regarding issues such as environmentalism, gender and racial equality, or ethical concerns, such as fair trade issues. In this context, and as suggested earlier, adopting a stakeholder theory perspective that focuses on mimetic isomorphism – copying behavior (see DiMaggio & Powell, 1983) of other best-in-class firms, could be fruitful. Finally, Leary and Kowalski (1990) state that discretionary accounting narrative construction also depends on individuals' current and potential image in the future, resulting from future revelations about the individual. Based on information others are likely to receive in the future, this potential image constrains discretionary accounting narratives strategies. Public failures or embarrassments compel individuals to present discretionary accounting narratives to counter or repair their damaged image using excuses, apologies, and self-serving attributions.

Leventis and Weetman (2004) discuss the provision of second-language annual reports. Such reports can offer insights into managers' perceptions of users, which can explain managers' voluntary disclosure and discretionary accounting narrative practices. So and Smith (2002) highlight the importance of matching information presentation style to user characteristics and to the interactions thereof. We also need to understand more about managerial beliefs regarding the effectiveness of various discretionary accounting narrative strategies on users. Although the effects of discretionary accounting narratives and views of user perceptions formation are related, useful additional nuanced insights can be gained by considering them separately. While there has been some research on discretionary accounting narratives to meet/beat analysts' forecasts (Schrand & Walther, 2000; Yuthas et al., 2002) or to shape analysts' expectations of future performance (Davis et al., 2012), analyst-orientated discretionary accounting narratives research is still in its infancy.

Previous discretionary accounting narratives research uses content analysis techniques to investigate whether and how managers use corporate narrative documents for discretionary accounting narrative purposes and what factors might influence this behavior. Due to their agency theory affiliations, most discretionary accounting narrative studies are methodologically rooted in the positivist tradition, and involve large sample sizes, statistical analysis, etc. Since quantitative content analysis requires reducing large amounts of text to quantitative data, it does not provide a complete picture of meaning. By contrast, qualitative content analysis allows a richer investigation that focuses on the deeper meaning of the text. Newbold et al. (2002: 249) note that it "exposes the ideological, latent meaning behind the surface of texts, allowing us to grasp the power relations within them." Since crafting discretionary accounting narratives is a subtle activity, it necessitates methodological approaches that can handle these subtleties. More in-depth investigations based on alternative theoretical explanations and methodological approaches are required. Likely fruitful avenues include case studies and longitudinal analyzes using qualitative content analysis techniques, in the vein of Craig and Amernic (2010) and Crowther et al. (2006).

Recent research expands our somewhat blinkered view of what constitutes discretionary accounting narratives by applying aspects of communication from other disciplines to corporate reporting contexts. Using a structural poetics perspective (theory of reading of texts), Crowther et al. (2006) analyze rhetoric using seven binary opposites (e.g., synchronicity-diachronicity, accounting-non-accounting, past-future, etc.) in the annual reports of ten UK water industry firms. They conclude that "the authors of the script, [i.e.]… the dominant coalition of management who control… the activities of the company whose performance determines the corporate report" use the corporate narrative sections "to control the way in which the corporate story is interpreted" (Crowther et al., 2006: 199).

These studies demonstrate that qualitative content analysis or linguistic approaches may provide a better understanding of how, and under what circumstances, firms use corporate narrative documents for discretionary accounting narratives, for overcoming information asymmetries, or, indeed for other purposes, such as constructing corporate identity, reputation, or legitimacy.

Social context can be influential in financial reporting research. Psychological research suggests that social context can affect people's cognitions (Huguet et al., 1999; Levine et al., 1993). Further study of corporate contexts that require firms to shape the perceptions of specific groups of firm outsiders regarding financial, environmental or social performance would enhance our understanding of discretionary accounting narratives. Previous research has focused almost exclusively on one aspect of discretionary accounting narratives in a corporate context, namely manipulating perceptions of firm performance and prospects. Are discretionary accounting narratives a day-to-day routine occurrence or are they more likely to occur in non-routine or exceptional circumstances? The application of alternative perspectives allows the analysis of the manipulation of outsiders' perceptions of (i) persons such as managers, the CEO, and the chairman, (ii) the organization as a whole, (iii) environmental performance, social performance, ethical performance, (iv) once-off events such as privatization, demutualization, takeovers, mergers or acquisitions, factory closures, etc., and (v) measures of corporate success other than profits. Other disclosure vehicles provide opportunities for research in non-routine contexts, such as prospectuses for new equity offerings, takeover and merger documents (especially defense documents in hostile takeovers); and other disclosures such as on demutualization, factory closures, strikes, etc. Managerial asset pricing incentives and the risk of adverse capital misallocations in non-routine contexts such as initial public offerings, seasoned equity offerings, takeovers and mergers is higher than in more routine reporting contexts. For example, defending against a takeover bid tends to lead to a bid price increase, which is not the case in agreed bids (Brennan, 1999). The persuasiveness of the takeover defense document may influence the outcome of the bid – an increase in bid price or even failure of the bid. Takeovers present an opportunity to research the effects of discretionary accounting narratives where the market reaction might be easier to measure. Research could also test the association between discretionary accounting narratives and takeover premiums.

In addition to studying non-routine corporate events, bankruptcy, CEO change, hostile takeover bids, and other situations of extreme distress may provide further fruitful contexts for study. As discussed earlier, individuals are motivated to present discretionary accounting narratives if they think that others have an image of them which is inconsistent with the image they wish to convey (usually a less positive image than desired). This is especially the case due to public failures or embarrassing incidents. Leary and Kowalski (1990: 39) note that "both failure and embarrassment increase impression motivation". This leads to attempts at repairing the damage by stressing positive attributes and making self-serving attributions for failure, i.e., attributing negative outcomes to external factors in the form of excuses. In a corporate reporting context, incidents involving firm failure or embarrassment, such as negative environmental impacts or customer service problems, lead to a discrepancy between desired and current image and should thus give rise to increased discretionary accounting narratives behavior.

Most prior research is located in Anglo-Saxon countries. Hooghiemstra (2010) finds different behaviors concerning performance attributions between US and Japanese firms. Thus, it cannot be assumed that managerial practices are consistent across cultures. Additional international studies could also add insights to our understanding of management disclosure practices and choices.

Since image management tends to be more pronounced in individuals employed in highly visible occupations (Leary & Kowalski, 1990), managers of large, well-known firms might be more likely to present discretionary accounting narratives than those in small, less-known, less visible firms. Examples of visible firms are high street stores producing or selling consumer goods or firms in the public spotlight due to scandals, legal proceedings, record profits or losses, etc. This is consistent with the monitoring and political cost hypotheses which state that firms in the public eye experience greater pressure by institutional shareholders, the press, the government, and other audiences to provide voluntary information to allow monitoring and to reduce political costs in the form of increased regulation. Are discretionary accounting narratives a pro-active, future-orientated or a re-active, retrospective-looking strategy? Aerts (2005: 497) differentiates between re-active and pro-active discretionary accounting narratives. Pro-active discretionary accounting narratives entails "a proactive focus on the rationality of future events in a calculative mode". By contrast, reactive discretionary accounting narratives involves retrospective sensemaking and rationality which refers to "a process of ex post explanations or restatements of organizational outcomes and events in order to sustain or restore the image of rationality of the actor". Most studies examining discretionary accounting narratives in the context of financial performance adopt a pro-active focus. In contrast, most studies in the context of environmental and social performance adopt a re-active focus. However, reverse approaches might provide interesting insights into how firms try to influence and control their public image, reputation, and legitimacy with both shareholders and stakeholders.

5. Conclusion

Discretionary accounting narratives are an important and growing area of research, attracting increasing regulatory attention, for example, in relation to companies' environmental, social and governance (ESG) reporting (Klasa, 2022). Wiedman's (2000) framework provides a useful and relatively under-used lens to view research on discretionary accounting narratives. Our paper has applied this framework to review a selection of recent research, thereby illustrating the framework's potential application in research. The paper concludes with suggestions for future research. Discretionary accounting narratives are multi-faceted and complex. Given the important role large organizations, particularly listed companies, play in society as employers, providers of goods and services, and investment vehicles, understanding their use of discretionary accounting disclosures is vital. Their multi-faceted nature gives rise to diverse audiences with often competing interests and diverse views on the purpose of discretionary accounting disclosures, which ultimately provide the basis for the debate on how to distribute the wealth generated by firms amongst managers, shareholders, stakeholders, and society. Therefore, it is not surprising that evidence suggests that discretionary accounting disclosure is often strategic, with companies trying to balance disclosure and transparency with concealment and obfuscation.

Endnotes

[1] The acronym COVID-19 stands for COrona VIrus Disease 2019. Corona virus is so called because of its appearance under microscope as a halo or crown. Following an outbreak in Wuhan China in December 2019, COVID-19 led to the first worldwide pandemic in over one hundred years.

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Kaufman, M., & Covaleski, M. A. (2019). Budget formality and informality as a tool for organizing and governance amidst divergent institutional logic. *Accounting, Organizations and Society*, 75, 40–58. https://doi.org/10.1016/j.aos.2018.10.003

For books

Clegg, S. R., Pitelis, C., Schweitzer, J., & Whittle, A. (2019). *Strategy: Theory and practice* (3rd edition). Sage.

Yin, R. (2018). *Case Study Research and Applications: Design and Methods* (6th edition). Sage.

For book chapters

Cornforth, C., & Spear, R. (2010). The governance of hybrid organizations. In D. Billis (Ed.), *Hybrid organizations and the third sector – Challenges for practice* (pp. 70-89). Palgrave Macmillan.

Glynn, M. A. (2017). Theorizing the identity – Institution relationship: Considering identity as antecedent to, consequence of, and mechanism for, processes of institutional change. In R. Greenwood, C. Oliver, T. B. Lawrence, & R. E. Meyer (Eds.), *The Sage handbook of organizational institutionalism* (2nd Edition, pp. 243-258). Sage.

For newspaper articles

Carey, B. (2019, March 22). Can we get better at forgetting? The New York Times. https://www.nytimes.com/2019/03/22/health/memory-forgetting-psychology.html

Official Reports

European Commission (2021). Sustainable development.https://ec.europa.eu/environment/eussd/.

Securities and Exchange Commission (SEC) (2008). SEC charges Siemens AG for engaging in worldwide bribery. U.S. Securities and Exchange Commission. https://www.sec.gov/news/press/2008/2008-294.htm

Authored Reports

Baral, P., Larsen, M., & Archer, M. (2019). Does money grow on trees? Restoration financing in Southeast Asia. Atlantic Council. https://www.atlanticcouncil.org/in-depth-research-reports/report/does-money-grow-on-trees-restoring-financing-in-southeast-asia/

Dyreng, S., Jacob, M., Jiang, X., & Müller, M. A. (2019). Tax incidence and tax avoidance. Working Paper.https://ssrn.com/abstract = 3070239

Unpublished doctoral (or master) dissertations

Major, M. (2002). The Impact of the Liberalisation of the Portuguese Telecommunications Industry upon Marconi's Management Accounting System: Activity-Based Costing and New Institutional Theory [Unpublished doctoral dissertation]. University of Manchester.

Conference presentations

Li, Z., & Mitrou, E. (2021, May 26-28). Influence of environmental, social and governance (ESG) disclosure on corporate pension investment strategies: A cross-country study [Conference presentation]. The EAA 2021 Virtual Annual Congress. https://eaa2021.virtual.eaacongress.org/r/home

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