

## **ACCOUNTING 721: PROFESSIONS, REGULATION AND GOVERNANCE.**

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Winter 2005. Fridays, 9-12, in Humanities Centre, HC 2 19.

### **INTRODUCTION**

This course provides an in depth coverage of selected topics in management and interdisciplinary accounting. The precise coverage will depend on the interests of the participants, but the intention will be to discuss the conduct of research in a variety of areas. That is, I will not offer a comprehensive overview, but instead concentrate on the process of formulating, researching and communicating ideas in areas that interest the participants. The course assumes some basic understanding of management and accounting research (the sort of thing you might have covered in MBA courses or general introductions to accounting research) but the course is not technical in the sense of requiring a knowledge of accounting techniques. The focus is much more on the power of accounting information and the profession-how both impact the regulation or governance of organizations and society in multiple ways.

I do not have a fixed view of the precise content of the course, preferring to incorporate the needs and views of course participants. However, I require the course evaluation to be based on the development of a theoretically informed, empirically oriented, research proposal and paper.

### **READINGS**

I like to think of this course as a readings group, where we collectively work through a series of themes. There is no course texts, but for each area we cover, we will introduce some of the classic articles and studies, as well as some of the more recent developments and controversies. Many of the articles are in Accounting, Auditing and Accountability Journal (AAAJ), Accounting, Organizations and Society, (AOS), or Critical Perspectives on Accounting (CPA). I will produce a readings package, which you can purchase (at cost).

### **APPROACH**

I will make some preliminary remarks (an overview lecture and summary) at the start of each session, but my expectation is that we will all read all of the readings for the week. I will structure the discussion somewhat, but participants will be encouraged to bring their own experiences and knowledge to the discussion. In the interests of provoking debate and reflection, I may adopt positions contrary to those expressed by others. You will have to decide my, as well as your own, position.

Depending on student choices regarding evaluation (see below), the rest of the seminar will be a combination of student presentations of their selected 'in class' contribution, and a general discussion of the readings.

### **EVALUATION**

You will be evaluated on the basis of your ability to integrate, analyze and communicate the

meaning and implications of the literature, both orally and in writing. Specific grading components will include:

1. In-class component — presentation of articles 50%
2. Research paper — preparation of a research paper 50%

### *In-Class Component*

Students will select five 'in class' contributions over the course of the semester- typically a review of one or more of the readings. Each 'in class' contribution will involve a brief presentation (to take about 10 minutes) of one of the core readings, which should include its purpose, the method, the findings, your assessment of its strengths and weaknesses. You should also address what you consider to be the implications of the article. You should distribute your summary as a one page note to all members of the class at the start of the relevant class, and provide an electronic copy for me.

### *Research Paper*

Like many of the published papers discussed in class, term papers will specify a research question and then confront the question with data. Since the research process can be extremely difficult and time-consuming, I will judge such papers primarily on the identification of a research question, the diligence of the work, the integrity of the analysis and the quality of the exposition. You should indicate how you would collect and analyse the data. Term papers should not exceed 30 pages (1.5 line spaces) and should follow a consistent referencing style of your choice.

You may select any topic that interests you that has been addressed in the course (whether presented by Cooper or Gendron). You may want to wait several weeks to select a topic, until you have been exposed to some published papers. Some guidelines:

1. Please discuss your topic with me before you invest too much time so that you don't get off on the wrong foot. I recommend you provide a one page proposal summarizing your plans which we can then talk about.
2. Try to narrow your topic and focus on something specific. If your topic is too broad, you will have difficulty doing it justice.
3. If you have trouble arriving at a specific topic, please see me as soon as you can. We can spend some time narrowing your interests down to a "manageable" paper.
4. The paper is worth 50 percent of your grade. Thus, it is worthy of a substantial effort on your part.

Our expectation is that the research paper, after some revision, will be of sufficient quality to submit to an international conference in your area of specialization.

The research paper is due within one month of the final class in the course, and no later than 13 May 2005. It is to be submitted electronically as I will be in Oxford at that time.

The grade assignment will be based upon the Faculty of Graduate Studies grading scale

## **PROVISIONAL OUTLINE**

**Topic 1 (14 and 21 Jan 2005):** Professions, professionalization and commercialization. Inter- and intra- professional competition: professional knowledge and legitimacy.

### **Core Readings:**

- Johnson (1972, chapters 1-3)
- Cooper and Willmott (2004)
- Abbott (1988) pp 1-34 and 115-211
- Hanlon (1994, chapters 1, 3, 4 and 5, with commentaries by Dezalay and Willmott and Sikka:  
Y. Dezalay, "Accountants As "New Guard Dogs" Of Capitalism" AOS, 1997 Vol.22, Pages 825-829; [URL](#).  
H. Willmott and P.Sikka, "On the commercialization of accountancy thesis" AOS,1997 Volume 22, Issue 8, November 1997, Pages 831-842; [URL](#)

### **Supporting readings:**

- Cooper, Brown, Greenwood and Hinings "Sedimentation and transformation in organizational change" Org Studies, 1996 pp 623-647;
- P. Armstrong, "The rise of accounting controls in British capitalist enterprises " AOS. 1987 Volume 12, Issue 5, Pages 415-436; [URL](#)
- A.Loft, "Towards a critical understanding of accounting" AOS, 1986, Volume 11, Issue 2, Pages 137-169; [URL](#)
- M. Covalleski, M. Dirsmith and L. Rittenberg, "Jurisdictional disputes over professional work: the institutionalization of the global knowledge expert" AOS 2003, Vol 28 Pages 323-355 [URL](#)
- S. Walker, "The genesis of professional organisation in English accountancy" AOS February 2004, Volume 29, Issue 2, Pages 127-156; [URL](#)
- L. Kurunmäki, "A hybrid profession—the acquisition of management accounting expertise by medical professionals" AOS 2004, Volume 29, Issues 3-4, Pages 327-347; [URL](#)
- P. Sikka and H. Willmott, "The power of "independence": defending and extending the jurisdiction of accounting in the United Kingdom" AOS August 1995, Volume 20, Issue 6, Pages 547-581 [URL](#)

**Topic 2 (28 Jan, 2005):** Professional firms and professional socialization- conduct and identity. Constructing the professional.

Gendron will be responsible for this session

### **Core Readings:**

- F. Andersen Gough, C. Grey and K. Robson (2001). "Tests of time" AOS
- T. Fogarty, "Organizational socialization in accounting firms" AOS February 1992, Volume 17, Issue 2, Pages 129-149; [URL](#)
- Y. Gendron, "On the role of the organization in auditors' client-acceptance decisions" AOS October 2002, Volume 27, Issue 7, Pages 659-684; [URL](#)
- (if you haven't already read this for ACCTG 701) M. Dirsmith, M. Covalleski and S. Samuel, "The calculated and the avowed" ASQ,1998, pp 293-327.

### Supporting readings:

- C. Grey, "On being a professional in a "Big Six" firm" AOS July-August 1998, Volume 23, Issues 5-6, Pages 569-587; [URL](#)
- F. Andersen Gough, C. Grey and K. Robson "Accounting professionals and the accounting profession" 2002 ABR Vol 30 pp 41-56
- F. Andersen Gough, C. Grey and K. Robson, "Helping them to forget" AOS 2005
- D. Cooper, R. Greenwood, B. Hinings, "Globalization and nationalism in a multinational accounting firm" AOS July-August 1998, Volume 23, Issues 5-6, Pages 531-548; [URL](#)
- M. W. Dirsmith, J. B. Heian, Mark A. Covalleski, "Structure and agency in an institutionalized setting AOS January 1997, Volume 22, Issue 1, Pages 1-27; [URL](#)

**Topic 3 (Feb 4 and 11, 2005):** Professional regulation and standard setting. Accounting and the state. Professions and imperialism.

### Core Readings:

- Cooper and Robson (2004)
- A. G. Puxty; "Modes of regulation in advanced capitalism" AOS 1987, Volume 12, Issue 3, Pages 273-291; [URL](#).
- K. Robson, H. Willmott, D. J. Cooper, and T. Puxty, The Ideology of professional regulation and the markets for accounting labour AOS, Volume 19, Issue 6, August 1994, Pages 527-553 [URL](#)
- Burchell, S., Hopwood, A.G., and Clubb, C. 1985. Accounting in its social context: Towards a History of Value Added in the United Kingdom, *Accounting, Organizations and Society*, 1985, V.10, N.4, pp. 381-413.
- W.Chua and C. Poullaos, "The Empire Strikes Back? An exploration of centre–periphery interaction between the ICAEW and accounting associations in the self-governing colonies of Australia, Canada and South Africa, 1880–1907" AOS May-July 2002, Volume 27, Issues 4-5, Pages 409-445, [URL](#)
- P. Arnold and P. Sikka, "Globalization and the state–profession relationship" AOS August 2001, Volume 26, Issue 6, Pages 475-499; [URL](#)
- M. Annette, "The colour of accountancy: examining the salience of race in a professionalisation project" AOS (2003) volume 28 issue 7-8 Pages 639-674, [URL](#).
- C. V. Caramanis, "The interplay between professional groups, the state and supranational agents" AOS 2002, Volume 27, Issues 4-5, Pages 379-408, [URL](#)

### Supporting readings:

- A.J. Richardson, "Corporatism and intraprofessional hegemony" AOS 1989, Volume 14, Issues 5-6, Pages 415-431; [URL](#)
- A. M Tinker, "Theories of the state and the state of accounting: Economic reductionism and political voluntarism in accounting regulation theory" JAPP Volume 3, Issue 1, Spring 1984, Pages 55-74 [URL](#)
- Radcliffe, V., Cooper, D. J., and K. Robson, AOS 1994.
- B. Merino and M. Neimark, "Disclosure regulation and public policy a sociohistorical reappraisal" JAPP, 1982, volume 1, Pages 33-57, [URL](#)
- P. Miller, "On the interrelations between accounting and the state" AOS, Volume 15, Issue 4, 1990, Pages 315-338, [URL](#)
- R. Greenwood, R. Suddaby and R. Hinings, "Theorizing change: the role of professional associations in the transformation of institutionalized fields" AMJ Feb 2002, Vol. 45 Issue

- 1, p58, 23p, [URL](#)
- Suddaby, Cooper and Greenwood (2004);
- Arnold, "Disciplining domestic regulation" AOS, 2005 forthcoming;
- J. Young, "Outlining regulatory space" AOS January 1994, Volume 19, Issue 1, Pages 83-109, [URL](#)
- K. Robson, "Accounting Policy Making and "Interests": Accounting for Research and Development" CPA 1993 volume 4 issue 1, Pages 1-27, [URL](#)
- Hammond, T., and Streeter, From complete exclusion to minimal inclusion, AOS (1997)
- M. Anisette, "Imperialism and the professions: the education and certification of accountants in Trinidad and Tobago" AOS (October 1999) volume 25 issue 7: 631-659 [URL](#)
- A. J. Briloff, "Accountancy and society a covenant desecrated" CPA, Volume 1, Issue 1, March 1990, Pages 5-30
- N. B. Macintosh and T. Shearer, "The accounting profession today: A poststructuralist critique" CPA Volume 11, Issue 5, October 2000, Pages 607-626, [URL](#)

**Topic 4 (18 Feb, 4 and 11 March, 2005):** Managers as capitalists, technocrats or professionals? The managerial 'revolution' and motivation. Agency theory and governmentality as responses. Regulation and governance: theoretical orientations.

#### Core Readings:

- Start with Bell (1988) pp. 409-447 and Nichols (1969), pp 188-246;
- Foucault, M., "Governmentality", (in Burchell et al, 1991);
- N. Rose and P. Miller, "Political power beyond the State: Problematics of government" British Journal of Sociology, Jun 92, Vol. 43 Issue 2, p173, 33p, [URL](#)
- E. Engelen "Corporate governance, property and democracy" Economy and Society, Aug 2002, Vol. 31 Issue 3, p391
- Jessop "Regulation theories in retrospect and prospect" Economy and Society, 1990 Vol 19 number 2;
- M. Martinez and R. MacKenzie "'Unstable boundaries?' Evaluating the 'new regulation' within employment relations". Economy & Society, Feb 2004, Vol. 33 Issue 1, p77, 21p

#### Supporting readings:

- Hood et al chapters 1 & 3 (1999);
- M. C. Jensen and W. H. Meckling, "Theory of the firm: Managerial behavior, agency costs and ownership structure" Journal of Financial Economics, Volume 3, Issue 4, October 1976, Pages 305-360 [URL](#). (This has had an enormous impact on management and agency theory, and is worth reading, even if you shouldn't need to worry about the details)
- Nichols (1970) pages 11-15, 61- 70; 134-156, 159-172;
- Bell (1988) pp 75-94; 227-272.
- Jessop, 2002 (chapter 7);
- Rose pp 1-60, (1999);
- March and Olsen (1989);
- J. D Westphal. "Collaboration in the boardroom: Behavioral and performance consequences of CEO-board social ties" AMJ Feb 1999. Vol. 42, Iss. 1; p. 7, [URL](#)

**Topic 5 (18 and 25 March, 2005):** Mechanisms of corporate governance: Auditors, Boards and management mechanisms

Gendron will be responsible for these 2 sessions:

Class 1: Conventional corporate governance studies

- Carcello, J. V., and T. L. Neal. 2003. Audit committee characteristics and auditor dismissals following “new” going-concern reports. *The Accounting Review* 78 (1): 95-117.
- DeZoort, F. T., and S. Salterio. 2001. The effects of corporate governance experience and financial-reporting and audit knowledge on audit committee members’ judgments. *Auditing: A Journal of Practice & Theory* 20 (2): 31-47.
- Frankel, R. M., M. F. Johnson, and K. K. Nelson. 2002. The relation between auditors’ fees for nonaudit services and earnings management. *The Accounting Review* 77 (Supplement): 71-105.

Class 2: Interdisciplinary studies on corporate governance

- Gendron, Y., and J. Bédard. 2004. Confidence, hope and anxiety in the constitution of audit committee effectiveness. Working paper, University of Alberta.
- Golden-Biddle, K., and H. Rao. 1997. Breaches in the boardroom: Organizational identity and conflicts of commitment in a nonprofit organization. *Organization Science*, 8 (6): 593-611.
- Jackson, N., and P. Carter. 1995. Organizational chiaroscuro: Throwing light on the concept of corporate governance. *Human Relations* 48 (8): 875-889.

**Topic 6 (1 and 8 April, 2005):** Governance and Quantification. Managing by numbers, scientism and the quest for objectivity in governing organizations.

**Core Readings:**

- Porter, chapters 1-3, 5 and 7 (1996) .
- N. Rose, “Governing by numbers: Figuring out democracy” AOS Volume 16, Issue 7, 1991, Pages 673-692 [URL](#) (AOS, 1991) or (for an extended version) Rose, (1999) pp 197-232;
- M. Power, “ After calculation? Reflection on critique of economic reason by André Gorz ” AOS Volume 17, Issue 5, July 1992, Pages 477-499 [URL](#);
- Townley, B. (1995), Managing By Numbers: Accounting, Personnel Management and the Creation of a Mathesis, *Critical Perspectives on Accounting*, V.6. N.6, pp. 555-575.
- M.Ezzamel, Hoskin, K., and Macve, R., “ Managing it All By Numbers” ABR,1990 Vol 20, No 78, pp 153-166;

**Supporting readings:**

- W. Chua, “Teaching and learning only the language of numbers—monolingualism in a multilingual world” CPA, Volume 7, Issue 1, February 1996, Pages 129-156.
- M. Ezzamel , H. Willmott and F. Worthington, “Accounting representation and the road to commercial salvation” AOS, Volume 29, 2004, Pages 783- 813.
- D. Knights and D. Collinson, “Disciplining the shopfloor: A comparison of the disciplinary effects of managerial psychology and financial accounting, *Accounting, Organizations*

- and Society*, 1987, 12.(5) pp. 457-477.
- **Preston, A. and Oakes, L. (2001), *The Navajo documents: a study of the economic representation and construction of the Navajo*, *Accounting, Organizations and Society*, V.26, N. 1, pp 37-71**
  - **Robson, K. (1992), *Accounting numbers as "inscription": Action at a distance and the development of accounting*, *Accounting, Organizations and Society*, V.17, N. 7, pp. 685-708.**

## FULL REFERENCES OF BOOKS

- Abbott, A. (1988) *The system of professions*. University of Chicago Press.
- Anderson- Gough, F., C. Grey and K. Robson, (1998) *Making up accountants*. Ashgate.
- Bell, D. (1988, originally, 1960) *The End of Ideology*. Harvard University Press.
- Hanlon, G. (1994) *The commercialization of accountancy*. Macmillan.
- Hood, C., C. Scott, O. James, G. Jones and T. Travers (1999) *Regulation inside government: waste- watchers, quality police and sleaze busters*. Oxford University Press.
- Hopwood, A.G., and Miller, P. (1996) *Accounting as social and institutional practice*. Cambridge University Press.
- Jessop, B (2002) *The future of the capitalist state*. Polity.
- March, J.G., & Olsen, J. (1989). *Rediscovering Institutions: the organizational basis of politics*. New York: Free Press.
- Nichols, T., (1969) *Ownership, control and ideology*. George Allen and Unwin.
- Porter, T. (1996) *Trust in numbers*. Princeton University Press.
- Rose, N. (1999) *Powers of freedom*. Polity.