Critical Theory And Accounting Research: A Critical Review

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Abstract
This paper is concerned with providing a literature review regarding the use of critical theory in accounting research. In Indonesian context, critical theory has not commonly used to study accounting issues. The fact that both accounting practice and accounting education continue to be undermined by a single prevailing worldview coming from Anglo-American capitalism promoting maximizing shareholder value. The paper argued that given the underlying context of accounting, critical theory is so important to be adopted in order to be able to challenge the prevailing dominant paradigm and at the same time providing alternative perspective. The alternative could be even developed according to indigenous cultural and ethical values. More importantly, critical theory is about providing liberation and emancipation including in the area of accounting.

Key words: critical theory, accounting research, liberation, emancipation,

Introduction
It cannot be denied that inequalities still exist in societies including in area of accounting. For example, accounting education has continuously become a contested arena, whereby many different parties attempt to promote their interests and viewpoints. Accounting education has become a terrain of socialisation of ideological values coming from Anglo-American capitalism, in which the main objective of business is introduced to promote maximisation shareholder value (MSV) discourse. However, 'many accounting academics seem to accept this, unquestioningly, as a natural and self-evident ideology. Nonetheless, the most crucial fact is that accounting students are greatly indoctrinated with that only ideological perspective. They are not provided with alternative ways of exercising critical abilities that can be used to challenge the power asymmetries underpin the dominant perspective existing within accounting education that they encounter (Fergusson et al., 2011). This means accounting students are trained to accept and not to speculate the status quo. Consequently, accounting education produce accountants who will only judge a favourable business performance solely based on profit maximisation.

Regarding accounting practice, Cooper (1995) has argued that 'accounting, with its roots in the economic, made it a perfect tool for use by the new right in presenting certain understandings of the world and in closing off alternative understandings' (p.117). Therefore, it is reasonable to take an analytic position that engages with accounting as a technology that has been occupied by capitalist ideology. Indeed, the birth of double-entry bookkeeping has been considered as a significant milestone in the development of capitalism. In this regards, the main concern of critical theory is to problematize the worldview underpinning accounting. Therefore, the purpose of this paper is to discuss the importance of critical theory in accounting research. In particular, this paper attempts to discuss critical theory and its connection to accounting research in Indonesian context. The following section addresses critical theory by elaborating how was it emerged? And how it is understood in literature? This is then followed by the discussion on how critical theory has informed accounting research and the justification for using critical theory in accounting research. The penultimate section draws the conclusion.

Literature Review
The enlightenment era in Europe started at the end of the eighteenth century when the societies began to believe that religions and traditions as a foundation of social life should be replaced with priority of science and reason (Kincheloe & McLaren, 2011). At that point, critical theory started to emerge and it is usually referred to Institute of Social Research at the University of Frankfurt where the early ideas or the first generation of critical theories were developed (Kincheloe & McLaren, 2011; Laughlin, 1995). Marxist Carl Grunberg, an Austrian Professor of political economy, was the director of the Institute of Social Research when it was established in 1923, the period between World War I and World War II.
Actually, the main reason for establishing the Institute was to protect the elimination of left-wing ideas as the left-wing leaders including Karl Liebknecht and Rosa Luxemburg were murdered in 1919 (Held, 2003). In its beginning, Kant’s, Hegel’s, Weber’s and Marx’s philosophies and social thoughts, based at the Frankfurt school, became the basis of critical theory (Kinchoele & McLaren, 2011).

However, according to Hoque (2006) it was due to Horkheimer, from 1923 critical theory began to grow. It was when Max Horkheimer led the Institute of Social Research in 1930, critical theory was officially formed. At that time the figures, such as Theodor Adorno and Harbert Marcuse were also based in Frankfurt School. They were known as the first generation of Frankfurt school of critical theorist (Held, 1980). Nonetheless, after a decade of establishment of Frankfurt school, those critical theorists had to leave Germany because the Jewish membership was in danger as the Nazis took control the country (Kinchoele & McLaren, 2011). They went to America and settled themselves in California where they were shocked by American culture. However, they were challenged to respond on the empirical practices of American social science researchers. In 1953, Horkheimer and Adorno returned back to Germany and again built the Institute of Social Research, whilst Herbert Marcuse kept living in the United States, trying to gain the recipients for his work in social theory (Kinchoele and McLaren, 2011). Critical theory is then continually developed, so that, figure, such as Jurgen Habermas and Axel Honneth and Seyla Benhabib appeared to be the most influential and well known critical theorist (Kinchoele & McLaren, 2011).

Critical theory is built on philosophy of Marxism trying to enlighten people’s behavior of receiving the world as normal, which is actually full of inequalities and systemic exploitation of minority by majority (Kinchoele & McLaren, 1997; Hoque, 2006). According to Kamla (2005) critical theory stresses on the significance of questioning and challenging. Nowlan (2001, p.2) explains that ‘seeming obviousness, naturalness, immediacy, and simplicity of the world around us, and in particular, of what we are able to perceive through our senses and understand through the application of our powers of reason’. For Alvesson and Willmott (1996, p.13) ‘the intent of critical theory is to challenge the legitimacy and counter the development of oppressive institutions and practices’. Likewise, Laughlin (1987, p.482) ‘critical theory is a vehicle through which understanding about reality can be achieved and transformation of concrete institutions occurs’. In the same fashion, Chua (2004, p.259) explained that ‘a critical theory, then, is a reflective theory which gives agents a kind of knowledge inherently productive of enlightenment and emancipation’.

It seems difficult to answer question what exactly critical theory is due to (a) there are many critical theories, not just one; (b) the critical tradition is always changing and evolving; and (c) critical theory attempts to avoid too much specificity, as there is room for disagreement among critical theorists (Kinchoele and McLaren, 2011). However, according to those critical theorists mentioned in the previous paragraph, the role of intellectual within critical theory is to provide social imaginary by using powers of reasons. The legitimacy of status quo should be challenged in order to create radical change, enlightenment and emancipation, and to free people from oppression, domination and exploitation. Nonetheless, there is no guarantee of change to society and its institutions. It is through exploiting repression, unfairness, asymmetrical power relations, and by opposing and challenging the status quo, critical theory creates possibility for dynamic transformation and development of marginalized people. Actually, the distinctive characteristic of critical theory is its inability to create transformation, although the transformation is flexible and not static, because the transformation process should be aligned with the social circumstances, perspective, and the nature of the problem (Kinchoele and McLaren, 2011; Kamla et al., 2012).

However, instead of being a specific theory, critical theory is considered as a broad framework used for an intellectual movement through which social justice and social change can be pursued and emancipated (Kinchoele & McLaren, 1997). The theory tries to elaborate the present generative issues and identify the real themes with the purpose to modify, emancipate and empower it. In this context, critical point of view is employed in order to obtain practical goals for social changes, emancipations and empowerments (Hoque, 2006). It proposes a variety of perspectives drawing from multi disciplines and cultures to offer a focus on study that eliminates obstacles generated by established academic disciplines (Falconer, 2004). Therefore, it is contended that a critical social theory project needs a group, supra-disciplinary synthesis of philosophy, the science and politics that aims for radical social-political changes and transformation (Kellner, 1989). In this sense, critical theory is absolutely vital to be employed in educational, business and accounting studies, art, philosophy, or literature (Burrell and Morgan, 1979).
It is clear that critical theory is a methodological tool that can be employed to discover and understand the reality and to mediate ideas and reality. Moreover, it is a way to scrutinize the current practice and institution by questioning the claim of authorities (Falconer, 2004; Houque, 2006). This means that the status quo of domination of particular ideology in certain circumstances or the global world order could be challenged and criticized by employing critical theory. It has ability to criticize ideological frames that used to make sense of the world (Gallhofer & Haslam, 2003; Kamla, 2012). In general, critical theorist have (a) advocated research that empirically investigate expressions of dominating systems of thoughts in particular communicative situations rather than explain outcomes; (b) refrained from directive statements regarding what people should do (revolt, liberate) but while emphasizing the problematization of dominating belief and values; (c) recognized pluralistic qualities, while still insisting that there are strong asymmetries between various interests and perspective; (d) treated ideology as dominating without seeing them as a simple instrument or in the interest of elite group (Gallhofer & Haslam, 2003). However, it is important to note that in order to achieve its goals, gaining positive transformation, emancipation and enlightenment, critical theory must not only stress on negatives and failures, but it also needs to evaluate all situations with their strengths and weaknesses.

**Research Method**

This paper is based on reviewing the literature including books and journal articles. This process was conducted through searching the relevant literature with the help of google scholar. There were many books and journal articles discussing critical theory in its own and its connection with accounting issues. For the purpose of this paper, the two sources of literature were extensively used in order to form a complete picture of critical theory and its relation to accounting. However, there were no relevant sources specifically discussing accounting issues with critical theory as the theoretical framework in Indonesian context. Therefore, this paper is greatly beneficial for engaging accounting issues and critical theory in Indonesian circumstances.

**Results and Discussion**

As explained in previous section that critical theory is able to empower, enlighten and emancipate societies from their particular oppressive circumstances (Dillard, 1991). This is why critical theory is important to be employed in accounting research because the status quo of accounting is problematic. The current accounting features are unable to solve the social problem caused by business activities and, more importantly, it should not be expected to unravel social problem by itself (Boyce, 2000). Therefore, critical theory has become more influential in accounting research in the last two decades (Gallhofer and Haslam, 2003; Hoque, 2006). For example, Baker and Bettner (1997) stated that it is absolutely essential that accounting research adopts a critical perspective, because, in so doing, there will be potential for accounting emancipation attempting to distance accounting practice and disclosure from being repressive (see also Gallhofer and Haslam, 2003) . Regarding change and emancipation through critical theory, Laughlin (1995) explained that everything is basically required for change because there is nothing satisfactory that should be maintained, but that something may need for change while others need to be continued. In addition, Gallhofer and Haslam (2003) elucidated what does it mean by emancipatory vision of accounting.

'A vision of accounting as an emancipatory force is consistent with seeing accounting as a communicative social practice that functions as a system of informing that renders transparent and enlightens with the effect of social betterment. It is a vision in which a progressive community comes to control accounting rather than be controlled by it, a reflection of a proper accountability' (p.7).

Notwithstanding, accounting has been generally accepted to be mostly in the form of number, double entry and budget, so it just looks something technical (Morgan, 1988). Conventional accounting function, bound within limited requirements of the entity and boundaries, has been in huge critics (Tinker, 1985). In fact, accounting affects broad stakeholders, people's attitudes, ways of thinking, and behaviour. Therefore, accounting should be viewed comprehensively because it not only relates to financial matters but also social issues and problems. Gallhofer and Haslam (2003, p.6) contend that:

'Accounting has been theorised critically, interpretively, and contextually as a social practice that is problematically constituted and has problematic consequences.'

Moreover, Laughlin and Lowe (1990, p.7) deemed that accounting is:

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a formal system with structural and behavioural characteristic whose terms are expressed in fundamentally financial form, whose meaning is derived from the organisation of which it is an integral part.’

This means accounting is not restricted within economic focus concerning on making shareholders wealth. Thus, it is argued that these accounting views are not narrow but comprehensive. It is important to note that this rises in critical accounting thoughts.

All in all, discussing critical theory is all about resistance to capitalism, this is also a particular aim of using critical theory in accounting. If it is not rejected that the domination of capitalist power is manifestation of capitalist countries, so accounting, which is viewed no more than just a technical and context free activity, is a technology of capitalism determined by capitalistic power and advocated by professional ideology (Braverman, 1974; Lehman and Tinker 1987). In many ways the global world today strengthening capitalism with its free market ideology is basically the roots of critical research (Kincheloe and McLaren, 2011). Therefore, critical accounting research is empowered in order to oppose this assumption which is based on capitalist system. Inimically, the capitalist system also constructs accounting to be around the privileged in the social order. As highlighted by Gray et al. (1996, p.63):

‘...the very way in which society is ordered, the distribution of wealth, the power of corporations, the language of economics and business and so on, are so fundamentally flawed that nothing less than radical structural change has any hope of emancipating human and non-human life.
The social, economic and political systems are seen as being fundamentally inimical’.

It can be concluded that the fundamental purpose of using critical theory in accounting research is to achieve liberation/emancipation, meaning the intention is to promote changes of conventional accounting to a new accounting (see Boyce, 2000; Gallhofer and Haslam, 2003; Gray, 2002; O’Dwyer, 2002). Catchpowle et al. (2004) elucidated that the thing that distinguish critical theory in any context of social analysis is to reveal the alienation, domination and exploitation of human practices, cultures and relations. In particular, critical theory is concerned with power operated to dominate and build the consciousness in which accounting is a political technology of capitalism that promotes shareholder primacy. Collison et al (2011) stated that the shareholder superiority of Anglo-American capitalism is indeed the real character of Anglo-American accounting tradition that focuses decision important information for investors (Collison et al., 2011). Therefore, accounting is basically pushed in order to preserve and enhance the capitalist’s control over the means of production (Dillar, 1991). However, critical theorists have noted that power topic is extremely complicated and ambiguous required comprehensive and detailed study and analysis (Kincheloe and McLaren, 2011).

Accounting education is an area that is significantly relevant for using critical theory. It is expected that by using critical theory, the status quo in accounting education will be challenged for liberation and emancipation and thereby produce alternative thoughts and outcomes. More importantly, accounting education is in the process of reform concerning on the perceived insufficiency in relation to its narrow boundaries, functionalist dominance of the discipline (Johns, 1996; Nelson, 1995). Moreover, one of the present concerns in accounting education is the tendency to inculcate students with a particular worldview, Anglo-American capitalism promoting Maximizing Shareholder Value (Collison et al., 2011; Ferguson et al., 2011). Thus, through critical theory, there will be potentiality to challenge and oppose the dominant and ruling power imposing particular ideology in accounting education. However, it is argued that the hegemony position is still unclear showing by significant unevenness and ambiguity. Additionally, Boyce (2000) contend that although this position is ideologically, materially and culturally supported and even backed up by the state power and multilateral institutions, it still remains contingent.

This particular critical accounting research needs to be considered in Indonesia because the Indonesian context in relation to social, politic, economy, geography and history is particularly significant. As generally known that accounting profession and accounting system in Indonesia was originally built by Western colonialism. The advent of independence did not necessarily mean the control was withdrawn with formal decolonization. In fact, this is being continually shaped by current ruling and dominant power under the auspice neocolonialism and globalization. Hence, the present Indonesian accounting education, that should actually be reflected local values and context, is extremely in line with Western ideology. Therefore, it is argued that one of critical theory, postcolonial theory is a useful and accurate way of developing the critical approach to examine the status quo of accounting education in Indonesia. The present Indonesian accounting education is required to be challenged because it will probably provide opportunity for indigenous people to promote local values (constitutional and religious values).
Thus, inequality and marginalization of local values in accounting education will be halted. More importantly, this will bring chance for local accounting students to understand and experience local values and perspectives in the context of accounting. Boyce (2004) reported that in order to make accounting education more relevant to its socio-historical context and, in particular relevant to the lived experience of student, teaching and learning should be conducted ‘outside the circle’.

Conclusion
This paper has elaborated the importance of critical theory in accounting research. The discussion starts by reviewing the critical theory which emerged to be the basis of criticizing, challenging and opposing the status quo of the world that is full of social, economic and political marginalization and inequality. The need for disrupting the status quo according to critical debate is in order to make radical change, enlightenment and emancipation, and to free people from systemic exploitation and oppression. One area of accounting research is accounting education. This paper in general supports the contention that globally and, in particular, Indonesian accounting education is subjugated by certain dominant power imposing particular worldview, Anglo-American capitalism, promoting Maximizing Shareholder Value (MSV) (see Collison et al., 2011; Ferguson et al., 2011). It is argued that those representations are the consequence of colonization, neocolonization and globalization. That directly or indirectly facilitates former Western colonizers to expand imperialistic and capitalistic view which is not only to the countries colonized in the past, but also throughout the world touching even non-colonized world. Therefore, this paper proposes the argumentation that critical theory of the stages of global expansion can provide insightful lens in renewing our understanding of the ideological domination in the accounting education that, in effect, shapes the accounting profession and the practice of accounting in ex-colonial country, particularly Indonesia.

References


