Pioneers of Critical Accounting

A Celebration of the Life of Tony Lowe

Edited by **Jim Haslam** and **Prem Sikka**

Pioneers of Critical Accounting

Jim Haslam • Prem Sikka
Editors

Pioneers of Critical Accounting

A Celebration of the Life of Tony Lowe

palgrave
macmillan

Editors
Jim Haslam
University of Sheffield
United Kingdom

Prem Sikka
University of Essex
United Kingdom

ISBN 978-1-137-54211-3 ISBN 978-1-137-54212-0 (eBook)
DOI 10.1057/978-1-137-54212-0

Library of Congress Control Number: 2016941857

Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature
The registered company is Macmillan Publishers Ltd. London

To Thildy and the Lowe Family

Foreword

As one of his former graduate students whose entire academic career benefited from the foundations he laid, I am honoured to have been invited to contribute a Foreword to this *Festschrift* in recognition of Tony Lowe's major contributions to Accounting.

In 1971, when Ernest Anthony Lowe (1928–2014) was appointed as the first Professor of Accounting and Financial Management (his choice of title) at the University of Sheffield, Accounting was not taught in most universities in the UK, and much of the Accounting that was taught (not only in the UK) was based on the premise that **accounting is what accountants do.** In other words, it was seen by many that the technical aspects of accounting practice should provide the core under-pinning of the Accounting curriculum, and little thought was given to theorising about Accounting as a basis for:

- evaluating the adequacy of accounting practice as a step towards improving it;
- contextualising Accounting within organisational or societal frames of reference;
- considering the potentiality of Accounting (i.e., a critical assessment of what it might contribute within organisational and societal contexts);
- recognising that disciplines other than Economics (including Philosophy, History, Psychology, and Sociology) have significant roles

to play in generating novel insights into Accounting as a legitimate field of intellectual inquiry within the academy.

Tony initiated the development of a radical Accounting curriculum at Sheffield, and this spread through his engagement elsewhere as well as via the activities of those whom he mentored. But his endeavours went well beyond teaching-related issues. He was a pioneer in establishing (with a group of close colleagues who went to work with him in the 1970s) what became known as the "Sheffield School", the essence of which was recognising the need to use an array of inter-disciplinary and critical social science perspectives in seeking to understand Accounting in its organisational and societal contexts, along with a concern to bring about beneficial change.

In addition to his concerns over investing in human capital and extending the boundaries of accounting research, Tony was active in institution-building. For example, he played a major role in establishing what became the Management Control Association, and the *Interdisciplinary Perspectives on Accounting* (IPA) conferences. As chairman of the fore-runners (in the UK) of both the Committee of Departments of Accounting & Finance (1974–76), and the British Accounting & Finance Association (1975–76), he worked to promote networks, facilitate greater collaboration, and encourage the development of a culture characterised by increased rigour in accounting scholarship.

As a man, Tony Lowe could be difficult to get along with. He was often stubborn, not always inclined to give credit where it was due, less than perfectly consistent, not adept at organisational politics and, on occasions, rather less adaptive than one might expect from such a strong advocate of the power of adaptive systems! These characteristics meant that one had to reach out to him in order to appreciate his insights, and not everyone was willing to do this—to their loss.

Nevertheless, Tony Lowe made a huge contribution to the development of Accounting as a worthy discipline within universities worldwide. His legacy lives on through the ideas he nurtured and shared and which are now being passed on to successive generations by those who came directly under his influence. Further tributes can be found in Cooper (2014), Laughlin (2014), and Wilson and Sikka (2014).

This collection of essays by leading Accounting scholars from around the world is a fitting tribute to a pioneering scholar and an influential mentor:

Tony Lowe made a real difference

Richard M.S. Wilson
Business Administration
and Financial Management,
Loughborough University,
United Kingdom

References

Cooper, D. J. (2014). On intellectual roots of critical accounting: A personal appreciation of Tony Lowe (1928–2014). *Critical Perspectives on Accounting*, *25*(4/5), 287–292.

Laughlin, R. C. (2014). Tony Lowe and the interdisciplinary and critical perspectives on accounting project: Reflections on the contribution of a unique scholar. *Accounting, Auditing & Accountability Journal*, *27*(5), 766–777. [This tribute is included in the *Festschrift*—see pp. 1–18.]

Wilson, R. M. S., & Sikka, P. (2014, June). In memorium: Emeritus Professor E.A. Lowe. *British Accounting Review, 46*(2), 213–214.

Contents

Biographies

David Cooper is Professor of Accounting at Alberta and Consulting Professor at Strathclyde. He obtained a BSc from LSE, a PhD from Manchester, three Honorary Doctorates and several other academic awards. David has written or edited nine books and 80 articles and chapters. He is an editor of *Accounting, Organizations and Society*, and Consulting Editor of *Critical Perspectives on Accounting*.

Jesse Dillard an emeritus professor at Portland State University, currently holds adjunct appointments at Victoria University–Wellington and the University of Central Florida. His published works include books, book chapters, and articles appearing in leading management and accounting journals. His teaching and research interests include the ethical and public interest implications of administrative and information technologies particularly as they affect social and environmental sustainability and accountability.

Mahmoud Ezzamel is Research Professor at Cardiff University, Cardiff, UK, and Professor of Management Accounting, IE Business School, Madrid, Spain. His research interests include the interface between accounting and social theory, with special focus upon organizational control and strategic performance measurement systems, accountability, corporate governance, accounting regulation in transitional economies, and accounting history. He has published widely in leading accounting and organizational theory journals and is a member of the editorial boards of eleven accounting and organization theory journals.

Michael Gaffikin is Emeritus Professor of Accounting and Finance at the University of Wollongong, Australia. His interests are in the political, philosophical and historical contexts of the development of accounting thought. He has served on several national and international academic and professional accounting bodies.

Rob Gray has recently retired as Professor of Social and Environmental Accounting at the University of St. Andrews. He has published widely—mainly on social and environmental accounting and sustainability. He founded The Centre for Social and Environmental Accounting Research in 1991 and for 21 years was its Director.

Jim Haslam was born in Bolton, 1960. Jim studied under Tony Lowe at Sheffield, 1978–81. A qualified accountant with a PhD from Essex, he has held positions at Aston, UCNW, LSE, Essex, Waikato, Heriot-Watt, Dundee, Durham and Newcastle. He returned to Sheffield in 2015 as Professor of Accounting, Governance and Society. He has held a number of international visiting positions, is on several editorial boards and is joint author of the book *Accounting Emancipation: Some Critical Interventions* (with Sonja Gallhofer).

Kerry Jacobs is Professor of Accounting at UNSW Canberra. He has over 25 years of experience in teaching and researching accounting in New Zealand, Scotland and Australia. Kerry's specialist teaching and research interests focus on public sector accountability, governance, audit, financial management and reform; particularly the relationship between accounting and politics. He likes asking annoying questions.

Richard Laughlin is Emeritus Professor of Accounting at King's College London, University of London. He was previously Professor at the University of Sheffield and the University of Essex, having started his academic career at the University of Sheffield and been appointed by

Tony Lowe. Richard is the founding Associate Editor of the *Accounting, Auditing and Accountability Journal* and the *Journal of Accounting and Organizational Change*. In 2005, he received the British Accounting Association's Distinguished Academic Award.

Cheryl R. Lehman is Professor of Accounting at Hofstra University (NY), publishing and presenting her research in diverse venues. Serving on the Board of the Institute for Women's Policy Research (IWPR) and the Warsaw based Network of East–west Women (NEWW), her advocacy on gender, race, and class is well known. She is general editor of *Advances in Public Interest Accounting*, and on the Editorial Board and reviewer for a dozen journals. She recently received her License in Clinical Social Work (LCSW), interning with incarcerated youth, examining immigration, prisons, and gender-class-ethnicity premises. She continues to be on the forefront of social justice and unconventionality in her research.

Alan Lowe has recently accepted a position at RMIT, Melbourne. His research has included accounting control systems, ERP and Internet reporting using case studies and interpretive methodology. Recent projects include due diligence in private equity, control systems in a food oil refinery and an international recruitment group based in The Netherlands and UK.

Aideen O'Dochartaigh recently completed her PhD at the University of St. Andrews and currently holds an IRC Postdoctoral Fellowship at University College Dublin. Her research interests are in the areas of sustainability accounting, social enterprise and alternative organisational forms.

Winnie O'Grady is a lecturer at the University of Auckland. Her research addresses the integrated operation of performance management and control systems and uses the viable system model and management control system package as framing devices. The research has examined traditional and beyond budgeting approaches to performance management and control.

Clemence Rannou is a lecturer in accounting at the University of Laval. Her primary interests lie in the interface between management accounting and sustainability—the subject of her PhD studies which she is conducting at the University of St. Andrews.

Robin Roslender is Professor of Accounting and Finance at Dundee University. He was previously Professor in Accountancy at the University of Heriot-Watt and has held an academic post at the University of Stirling. His current interests are in the intellectual capital field, the fate of interpretive sociology in accounting research and human capital reporting. He has acted as a senior academic adviser for the UK Commission for Employment and Skills. He is editor of the *Journal of Human Resource Costing and Accounting* and is a member of the editorial board of *Critical Perspectives on Accounting*.

Prem Sikka is Professor of Accounting at the University of Essex, UK. His research on accountancy, auditing, tax avoidance, tax havens, corruption, corporate governance, money laundering, insolvency and business affairs has been published in books, international scholarly journals, newspapers and magazines. He holds the Working for Justice Award from the Tax Justice Network, Accounting Exemplar Award from the American Accounting Association and the Lifetime Achievement Awards from the British Accounting and Finance Association and *PQ Magazine*.

Jeroen Veldman is Senior Research Fellow at Cass Business School, City University, London. He has held a visiting professorship at UPMF, Grenoble and has previously held appointments at Cardiff Business School and the Utrecht School of Governance, Utrecht University. His research addresses the historical development of the public limited liability corporate form and how this corporate form currently functions in and between organization studies, management, company law, economics, finance, accounting, politics, and corporate governance.

Geoffrey Whittington is currently Emeritus Professor of Financial Accounting at the University of Cambridge, a Life Fellow of Fitzwilliam College, a Senior Associate of the Judge Business School, in the Centre for Financial Analysis and Policy, and an Honorary Professor at the University of Sussex. From 2001 to 2006 he was a full-time member of the International Accounting Standards Board.

Hugh Willmott is Professor of Management at Cass Business School, City University, London and Research Professor in Organization Studies, Cardiff Business School, UK. He has held visiting professorships at Copenhagen Business School and the Universities of Uppsala, Lund, Innsbruck, Sydney and the University of Technology, Sydney. He co-founded the International Labour Process Conference and the International Critical Management Studies Conference. He currently serves on the board of *Academy of Management Review, Organization Studies, Journal of Management Studies* and is an associate editor of *Organization*. He has contributed to a wide range of management and social science journals and has published over 20 books.

Richard M.S. Wilson has devoted his career to boundary-spanning (on a disciplinary basis, a geographic basis, and between the academy and professional practice). He came under Tony Lowe's lasting influence when he was a graduate student and worked in association with him for almost 20 years thereafter.

Introduction

Tony Lowe was a pioneer of critical accounting who transformed our thinking about accounting by locating it in broader social and political contexts. His interdisciplinary approach to accounting enabled us to see accounting as a moral, social and practical technology that affects a wide variety of stakeholders. Whilst it is too early to make any definitive claims about Tony's legacy, those who met and interacted with Tony have a particular appreciation of how he inspired scholars and students to question the established modes of thinking. Like most human beings, Tony was a complex person, but his work was of praxis: commitment to engagement so that all human beings can live fulfilling lives.

This book begins with reflections on Tony, the person, academic, scholar, organiser and the person. The insights are provided by Richard Laughlin, a former colleague from Sheffield University who worked closely with Tony in what eventually became known as the 'Sheffield School'. The chapter captures some of the complexities of Tony, the person, and also records his lifelong commitment to critique and empowering others to see the world through different lenses.

Kerry Jacobs recalls his earliest encounters with Tony Lowe and his relentless insistence on interdisciplinary critique and questioning conventional wisdom. Such engagements can be unsettling, but those travelling beyond the conventional saw richer possibilities of personal awakening and emancipatory social change.

Tony's earlier thoughts about management control systems (MCS) were informed by cybernetics and their influence and possibilities are explored in the chapter by Winnie O'Grady and Alan Lowe (not related to Tony). O'Grady and Lowe indicate how Tony's articulation of principles of MCS design, integrating the law of requisite variety, challenged conventional work. They suggest that contingency theory's development somewhat displaced cybernetics from MCS academic discourse (and more recently they note the prevalence of Simons' levers of control, or LOC)—but they indicate parallels in these theories. They suggest, somewhat controversially, that Stafford Beer's work reflected a markedly greater appreciation of uncertainty and controllability and an approach flexible enough to accommodate contingency theory and LOC.

The chapter by Rob Gray, Aideen O'Dochartaigh and Clemence Rannou sees in Lowe's work an opportunity to look afresh at social accounting and accounting in general, underlining Lowe's commitment to uncovering how accounting and control could be developed to better serve organizations, well-being and a more benign vision of industrial and post-industrial society. At the same time, Gray, O'Dochartaigh and Rannou note that an implied radical re-structuring of economy and society is scarcely—explicitly—explored in Lowe's work.

The contribution by Robin Roslender acknowledges that Lowe, given his significant role in the development of interdisciplinary and critical accounting research, helped him realize that his sociological imagination might find an unexpected outlet in the critical and social analysis of accounting. Roslender sees Lowe's key emphasis in a stepping outside of the prevailing methodology of accounting research. He concludes with an insightful view of the possibilities in critical research.

Jesse Dillard, in a personal perspective on critical accounting's sustainability, highlights Lowe's concern to broaden out and open up accounting and those involved and implicated therein. He sees means by which Lowe's legacy manifests in terms of radicalising accounting for the improvement of the human condition and as a contributor to and expression of a more democratic governance system. Dillard's text provides an excellent reflexive construction of the critical accounting project today, linked to Lowe's intervention, and promotes an 'agonistic dialogic accounting'.

Michael Gaffikin, reflecting on his personal interactions with Lowe, places emphasis on what he sees as Lowe's interdisciplinary enterprise and his concern to explore accounting via methodology and methods from a social science perspective. The theory, methodology and methods that Gaffikin discusses in this context reflect developments in social and political theory as seen by Richard Bernstein. Gaffikin positions a vision of accounting for a more efficient and fairer society in a critique of neo-liberalism.

Jim Haslam suggests the significance of Lowe's influences beyond his published writings, whilst acknowledging the latter's contribution. He emphasises critical possibilities and dimensions of Lowe's early interest in systems theory and cybernetics, seeing continuity in Lowe's work in terms of an engaged commitment to bettering the world. He suggests that Lowe had an interest in Habermas that may have reflected Habermas' interest in a rational reconstruction of systems. Further, he points to Lowe's interest in radical possibilities in post-modernism, if perhaps more to refine a critical modernist position. He links this here to a post-Marxist working of 'emancipatory accounting'.

Cheryl Lehman sees Lowe's concerns to think differently, strive for a better state and actively participate in change as complementing feminist-intersectionality research that is aimed at eradicating prejudice and re-configuring meaning. Lehman especially links Lowe to the feminist-intersectionality research she advocates in elaborating Lowe's view that the creation of power differences as a social phenomenon is not inevitable.

Geoff Whittington makes reference to Lowe's earlier work in systems and cybernetics in elaborating the development of the IASB as an adaptive institution that has responded to social and economic pressures and changed its policies accordingly. He demonstrates the importance of social and political influences on the IASB but also points to positive potential in the IASB's development of a conceptual framework, its transparent system of oversight and due process and its increased representation of and accountability to the world it is meant to serve.

David Cooper and Mahmoud Ezzamel go beyond a focus on technical aspects of the design and usage of the Balance Scorecard (BSC) to give more attention to an evaluation of its implied approach to managing and organizing. Following Lowe and others, they suggest that a discussion of values needs to be an integral part of the choice of control systems: if the BSC's emphasis of managing based on evidence and facts has some merit, the authors are concerned to highlight the problematics of such managing. They also point to how BSC can be used differently—promoting dialogue and debate and possibilities for more democratic organizational processes.

Willmott and Veldman argue that few issues in organization studies are more critical than understanding the modern corporation. Their contribution echoes Lowe's concern to highlight the problematic ethics of the corporation and aspects of it such as limited liability. Their chapter looks at embedded legal, economic and political imaginaries—intertwined, mutually re-inforcing but contradicting one another. The political imaginary indicates the centrality of the economic imaginary in the systematic excluding of voices other than shareholders and directors in corporate governance.

What might be called the political economy of tax advice was a particular area of interest of Lowe. Prem Sikka's contribution reflects Lowe's advocacy of engagement, including with the large accountancy firms, and his indicating of opportunities for critical academics to intervene in public affairs. He draws attention to publicly available evidence to show that Big Four accountancy firms are engaged in anti-social practices. The evidence is provided by drawing attention to their addiction to crafting tax avoidance schemes. Such developments pose serious questions about the status of the firms as ethical and professional entities. Sikka notes that many erstwhile tax avoidance schemes have been deemed illegal by the courts; the firms rarely face any sanctions by the professional bodies.

Jim Haslam
School of Management
University of Sheffield
South Yorkshire, United Kingdom

Prem Sikka
Essex Business School
University of Essex
Colchester, United Kingdom

List of Figures

List of Tables

Tony Lowe and the Interdisciplinary and Critical Perspectives on Accounting Project: Reflections on the Contributions of a Unique Scholar

Richard Laughlin

1 Introduction

Ernest Anthony Lowe, Emeritus Professor of Accounting and Financial Management at the University of Sheffield, died peacefully in Sheffield on 5 March 2014 aged 85. Tony Lowe, a quite unique accounting scholar, was unquestionably the "father figure" of what has come to be

Reflective obituaries, like the one that follows, are invariably personal and inevitably selective in covering the contributions of complex scholars. However, the author would like to thank Jane Broadbent and David Cooper for their helpful, detailed and thoughtful comments on a previous draft. David Cooper has also written a reflective obituary for *Critical Perspectives on Accounting* (CPA) (Cooper forthcoming). Cooper and the author each worked on contributions completely independently and only commented on the other's piece when both were almost finished. Further insights about Tony Lowe can be found in a reflective obituary to be published in the British Accounting Review. The author would also like to thank James Guthrie and Lee Parker, editors of the *Accounting, Auditing and Accountability Journal*, for their comments. However, the following, with all its selectivity and omissions, is entirely the author's responsibility.

R. Laughlin (✉)
School of Management and Business, King's College London,
University of London, London, UK

J. Haslam, P. Sikka (eds.), *Pioneers of Critical Accounting*,
DOI 10.1057/978-1-137-54212-0_1

known as the "Sheffield School" where he was Professor of Accounting and Financial Management from 1971 to 1985. He has also been seen as one of the key founders of what Roslender and Dillard (2003) and Broadbent and Laughlin (2013) label the "Interdisciplinary and Critical Perspectives on Accounting (ICPA) Project[1]".

The concept of a "Project"—taken from Roslender and Dillard's (2003) historical analysis of the emergence of ICPA—gives a sense of intentionality and something that is ongoing and incomplete, which captures well the research insights of the now global community that has been concerned with not only understanding, but also calling for critique and often change in the role of accounting in organisations and society using a range of perspectives drawn from diverse social sciences.

Beginnings are always difficult to determine with accuracy, but it is largely uncontentious that Tony Lowe was the "father figure", leader and enabler of a group of colleagues, associates and students in Sheffield who became scholars of distinction in their own right and leading contributors to the ICPA Project. Referring to this group as the "Sheffield School", however, needs some clarification. Equally to claim that Tony Lowe was also one of the key founders of the ICPA Project needs careful analysis. The sad death of Tony Lowe provides a unique opportunity both to say something about him, his life and his many contributions as well as to provide some reflections on the "Sheffield School" and how Tony and others associated with him in Sheffield contributed to the development of the ICPA Project. This paper, therefore, should certainly be read as an obituary to Tony Lowe, to celebrate his many contributions, but, as befits the complex and extraordinary man that he was, this will not be a traditional obituary.

The following is divided into two sections followed by a brief conclusion. The first section looks at Tony Lowe, his life and his work and the formation of what has subsequently come to be known as the "Sheffield School". This is taken further in the second section where the institutional space to allow the ICPA Project to develop is explored and its linkages to those associated with Tony Lowe during his time in Sheffield is explored.

2 Tony Lowe and the "Sheffield School"

2.1 An Unconventional Beginning

Tony Lowe's journey into higher education was unconventional. At the age of 19, in 1947, he joined the army with the Royal Signals to fulfil the requirement at that time following the Second World War for all young men to undertake two years of National Service. After leaving the army he became an Articled Clerk with a firm of Chartered Accountants, qualifying as a Chartered Accountant (in 1952) and a Chartered Secretary (in 1953). He then set up a small firm of Chartered Accountants and was in practice before starting an undergraduate degree in 1954 in Economics, specialising in accounting, at the London School of Economics and Political Science (LSE) from which he graduated with a first class honours degree in 1957.

His undergraduate degree, coupled with his qualification as a Chartered Accountant and a Chartered Secretary were the only formal qualifications he had when in 1957, immediately after graduating from the LSE, he was appointed to his first lectureship at the University of Leeds. He stayed at Leeds for nine years until 1966 and during the 1962–1963 academic year he took leave of absence to hold visiting appointments in the USA as Sloan Faculty Fellow in MIT, Ford Foundation Research Fellow at Harvard Business School and Visiting Lecturer at the University of California in Berkeley.

He left Leeds in 1966 and moved initially to take up a Senior Lecturer position in the University of Bradford (from 1966 to 1968) and then moved to the Manchester Business School (MBS) (from 1968 to 1971), again as a Senior Lecturer. Anthony Hopwood was at MBS at the same time. Together, they set up a control research project with Tony Tinker and Tony Berry as researchers. This was the only time that Anthony Hopwood and Tony Lowe were in the same institution and the only time they collaborated. Whilst sharing an increasing intolerance towards the dominance of economics, in all of its many forms, to inform an understanding of the nature of accounting they were different in many ways making it difficult for them to work together. Yet, as Roslender and Dillard (2003), Baker (2011) and Broadbent and Laughlin (2013) argue, both Anthony Hopwood and Tony Lowe were key, if not the key, founders of the ICPA Project despite the difference in their respective contributions.

2.2 The Management Control Workshop Group

It was in MBS that the thinking and values that would become hallmarks of his time in Sheffield started to emerge through the formation of the Management Control Workshop Group (MCWG). Tony Lowe's interest in systems theory and management control systems, formed whilst he was at Leeds and Bradford, started to become clear and apparent in a range of significant publications that appeared towards the end of his time at MBS (cf. Lowe 1971a, b; Lowe and McInnes 1971). But what was apparent to him was how much more needed to be analysed and understood. For Tony, the MCWG was to provide a forum for this understanding to develop. Initially the MCWG was a Manchester-based group involving Tony Lowe, Tony Tinker and Tony Berry (who were part of the original research team at MBS) along with David Otley, who was also a doctoral student at MBS at the time. When Tony Lowe moved to Sheffield, followed by Tony Tinker, and David Otley moved to Lancaster, the MCWG became a northern England-based network and involved a range of others, including David Cooper who took up a lectureship at the University of Manchester in 1972. The MCWG continued to expand its membership over the years and metamorphosed in 1988 into the Management Control Association (MCA), now with an international membership and continues, in good Tony Lowe tradition, as an intellectual space and network of discovery in the broad area of management control systems. The significance of this intellectual space can be judged by the numerous publications that have come out of the MCA and its changing and expanding membership over the years. To give a flavour of the quality and significance of this work and link it back to Tony Lowe, we need go no further than the highly significant National Coal Board study undertaken just before one of the most bitter industrial relations disputes the UK has ever experienced. The research came out of the MCWG and the researchers were mostly from either the Universities of Manchester or Sheffield, some