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HANDBOOK OF ACCOUNTING, ACCOUNTABILITY AND GOVERNANCE

CARNEGIE, GARRY D. & NAPIER, CHRISTOPHER J.
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This handbook is distinguished by its focus on the interplay and interconnections between accounting, accountability and governance, and its emphasis on the social and moral, rather than technical, practices enhance its relevance to a range of disciplines. It provides an invaluable resource both for established researchers and senior and graduate students, and the introductory chapter provides a clear ‘roadmap’ enabling easy navigation of areas of interest.

In Chapter 1, the editors discuss the interplay of accounting, accountability and governance, and build the foundation for the following chapters, all written by respected scholars in their fields of expertise. Recommendations following each chapter inspire follow-up and the development of many future research projects.

Lai et al begin the chapter-by-chapter journey in Chapter 2, surveying the historical development of governance and its interconnections with accounting, accountability and other social sciences. The implicit characteristics and potential impacts of governance are examined, including a discussion of the political and social implications.

In Chapter 3, Cuomo and Zattoni’s review of the Codes of Governance and levels of compliance provides a basis for research development in various institutional environments. Lively academic debate is predicted to continue, with the convergence and/or divergence of governance codes across countries remaining an open issue for board accountability. The following Chapter 4, by Brennan and Kirwan, reviews the varying definitions of corporate governance, and directors’ roles and responsibilities, together with a revealing review of the implicit paradoxes.

Part II of the Handbook covers the mechanisms for accounting, accountability and governance, with Pelger explaining in Chapter 5 the origins of accounting in accountability and stewardship, observing the gap between these and the standard-setters’ view of user-usefulness. One governance mechanism, identified by Major et al in Chapter 6 as “often overlooked” is that of management accounting and control systems (MACS). Changes currently faced by organisations require increased professional skills of management accountants to reflect their prominent role and to address governance issues in a range of increasingly complex organisations, including hybrids, and to embrace sustainability and social responsibility amongst other new dimensions of accountability.

The changing mechanisms in audit, assurance and internal control, and their contribution to accountability and governance, are explored by Nieves *et al* in Chapter 7. These authors discuss the concepts within their historical context and provide a taxonomy to guide an understanding of the

debates. They also explore the expanding boundaries of assurance, including non-financial information and integrated and sustainability reports. In Chapter 8, Atkins & McBride place social and environmental accountability at the core of a holistic governance framework, particularly relating to the fundamental risks of climate change. Their stakeholder-inclusive approach explores the way in which accountability and governance can blend both social and environmental considerations with traditional financial measures, whilst supporting open discourse with stakeholders in a redefined, emancipatory view of accounting.

Part III of the Handbook examines accounting, accountability and governance in a range of contexts. The first, discussed by Shah in Chapter 9, is that of junior (or second tier) stock markets, evidenced by the Alternative Investment Market (AIM) of the London Stock Exchange. Companies quoted on the AIM have no minimum market capitalisation, leading to extreme size variation. Whilst all are required to publish periodic reports including audited financial statements, the authors warn that some legal structures may hide beneficial ownership, and many fail to adopt the voluntary UK Code of Corporate Governance. Low provision of corporate governance information is frequently excused by small size under the UK's "comply or explain" approach, and alternative mechanisms including a "nominated adviser" (NOMAD) or audit committees are discussed.

In Chapter 10, Arun et al provide a critical overview of accounting, accountability and governance in emerging economies, finding that economic development may strengthen corporations and NGOs, limiting the ability of governments to hold them to account. Market deregulation encouraging direct financial investment by powerful corporations, and implications of this for accountability and governance, are also discussed.

Parker and Kaifala continue the focus on developing economies in Chapter 11, particularly concerning governance and accountability in higher education at the University of Sierra Leone. They identify challenges in balancing authority-based and autonomy-based governance within the local context, and the enduring influence of the colonial economy and its structures. Driven by the need for external funding, increased government influence can conflict with the corporate managerial model of governance, and resulting erosion of academic autonomy can lead to a trust breakdown as national priorities circumvent formal governance structures.

Chapter 12 concerns public sector accountability, with Liguori & Kelly discussing upheavals in transiting from performance measurement to performance governance. Outsourcing of public services is a developing issue for accountability, but the main concern of these authors is performance rather than accountability, and governance issues are a minor part of their dialogic arguments. The following Chapter 13, by Goddard, on non-governmental organisations (NGOs), highlights the complexities of accountability and governance when funds raised in developed countries are passed to service providers in developing economies. Accountability is influenced by funding sources subject to constraints including grants, bequests, and legal stipulations, as well as different purposes, such as welfare or advocacy, with a broad range of stakeholders and high public profiles affecting the nature of accountability relationships.

In Chapter 14, Bracci and Pencle address a diversity of hybrid organisations, identified as those in which "public, private and civil societies interact through various logics, ownerships, funding sources and forms of control", often with dual performance objectives. Multiple stakeholders challenge the adequacy of accounting and accountability theories, with greater demands for legitimacy, transparency and control, and identifying boundaries between operational and strategic considerations, whilst difficult, is important to their governance and accountability.

Part IV of the Handbook introduces a range of new perspectives beginning with Almulhim et al's discussion of Islamic accounting, accountability and governance. Islamic organisations operate within the principles of Shariah, prohibiting certain transactions including interest payments, options, and

some commodities. The authors discuss the theory, practice and regulation of accounting by Islamic Financial Institutions (IFIs) and their use of IFRS with individual variations. Corporate governance operates within a mix of shareholder and stakeholder models, with added Islamic values, and accountability relationships thus include both the spiritual and secular, with a critical role for control systems.

Counter Accounts are covered in Chapter 16, whose authors, Himick and Vinnari, describe the counter narrative as including reports, stories, poetry and images within an alternative and complementary dialogic representation of accounts. Including silent and shadow accounts, their purpose is to encourage moral and political, as well as economic, decisions, and their contribution is to support alternative networks of accountability and governance aimed at promoting democratic principles and practices.

Spotlight Accounting, addressed by Bayerlein and Perkiss in Chapter 17, is an emerging concept and practice within counter accounting. Spotlight accounting includes social accounting and occupies the space between conventional accountability and critical dialogic accounting. Publicly available information is compiled based on discursive engagements with interested members of society, and this extends the concept of stakeholder accountability.

In Chapter 18, Frandsen and Hoskin take a Foucauldian approach to governing and governance. They discuss governability as a reciprocal process, and describe governmentality as the art, or reasoned way, of governing. These authors foresee a continuing major role for accounting in this process and provide an interesting history of the development of accounting and its contribution to governance over many generations.

The three chapters of the Handbook's final part envisage the future of accounting, accountability and governance. In Chapter 19, Egan et al investigate the utility of corporate group annual reports prepared according to International Financial Reporting Standards (IFRS). They show how group accounts, prepared for an 'artificial accounting construct', enable evasion of effective accountability, and shortcomings of the accounting standards are highlighted.

Tharapos et al examine the COVID-19 pandemic in Chapter 20, identifying the challenges posed for accounting, accountability and governance, and the need for continued re-evaluation of practices potentially affected by sudden disruptions. The resulting need for governance changes and control systems in response to the virtual working environment arising from the COVID restrictions is discussed and, in an age of active social media, effective stakeholder communication and appropriate accounting technologies are identified as vital to controlling social upheaval.

In the final chapter, the editors review the prospects for accounting, accountability and governance, and seek ways of accounting for the broader impacts of organisations on society and the environment. They identify both accounting and governance as practices that facilitate accountability and review the development and changed perception of accountability and its moral dimensions. In distilling and discussing a range of future research directions from the foregoing chapters, the authors provide inspiration for researchers to contribute to the improvement and enhancement of accounting, accountability and governance with the "mission of shaping a better world". This Handbook is an excellent resource and is highly recommended for both research and teaching purposes.