

Hopwood, Anthony G.

Article

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economic sociology_the european electronic newsletter

Provided in Cooperation with:

Max Planck Institute for the Study of Societies (MPIfG), Cologne

Suggested Citation: Hopwood, Anthony G. (2008) : A conversation with Anthony Hopwood, economic sociology_the european electronic newsletter, ISSN 1871-3351, Max Planck Institute for the Study of Societies (MPIfG), Cologne, Vol. 10, Iss. 1, pp. 21-28

This Version is available at:

<https://hdl.handle.net/10419/155913>

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A Conversation with Anthony Hopwood

Anthony Hopwood is the American Standard Companies Professor of Operations Management at the Saïd Business School of Oxford University. He is one of the most important figures in sociologically oriented accounting studies. With his research and the foundation of the internationally highly regarded journal Accounting, Organizations and Society, he revolutionized accounting research and established a new field of inquiry devoted to the social study of calculative practices.

After studying for a BSc in Economics at the London School of Economics, Anthony Hopwood went as a Fulbright Scholar to the Graduate School of Business at Chicago where he took an MBA and a PhD. He has since taught at Manchester Business School, London Business School and at London School of Economics, where he was Ernst and Young Professor of International Accounting and Financial Management from 1985 to 1995. He then went to Oxford as Professor of Management Studies, was elected the American Standard Companies Professor of Operations Management two years later, and in 1999 was appointed Dean of the Saïd Business School, a position which he held until October 2006.

Hopwood has written widely on accounting from a broad organizational and managerial perspective and is particularly interested in changing patterns of organizational information and control. He is the Editor-in-Chief of the international research journal Accounting, Organizations and Society. In 1998 he was voted Distinguished Academic of the Year by the British Accounting Association. In 2001 and 2008 he was given Lifetime Achievement Awards by sections of the American Accounting Association. In 2005 he was the recipient of the Leadership award of the European Accounting Association, and in 2006 served as the Presidential Scholar of the American Accounting Association. He was elected to the USA's Accounting Hall of Fame in 2008 and also received the American Accounting Association's 2008 Notable Contribution to the Management Accounting Literature Award. Hopwood holds honorary doctorates from universities in Denmark, Finland, Italy, Sweden, and the United Kingdom. In 2006, HRH the Prince of Wales appointed Hopwood as Chairman of the Prince's Foundation for the Built Environment. In this capacity he

works with the Prince and the Chief Executive of the Foundation on issues of urban design.

At the beginning of the interview we step back in time. I ask Anthony Hopwood to describe important stages in his academic career and tell me more about how he got interested and involved in the study of accounting.

Anthony Hopwood: I have been interested in accounting for as long as I can remember. I had an uncle who was an accountant. As a poor working class kid in the North of England, he got me involved with and intrigued by accounting. At school I actually thought of becoming an accountant and not going to university, or leaving after the undergraduate stage and then becoming an accountant. I always had this interest in the subject. It's difficult to explain why. For some reason even at this early stage I saw accounting as being a problematic phenomenon, as being related to wider economic and social factors rather than just being technique. I suppose that I didn't really want to do accounting. I was just intrigued by it. I wanted to explore it. So I went to the LSE to study accounting, did quite well, got more interested in the academic side of accounting and wanted to pursue it. In those days you couldn't do a doctorate in accounting in the UK. So I went to the States. I went to Chicago. There on the PhD programme, there was a compulsory course on organizational theory. It was taught more sociologically than would be the norm in the States at that time. And that had a profound impact on me. I dropped finance in Chicago, which was the ultimate of heresies. Instead, I picked up behavioural science, as it was called there at that time. The faculty tried to persuade me not to be so silly. George Stigler, the Noble Prize winner in economics, had me in and said: "Don't drop finance. It's very silly to pick up behavioural science." But I was very determined to do it.

But then, if you were doing so-called behavioural work on accounting, you were expected to use laboratory experimentation. The pressure to do that was really quite incredible. So we had a trial run of communication network experiments which had been introduced into accounting research at Stanford in the 1960s. Ray Ball and Ross Watts and other fellow doctoral students, although now distinguished researchers in their own right, be-

came my subjects. And it was a terrible farce. These people were so bright that the whole idea of them sitting in a room in a psychological experiment was just absurd. We all thought that this was a nonsensical way to advance knowledge. This only reinforced my own heart felt commitment to field research: if you want to study accounting, you have got to go out into the field where the action is. But in those days it was incredibly difficult to get into organizations. George Shultz, later the Secretary of State under Nixon, was Dean of the business school at that time. He was on the board of directors of companies, and yet he still couldn't get me into them. In the end, however, I got into Inland Steel. With the commitment to study how accounting actually functions, I ended up on the shop floor in a steel works. I was convinced that to study accounting you had to really get out there and look at it, even though that was very new at that time. I don't think anybody else had ever done this in accounting. Clearly, Chris Argyris had studied processes of budgeting some way back at Yale University in the 1950s (Argyris 1954). But I don't think anybody in accounting had done it.

Indeed accounting was not – at that time – seen as a particularly problematic phenomenon, a sociologically problematized phenomenon. Weber mentioned it, but even Weber was taking it on its own terms. I think sociologists, political scientists and other social scientists almost had a fear of accounting. They didn't understand it and therefore they didn't investigate it. So to set in motion an early stage process of problematising accounting, exploring and investigating it, of which the only, almost standard example was Chris Argyris's Human Relations type of work, was not easy.

What particular problems did interest you when you embarked on your PhD research and looked at how accounting is practiced in the field?

Initially I wasn't too sure. I went in and spent quite a lot of time *hanging around*, almost like an anthropologist. It was like going into a different tribe in the middle of the jungle. This steel works was one of the most godforsaken places in the world. Trees were dead and paint was peeling off doors. It was the most polluted place you could ever imagine. And it quickly became obvious to me that the accounting was having a diversity of implications. The impact it was having in some parts of the organization were not the same as in some other parts of the organization. And of course as a social sci-

entist you are always interested in difference, because it is through difference that you actually raise questions. Soon after I arrived, I was talking to one of the managers and telling him what I was doing. I must have used the term behavioural, or behavioural science, and he said: "You don't have to be a behavioural scientist to understand what is happening here. You need to be an anthropologist." In the steel works, each department was ethnically very compact. Each department constituted a very, very different environment reflecting the different waves of immigration into the Chicago area. It was therefore a very rich environment and it may well be that some of the differences I was observing were the results of these very different nationalities, traditions and ethnic backgrounds. But I was not allowed to write that up. The powers that be made it very clear that my research was not meant to be anthropology, it was meant to be management. Nowadays it wouldn't be so constraining. But at that time life as a graduate student was different. I was a rebel at Chicago, because everybody did economics and finance, and I opted out of that. I even threatened to leave the doctoral programme – this is ridiculous as a student! – and go elsewhere unless they would let me do what I wanted. So in the end I was allowed to do what I wanted. But it was very conditioned. It had to be social-psychological. Sociology hadn't entered American business schools; still it hasn't very much. So, things like contingency theory were only just beginning to come into the door even though some of the key texts were written in that period. In sociology, I did take an organizational sociology course with Blau who was at Chicago at that time. But that was a very constrained and functionalist form of organizational analysis.

After your PhD, you went back to the UK. Your research was pioneering and you would not have many peers in your field who would have done similar kinds of research. How would you describe your relation to, and your acceptance by, other accounting scholars in the field at that time?

I wanted to return to the UK at some stage, and not stay in the States – and I came back to Manchester. I was offered a job at the London Business School, but the School was not a very exciting place intellectually at that time. But Manchester was. So I went there, attracted by the idea of working alongside Tom Lupton (organizational sociology) and Dan Gowler (anthropology). They and others opened a whole new set of doors for me and so I continued the education and the learning process.

When I came back, there was very little of that [sociological/ anthropological] work in accounting going on. But Manchester was more open. Some people, including some in accounting – Morris McInnis had been there before and Tony Lowe had just arrived in the Business School – were already inclined to have such an interest. Indeed I think that there was more potential at Manchester at that time than anywhere else. It helped that I had good academic credentials. I had LSE and Chicago, and Chicago in accounting at that time was the major source of new knowledge in the world with Ray Ball, Phil Brown, Ross Watts and Joel Demski all emerging from the doctoral programme at that time. It was an amazing gathering of people, all doing very different things, but we are still in touch and friendly. And interestingly, a lot of the economic research done on accounting back then, by Ross Watts in particular, was done from a quite critical market perspective even though it is now seen as rather uncritical, Ross Watts was full of criticism of the monopoly power of the accounting profession wanting to undermine this. So it is important to appreciate that it was a quite critical environment, even though it was more economic than sociological. The fact that I had that behind me was pretty powerful, I think, and when I returned to the UK, I was given quite a lot of space in which to operate.

Is that the reason why you decided not to leave accounting and become a member of a sociology department or an organizational studies department?

I have always been an accountant, and I have always been a learner of the sociological side of accounting. To deal with this type of research, you need accounting and you need sociology. You need both. I think one reason why there hasn't been, and still isn't all that much pure sociological investigation of accounting and economic calculation is that there are relatively few people who understand the technique, the practice. And whilst you can have abstract and general theories, in order to really penetrate and understand accounting practice you do need both – knowledge of the practice and of the theories. Reflecting on this in the context and work of the social studies of finance, it's interesting to see that the discipline of finance has not had a branch of critical inquiry like accounting. They are all believers. Whether that will change in the next few years I don't know, but I doubt it. Yes, you have had the emergence of the social studies of finance but still too much of that work still has

too distant relationship with and understanding of the practice of finance.

What do you think can sociology, including the social studies of finance, contribute to accounting studies?

I think an immense amount – at a range of levels. Accountants traditionally, and even now I suppose – I was reading a letter in today's *Financial Times* and somebody was writing and defending in the current environment fair value accounting – accountants see accounting as a truth machine. And sociology or social science can provide a way of questioning that, not only questioning it, but taking the questioning in particular directions in terms of seeing that particular modes of calculation are one of a range of possibilities. That can happen at a micro-level, in terms of an organization, but we are also increasingly aware of accounting diversity internationally. Sociology can help raise questions, understand change processes and differences, and the consequences of those differences. It can help us appreciate how accounting is linked to broader social-economic and institutional factors. Indeed right now some people are going to raise questions just about how accounting and economic calculation is implicated in the present financial crisis. Not surprisingly they are going to start probing into how the accounting establishment in Europe, particularly in the UK, has been pushing into the US and the rest of the world very different forms of accounting, which people are now saying might be implicated in the circumstances in which we live.

What were main works in sociology or the social sciences that had a major impact on your work and research?

I think there have been a number and they change across time. When I was in Chicago doing my social-psychological work, it was Michigan role theory and Katz and Kahn which provided a framework in which I could operate at that particular point in time. And then coming over to the UK it was in part a Manchester version of contingency theory that was less statistical, less precise, and less predictive than other versions of contingency theory. But then, when I came to Oxford for the first time in 1976 and had a position here that had relatively little teaching – I was there to put together a research team and I had about five people and that was, I suppose, *the* most influential period of my academic life, because the roles paper (Burchell, Clubb, Hopwood,

Hughes and Nahapiet 1980) and the value-added paper (Burchell, Clubb and Hopwood 1985) came from that – the big influence there clearly was Foucault (see also Hopwood 1987). But I have always seen myself as an intellectual magpie, as a bit of this and a bit of the other, and I have never seen myself, or had any desire, to be a theoretical purist. I use ideas as lens, as means, as tools. I'm quite happy putting together a bit of this and a bit of the other, even though that might not have been the original intention, because I am trying to get things which allow me to see things in certain ways that I am interested in. I have never seen myself as a Foucauldian. I am a magpie who has picked up a bit of Foucault. So when various people in the past have written articles criticising my Foucauldian tendencies and I have read these articles, I have never identified myself with the person they are criticising. I have never had this self-image. I also developed links with Stanford and John Meyer. The institutional sociologists rang very many bells to me: you can see the processes that John was describing operating before your very eyes. But they don't give complete insights, they don't give the same insights as a Foucauldian analysis would do, or even a contingency analysis, and I still want to hold on to a bit of this and a bit of that. I am not a purist and never have been.

Do you think that this is a specific characteristic of accounting studies?

Yes, because mine and other accounting academics' base interest is in accounting, in understanding accounting, and in trying to challenge accounting. To do this you draw on different works and theories. In sociology, in pure sociology departments, the initial positioning is probably more conceptual and theoretical, and it is about developing theories and understanding theories, rather than the empirical phenomena, which they're looking at. If you go into a social work department or a health studies department this is probably different. There people draw – similarly to accounting – on various things to improve their understanding of how hospitals should work, how they function.

How do you see the relationship between empirical studies and theory, and between accounting and sociology? Do you think that it works just one way: accountants borrow sociological theory to explore accounting and understand accounting? Or do you think accounting research can also give something back to sociology and

further the development of particular sociological theories?

To me the ideal is iterative, it should move both ways, that through understanding and reflecting on empirical phenomena you get conceptual and theoretical ideas, so you change theoretical ideas. And through theory you have different views of the world, so you change your empirical understandings, so it is iterative and inter-linked. Accounting clearly has drawn on sociology, and it continues to do so, while sociology has drawn on accounting much less. But there are signs of it happening. For example, there are Espeland and Carruthers at Northwestern University (see e.g. Carruthers 1995; Carruthers and Espeland 1991). Then there are branches of history, for example Ted Porter (Porter 1995a, b), and there is Mary Poovey (Poovey 1998), who has statements of praise for AOS (*Accounting, Organizations and Society*) and all the connected work in accounting. But I suppose the average sociologist most likely still has the accountant's view on accounting. They still see it as being relatively unproblematic, or if they think that it might be problematic, are fearful of entering there, because you can't just enter a little bit. You have really got to go in and understand the technical practices. You can't half-study accounting or quarter-study accounting. I think this is – this is my idea – this is to why relatively few sociologists are moving into the accounting area and have really taken hold of the AOS-type literature, although there are more and more signs of it happening. There is for example Donald MacKenzie and the rise of the sociology of finance literature, which obviously has facilitated it, and will facilitate it more (MacKenzie 2006; MacKenzie, Muniesa and Siu 2007). And it may well be that the current financial crisis might be helpful, at least intellectually, because it clearly deeply problematizes many things.

If you think about the particular contributions of accounting research to the field of economic sociology – you already mentioned the problematization of calculative practices and how calculation works – would you see any other contributions?

I suppose another contribution would be the understanding of the diversity of calculative practices. A given calculative regime isn't a singular calculative regime. Economic calculative regimes have emerged and changed across both time and space, and there are only a few economic historians who have investigated that. I am

thinking, for example, of the Polish economic historian Witold Kula who has analyzed feudal society (Kula 1976, 1986). The change from feudal structures to capitalist structures occurred relatively late in Poland, so there is a greater degree of documentation of the changes. There hadn't been a commodification of labour. So you don't get wages in feudal societies, there isn't a cost of labour. Agriculture workers would pick up some of the food and have accommodation, but they don't enter into accounts, and it is only with the emergence of markets and labour and the capitalist system that you start having wage costs and labour costs. Yet, some of the implications of that, of smaller changes and more modest changes in socio-economic institutions and how they feed into economic calculation, have not really been picked up very strongly by economic sociologists or economic historians. And I think there are enormous possibilities for research here. Chris Napier, for example, has some unpublished research that he did on the accounts of the *Marquis of Bute* in the 18th and 19th centuries in the UK, in which he has some notion of *aristocratic accounting*, forms of accounting where you have different conceptions of time, when you are managing agricultural and industrial estates as if you were passing on to the next generation, because of the longevity of the aristocratic tradition, rather than short-term maximising. This is very relevant in the present era, where we are worried about the implications of today's impact on the environment. Even in economics, even in the *Stern Report*, they are starting to question the very notions of discounting and how the present treats the future, which accounting has traditionally discounted. But if you were an aristocrat, with your line and lineage, you had a very different notion of the future, and this had implications for daily economic calculative practices in the 18th and 19th centuries. That could well have relevance for how we might think of treating, in a calculative sense, the future differently in today's environment. If there really was a much greater urgency about considering the future implications of present actions, because of global warming and the like, then how would calculative practice need to change? I think this is an area where you can get quite fascinating insights and real contributions.

In 1976 you founded AOS, which became an international journal of great international reputation. What was your main motivation in founding this journal? What agendas were you trying to bring forward, and how do you see the history of AOS and its relation with accounting research and economic sociology?

I suppose around 1973-74 I had become aware that a constraint on the development of the type of ideas that I was having was the non existence of sympathetic journals in accounting. Existing publications were not open to this type of work and it became clear to me that an alternative publication outlet was needed. With Jake Birnberg I had already set up a behavioural accounting newsletter, and that had attracted a certain amount of interest, so I thought that a new journal might be able to be created. I hadn't quite realized the boldness of that, because when AOS was set up, it was the first specialist journal in accounting. There had only been general journals before. I took the idea around various publishers, but it was a depressed time and nobody was interested. Then I met up with Robert Maxwell, soon after he had come back into Pergamon Press. He was trying to build up the company again and he asked me if I got any publication ideas and I said, well, in fact I do have, and he decided to back it, and so we set it up. I think the agenda at that time was a fairly broad and not highly specific one. There was work that was being done and there was a lot of goodwill. So we filled up the first two years, but then we hit serious problems, because we had used up the initial goodwill and the publications that went along with it. The journal was set up to create an area, rather than because there was an area and moving forward was very difficult. There was a real shortage of material for the next two years. There were thin issues and issues that came out late. But at the same time I think that it was starting to prove itself and the situation started to change, not least because of a conference in Los Angeles at UCLA, which we organized and to which John Meyer was invited and the like. AOS thereby started to bring in people with a broad range of backgrounds: Ray Chambers was there as a conventional accounting theorist, through to John and others. I think that was the result of the work in the first four years. It has always been a diverse journal and a fairly open one.

AOS was set up, because other people were rejecting what I thought was excellent work on inappropriate criteria, and I never wanted AOS to reject work on inappropriate criteria. So, I have never been a great fan of laboratory experimentation, but if people do it, I publish it if it passes the review processes in those areas. I am very cautious about being hyper-critical of work in particular areas. It gives you more freedom when you don't have a reputation for not liking something. And AOS was set up at a margin in accounting, and in some sense still is.

How important was it for AOS for how it was received outside accounting?

Very important, I think. John Meyer came in reasonably early (Meyer 1986), and people like Jim March and Chris Argyris (Argyris 1988; March 1987). The really helpful person outside accounting in the early days was Aaron Wildavsky, the political scientist, who published in the first issue of AOS an article entitled *Economy and environment: rationality and ritual* (Wildavsky 1976), which is very topical right now. I was introduced to him by Mary Douglas. Wildavsky was absolutely positive and fascinated by what AOS was doing, because by then he had finished *The Politics of the Budgetary Process*, his reflections on the experiences he had gained while working with Kennedy in the White House. That was one of the few political science studies of a key aspect of accounting: budgeting. Not only did Aaron become involved with AOS but he also became a real enthusiast for what we were trying to do.

How do you see the current role of AOS, within accounting and outside accounting in disciplines like economic sociology?

It has a complex role, in both those areas. Even in accounting its role is still complex, because of the current pressures in the academic world. I am constantly aware of worrying tendencies, almost more so in a continental European setting, where people are anxious of rankings and ratings and evaluations. AOS has very different positionings in different countries. In Australia it is ranked as the top journal of all accounting journals. In North America it has a complex and unstable positioning. But there are encouraging signs of slowly growing interest in AOS in non-accounting areas, and I think the current financial crisis will facilitate that, because it will do more both to problematize financial practices, including accounting, and to give people more confidence that their inclinations about the problems with financial practices that they may have had before, but never fully articulated, are not only right but actually useful to investigate. AOS has one of the largest bodies of work in looking at aspects of financial practice and economic calculation from social-political, anthropological and organizational views. I don't think it's going to be a stampede, but there are signs of slowly emerging interest.

What are areas where you wish more cooperation between accounting researchers and economic sociologists?

Can you envisage particular areas, research themes or projects?

My initial response would be almost to broaden your question. I strongly feel that there is not enough cooperation even in accounting. The academic world has become increasingly fragmented in business areas like accounting. People do their own thing. There are very few areas of intense cooperation. In that sense it's different from the natural sciences, where you have whole teams of people engaging in cumulative research. In accounting, but I think in many other social sciences as well, there is nowhere near enough cumulative research. Everybody wants to do their different thing. There is almost a desire to differentiate yourself from what has been done before, rather than build on it. And I would like to see people say: "Right, this is a really big and important problem. What can we do to get together, and study various aspects, and yes, we found out that, so what do we do next?" There is very little work of that done. You could say Mike Power opened the door with the *audit society* (Power 1997), but then who has followed that? He opened doors but there are very few specific studies of the functioning of audits and the institutionalization of audit and the consequences of it. Those don't exist, and I think it is in areas like that where you could have cooperation between the theoreticians in sociology, the institutional experts in sociology, people who have knowledge of a wide range of institutional structures, and their functioning, that are not conventionally available to accountants. But there is very little of that occurring. Social scientists have not got a long-standing tradition of being very sociable.

What do you think needs to be in place or happening for more cooperation to be occurring?

Some of the conditions have been moving in the opposite direction, because there is much more emphasis on individual performance assessment for careers and promotions and various things like that. So, those conditions have got worse in most countries in the last few decades or so. I suppose increased consciousness of problems and what is at stake in getting new knowledge. And who knows – the present financial situation might help in that. Funding would help, if somebody would pump major funding behind collaborative projects. And we also need people willing to sacrifice their short-term careers for the medium and longer term to gain more knowledge. At present, I am increasingly

involved, still at the margins as I see myself, in accounting for sustainability or environmental accounting. It is a difficult area: it spreads across a lot of the social sciences, but equally applies to the natural sciences. Understanding the state of knowledge in an area with so many diverse elements is very difficult, particularly if you are not only interested in accounting per se but also in other modes of counting and carbon emission counting. To further that seriously is way beyond the role of individuals because it requires collaboration between environmental scientists, natural scientists, social scientists and accountants. The world is going to need much more awareness of carbon counting and accounting and new mechanisms for responsibility and accountability in the environmental area. That is something that would need real collaboration across a range of interesting knowledge bases.

You have already touched on the future of accounting research. Apart from sustainability issues, what other areas do you think are important areas where more research is needed?

There are so many areas that I can think of. One I mention from time to time concerns the organization of information flows. We have the original 1968/69 Ball and Brown article which showed that if you look at very conventional share price movements, then the release of annual reports of accounts isn't a particularly important information source. Quarterly reports and annual reports are only explaining about 3% of price variation. Yet we know virtually nothing of the wider information environment of present day corporations, and how information moves around, of which conventional accounting information may well be a rather minor. Yet all the policy discussion of increasing the transparency of corporate affairs is always focused on conventional accounting. Related issues come up in the context of the invention of the web. The initial expectation was this would diffuse possibilities for access to information, corporate and otherwise. One implication of this would be that you could then disperse financial expertise and financial dealing. But exactly the opposite has happened. The concentration of financial employment has increased. The number, the percentage of financiers working in London and New York is higher than what it was without. It may well be that because the more conventional information is more readily accessible, the higher the premium is on tacit, different, informal sources of information, which you pick up in bars and restaurants and

clubs by physical proximity. And so again, we know very little about movements of information in markets. Clearly there are alternatives to accounting that we don't consider. The study of information and calculative processes in a much broader institutional context than what we have at present is a rich area for further inquiry.

How would you like the kind of social and institutional accounting research that you started to be taken forward? What would you like to see in the future?

As I said before, I would like to see much greater tolerance for diversity of research. I don't want my research to monopolize the research field. There are other strands of research which I never have done, and never will do, but which equally can give insight. At present I think there is too much intolerance of difference in the academic world. So I'd want to see much more inter-disciplinary research. If you are tolerant of differences, it is easier to put difference together and to construct new understandings. It seems to me that social scientists have got too interested in their own theories. They defend their theories rather than the phenomena which they are exploring. And that's why accounting has been quite good. The phenomenon is out there. You are seeking to understand accounting. So the theory is a means to an end, rather than the end in itself. So, I would like to see more intermingling. Furthermore, I would like to see more involvement with practice, in a critical sense. Increasingly, I have the feeling that in business schools we have finance academics who don't know much about finance. They know about finance research but they don't know about finance practice. Marketing academics are the same. And you are seeing more accounting academics who don't know much accounting. I have always seen myself as trying to understand accounting to make the world a better place, not necessarily to make accounting better – make accounting less influential if that is appropriate. And I don't see enough people doing that at the present. And that's why I had this new series of involvements in the sustainability area. I think this is an important area to understand. Even if it is wrong, then we need to know it and understand it even more. I think in that area, for better or for worse, we are going to see much more calculation.

In this context, how do you see the relationship between accounting and economics?

I have always said that, bizarrely, in some sense, economics has never invested in understanding praxis. If you

are taking a degree in economics, you don't have a course on doing economics, implementing economics. Yet economics does make the world more economical. But that area of economic praxis is unexplored by economists, unproblematized and untaught by them. Yet accounting has had to get more involved with understanding the world of practices. And I think that this can open doors and raise interesting issues. In some sense this would also be the challenge to economic sociology, that it could provide a basis for a better understanding of economic praxis, both from a critical and a facilitative stance.

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