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Corporate governance and accounting systems: a critical perspective

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Abstract

In this paper, corporate governance is understood as an ideological perspective of the superiority given to the interests of a bourgeoisie, the accounting systems being only the place of validation of these interests. Mixed with the illusion of accounting systems seen as giving informations to shareholders taken as rational, corporate governance allows to build a better mask of dominant interests by focusing the attention on conflicts of interests between shareholders and managers. It induces to think that the structuralization of a device of control by and around the board of administrators could allow a shareholders activism which would possess a "true" democratic substance, diverting then of the "real" ideological project of corporate governance. The demonstration ends with a criticism of the role of auditing firms considered as broadcasting a managerial ideology.
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Keywords: Broadcasting; Managerial ideology; Democratic substance

1. Introduction

In a strict sense, corporate governance is concerned by the exercise of power in the Incorporated company where one share—one vote is the legal rule—at the same moment equaliterian and unequalitarian but also by the use of accounting systems. Equaliterian because, outside exceptions, all the shares have the same weight. Unequalitarian, because if someone possesses a sufficient percentage of the capital, he is guaranteed to be able to vote for himself in equity towards the principle of property rights and then to decide for the others.

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That is why accounting systems do not really have neither their postulated neutrality nor their ability to give a "true and fair view" outside a social game which has evolved correlatively with the question of 'corporate governance' last years, question linked with capitalism seen as a real political order. In fact, 'initiates' has always existed within companies and the accounting data has always been unable to do something against that evidence. It means that accounting systems are also managed for an illusion—that of shareholders 'readers' of the accounts—to defend an ideology of efficient financial markets. Which kind of shareholders are really able to read them? Accounting systems produce 'hermetical' data and they are made to be hermetical. The question is to understand why?

Corporate governance raises the question of examining the power devoted to shareholders—seen as owners of the company—regarding that of the managers (executives in fact, managers being confused with executives), by considering specificities such as the emergence of a technostructure (executives would differ from 'owners' and would tend, because of their expertise, to build niches for themselves). The argument of an efficiency of a market of labor, that of the executives, will be there denied for another argument which is that of a belief in the efficiency of a corporate governance system which would be a guarantee for a *bourgeoisie* to act 'hidden.' 'Hidden' because accounting systems will recover it with the shadows of the expertise named 'transparency.' How 'transparent' accounting systems do operate in such conditions?

Corporate governance appears when the archetypical actor (the shareholder) evolves from a capitalism where the power of the owners, consolidated by the support of institutional investors of a 'traditional' type has turned toward a capitalism where the apparition of mutual investment funds changes the social game in an 'universe' where the weight of financial investments is structurally more important than previously. Are the correlative accounting systems really made for them? And these funds are themselves managed by 'professionals' (executives and managers). Do they really read these accounts to take their decisions? If it is the case, accounting systems really belong to the ideology of efficient markets which has to be examined in its correlation with corporate governance today.

Corporate governance is considered here as the current formulation of an ideology (Pesqueux, 2000) of the superiority given to the interests of a bourgeoisie ('classic' perspective since Karl Marx), the accounting systems being only the place of validation of these interests. Mixed with the illusion of accounting systems built to inform shareholders seen as 'rational,' corporate governance produces the mask of dominant interests by focusing the attention on the importance of a so called 'conflict of interests' between shareholders and managers. It induces to think that the structuralization of a device of control by and around the board of administrators could establish the base of a shareholders activism which would possess a 'true' democratic substance, masking then the real ideological project of corporate governance.

The paper is built on the following way:

- An understanding of the concept of ideology in the light of its last theoretical developments.
- A demonstration dedicated to corporate governance seen as masking the interests of a bourgeoisie.

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