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# MetaCapitalism: The dialectics of impoverishment

George Mickhail [a,*], Arsen Ostrovsky [b,1]

[a] *Facultè Droit Economie et Gestion, Université d'Orleans, France*
[b] *National Claims Liability, Allianz Australia Insurance Limited, Australia*

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**Abstract**

Accounting measurement and management consulting privilege the efficient allocation of resources, as the principal imperative to a firm's survival in a free market economy. MetaCapitalism is a generic form of contemporary change strategies adopted across corporate consulting, which promotes extreme outsourcing and downsizing of human capital, de-capitalisation of all 'non-core' capital assets and the diminished role of the State in the global free market economy. Its most salient danger, with its total disregard for even the slightest social or public policy implications, is an unmistakable endorsement of a fundamentalist brand of value free, reckless capitalism that is ultimately detrimental not only to the long-term business interest, but human as well. This paper critically examines how MetaCapitalism has shaped Fortune 100 companies, during the period 1998, when its recommendations were said to have begun taking effect, until 2003 to: (a) determine whether a correlation exists between the level of MetaCapitalisation and firm performance; (b) determine, explore and analyse the deficiencies inherent in the MetaCapitalist model and reasons for its failure; (c) highlight the social and public policy implications. The findings highlight the imperative to recognise and address the inherent deficiencies of MetaCapitalism, which advocates a fundamentalist brand of capitalism driven by Social Darwinism, for that is the only way upon which a more efficient, sustainable and socially responsible market, and consequently, society of which we are all participants and custodians of can be created and maintained.


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* Corresponding author at: School of Accounting and Finance, University of Wollongong, NSW 2522, Australia. Tel.: +61 2 4221 4007; fax: +61 2 4221 4297.

*E-mail addresses:* george@uow.edu.au (G. Mickhail), Arsen.Ostrovsky@allianz.com.au (A. Ostrovsky).

1 Tel.: +61 2 8258 5520; fax: +61 2 9266 7586.

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## 1. Introduction

MetaCapitalism advocates a radical transformation of existing corporate structures, characterized by the creation and maintenance of large bases of physical and human capital, to the MetaCapitalist firm—scarcely capitalised, brand focused, highly flexible, devoted to customer satisfaction, and driven by the Internet and e-networks. It seeks opportunities in the Internet as a disruptive technology on a global scale to create value. The perceived change is in the shift from the traditional scale economics business model to a new business process model that utilises Internet business to business (b2b) technologies to create and enhance electronic trade exchange relationships across the supply and demand chains, so as to lower transaction and procurement costs, and drive faster innovation.

The strategy advocates a radical outsourcing and downsizing of human capital, decapitalisation of all non-core capital assets and the diminished role of the State in the free market economy. It relies on the creation of Value Added Communities (VACs), which are on-line exchanges that enable MetaCapitalist firms to form networks and alliances with other companies that focus on key parts of the supply and demand chain. These VACs leverage and diffuse the financial, human, intellectual, technological and brand capital in ways designed to accelerate economic growth.

The strategy is not a novel concept with its focus on downsizing, de-capitalisation and quest for efficiency, but it does however develop its revolutionary character as a result of the innovatory effect of the Internet and e-market technology, the radical and fundamentalist nature of its recommendations, and utter disregard for any social or public policy implications.

The promises of 'untold riches,' such as "the period 2000–2002 will represent the single greatest change in worldwide economic and business conditions ever,"[2] where global capital markets will increase from US$ 20 trillion to US$ 200 trillion in less than 10 years,[3] while the Dow Jones will rise to 100,000 points are quite irresistible and seductive.[4] How can you go wrong then one has to ask?

MetaCapitalism appears perfect, even flawless but, upon closer examination, one comes to the sobering realisation that firms such as Cisco, Ford, General Electric and Dell, amongst many others, touted as MetaCapitalist leaders, have in fact experienced significant decreases in overall market value, as represented in their share price—a key measure of MetaCapitalist performance. Additionally, the recent global economic upheaval of corporate collapses, like Enron and WorldCom, could not have been averted regardless of the dismal failure of their accountants, Arthur Andersen—if MetaCapitalism had not been implemented to such an extent. Others who have also aggressively implemented the strategy have been acquired, or fallen out of the Fortune 100 rankings—such as Compaq, Lucent Technologies, Merrill Lynch and Delphi, to name a few. The broader economy has not experienced the promised "exponential accumulation of mass,"[3] and markets have remained stagnant, with many in fact displaying signs of negative growth and recession, only now beginning to rise from the

[2] Michaels, 2000, p. 34.
[3] Means and Schneider, 2000, p. xx.
[4] Means and Schneider, 2000, p. 34.