

issues. However, a survey of the top 250 UK firms (by turnover) indicates that institutional investor voting levels average only 35%. Additional analysis of the 20 largest institutional investors in each sample firm indicates significant differences in voting behaviour as a function of institution type, with insurance and pension-related holdings (unit and investment trusts) displaying the highest (lowest) voting propensity. The chapter concludes with a series of policy recommendations designed to increase the level of institutional voting activity.

With so much currently being written on corporate governance, many contemporary studies in this area offer few original insights. This volume contains sufficient new material to ensure that it does not fall into this category, but only just. The studies are generally well-written, although there is some repetition across individual chapters (e.g. the discussion of the free-rider problems associated with monitoring that appears in Chapters 1 and 2). In addition, several chapters lack a degree of structure and discipline with respect to the writing style. Interestingly, the editors choose not to identify explicitly the book's intended readership. One could argue that this lack of direction is reflected in the volume's content: the studies themselves (with the possible exceptions of Chapters 2 and 3) are not sufficiently novel or state-of-art to be much more than of marginal interest to the die-hard governance researcher; on the other hand, the book's remit is not strictly broad enough to provide the uninitiated reader with a comprehensive review of the current governance debate.

In sum, this volume represents a well-informed collection of studies from which all students of governance should benefit. On a final note, while reflection on the effects and recommendations of the Cadbury Report undoubtedly affords important insights into the issue of corporate governance, there is a danger that fixation with Cadbury will serve to constrain future governance debates. For myself, the most stimulating and informative parts of this book proved to be those instances when the focus shifted away from the Cadbury recommendations on to the more fundamental issues of management, performance and the governance mix.

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The Foundation: A History of the Australian Accounting Research Foundation 1966-91. *Geoff Burrows.* Australian Accounting Research Foundation, 1996. \$25 (plus postage).

Commissioned and published by the Australian Accounting Research Foundation, this book celebrates its first 25 years of 'slow ripening' (see p. 191). Apparently, the Foundation and its sponsors, the Australian Society of Certified Practising

Accountants and the Institute of Chartered Accountants in Australia, provided the author with access to their minutes and relevant correspondence. In addition, he was able to interview many of the key players.

Professor Burrows treads a fine line through the sources. His preface states bluntly that he wants to make heroes out of the (mostly) dedicated individuals who contributed to the Foundation's work. At the same time, he reserves the right to criticism and candour. Examples of both may be found throughout the book. Perhaps this is not surprising, given the institutionalisation of the rhetoric—and possibly even the reality—of independence in academia, accountancy research institutes and accounting practice, albeit in different modes and with varying degrees of actualisation.

The book may well be of interest to non-Australian readers with an interest in standard-setting processes or the management of professionalisation projects. As Burrows points out, the Foundation contrasts with its Anglo-American counterparts in at least two major respects. First, even 'after taxation research was jettisoned in 1983, the Foundation's remaining responsibilities—accounting standards, auditing standards and practice statements, and legislation review—gave it a broader research focus than its overseas counterparts' (p. 192; see also p. 51). Second, it has worked towards a tighter integration of public and private sector standards than either of its UK or US counterparts (see pp. 139, 165, 193).

Furthermore, the Foundation was a site through which significant tensions and forces flowed. The tensions apparent include those between: the Institute and the Society; the Foundation and its sponsors: academics and practitioners; accounting firms, on the one hand, and the Foundation, Institute and Society on the other; accounting and auditing standard-setters; standard-setters and 'preparers' (in both the private and public sectors); the profession and the state. The list of forces or movements includes economic booms and busts, inflation, deregulation, internationalisation and public sector reform.

The potential complexities are not theorised explicitly. Implicitly, the narrative hints at macro-economic drivers, captured by statistical indices of prices and growth and mediated through markets, political processes and significant events (sketched lightly in Chapter 1). In the foreground, individuals, organisations and institutions emerge as constrained but active players. They are agents acting upon principles, so to speak. A major part of Professor Burrows' story goes something like this: 'The company failures of the early 1960s occurred while the development of accounting principles remain fragmented and contentious. When supposedly profitable companies collapsed, existing principles appeared deficient, and the profes-

sion incompetent' (pp. 10–11). It is in this context that the Foundation emerged.

The mantra of 'more research' was heard within the two major accounting associations and a joint research organisation resulted (Chapter 3). But having formed it, the Society and the Institute were somewhat perplexed. They struggled to define its specific role(s) and its structure; to fund it, to staff it; to judge whether to leave it alone or look over its shoulder or compete with it. As the search for accounting principles mutated into the search for politically acceptable standards, the 'accounting profession struggled [until the late 1970s] to operationalise the Foundation's role while learning only slowly just what accounting research involved' (p. 191; see Chapters 4 and 5).

By then, state agencies were moving with increasing urgency into the emergent and contentious standard-setting arena. Institute, Society and Foundation struggled to define and hold their ground, not only in relation to each other, but also vis a vis state agencies which were, in their turn, cobbling together a national regulatory structure for corporations and capital markets. (In the background we have the oil price hikes and inflation of the 1970s; the boom and then bust of the 1980s; coupled with deregulation of capital and currency markets and 'reform' of the public sector. Somehow such events are fuelling the dynamics of the Foundation's world.)

It was under these pressures that the Foundation, under Kevin Stevenson and then Warren McGregor, managed to extract a vaguely reasonable allocation of funds and a sufficient complement of tuned-in and capable staffers. Increased scrutiny of its activities (from academics and the business sector as well as its sponsors and the state) came with the territory. Furthermore, its organisational structure remained unsettled in the face of both internal and external pressures. Even so, the Foundation's staff continued to 'perform', evolving into 'a professional research cadre' by the 1990s (p. 191; see Chapters 6, 9–12, 14).

By the mid-1990s the Foundation had become 'part of the nation's business regulatory apparatus' (p. 195) through the institutionalisation of its support role to the Australian Accounting Standards Board (a state agency), while still retaining 'an independent financial reporting voice through one of its own boards' (*ibid*).

Professor Burrows denies that the Foundation has been the home of an ivory tower clique manipulating its boards to produce unworkable standards. 'The alternative hypothesis is that the Foundation's boards have been generally populated by the cream of professional, commercial, government and academic accountants. This elite, albeit fallible, corps has been primarily responsible

for all the controversial choices made in standards development. In this process, "commercial realities" have been balanced against theoretical integrity. Underlying this "compromise" approach, has been the implicit assumption that theoretical integrity represents a long-run financial reporting optimum. The narrative suggests that this alternative hypothesis is more cogent than the conventional view of the boards as ineffective pawns' (p. 199).

The last assertion seems questionable. The analyses of the fortunes of individual standards seem too thin to support it. There is often little theoretical or empirical analysis of the interests of, or incentives to, either the corporate players or the state agencies involved. Nor are the linkages between the macro and the micro elaborated in any depth. Rather, they are evoked, or alluded to. Nor is it clear how one could assess the claim to optimality. Have we been presented with an heroic historian's judgment, translated into economic jargon, claiming a degree of precision that is not really sustainable? Worse still, has Professor Burrows been 'captured' by his commissioners?

On re-reading his claim one might note that he is merely asserting that his hypothesis is 'more cogent' than that of the Foundation's critics. Their hypothesis is similarly problematic—more so than his own, Professor Burrows is suggesting. The stage has been set for further discussion.

If this particular issue does not appeal, there are many others. For example, the account of the rise and fall of current cost accounting in Chapter 8 provides a very useful account of a significant event in Australian accounting history. He has identified many relevant facts and sources, and his interpretation of the saga as the 'Foundation's Gallipoli', with 'its connotations of huge effort, noble failure and background manipulations by larger powers' (p. 111), deserves to be taken seriously. Seriously enough to be examined further by, for example, positive accounting researchers or critical students of the politics of standard-setting and professionalisation.

In short, this book can open up some interesting doors. It is written in a crisp and lucid style and enlivened with a dry wit. Nevertheless, I am tempted to quibble about the way biographical sketches are woven into the text. It is not that they are inherently trivial (a claim Professor Burrows denies in the preface). Rather, they sometimes seem to be inserted into the narrative just because a particular individual has moved on to the stage. The particular details disclosed at times distracted from rather than aided understanding of the drama then unfolding.

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