



# Prem Sikka and the media: using the media to hold accountants to account

Prem Sikka  
and the media

S. Lawrence, M. Low and U. Sharma

*Department of Accounting, University of Waikato, Hamilton, New Zealand*

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## Abstract

**Purpose** – The purpose of this paper is to understand why a professor of accounting uses the media to expose the failure/shortcomings of the accounting profession. Using Prem Sikka's writings, the paper argues that accounting communications have become distorted thereby failing to live up to their potential to contribute to the enhancement of social well-being. The intention is to go beyond the media exposes and appreciate the underlying pursuit of fairness and justice in society.

**Design/methodology/approach** – The approach taken was journalistic in that it sought lots of direct quotations. Such quotations, both from the professor and the responses of his audience, are available through web sites. A telephone interview was conducted with the professor. The paper attempts to place his work in a social context by providing some personal background information.

**Findings** – Prem Sikka's media "blogs" bring forth strong reactions. He tends to polarise people. The purpose of his media releases is to generate opposing reactions in the pursuit of an open and democratic process. By focusing on the darker side of accounting practices, Prem Sikka highlights the political aspects of accounting as accounting language that may be considered as a language of fiction. He writes from the perspective of those who least benefit from current practices and against the powerful elites who benefit from current societal arrangements. His media articles have significant potential in facilitating change for best practices in accounting services to society in a manner that truly reflects the "public interest" that accountants as a professional group ascribe to. Whether this is realised depends on how counter accounts and critiques disseminated connect with common sense of people.

**Originality/value** – The originality is a derivative of Prem Sikka's work. The paper simply tries to understand and explain how Prem Sikka uses the media to hold accountants to account. It illustrates his unique ability to identify and confront the important issues surrounding accounting practice. It adds support to his challenge to accountants to engage with issues of fairness and justice in society. Analysis bringing out accounting's ambiguous and conflict-enhancing functioning for the socio-political order has been especially scarce. Such writings of Sikka challenges the status quo of accountants where their charters indicate that they are a professional group that have "public interest" as their key priority but which have been illustrated otherwise by Sikka's media accounts as "dark and secretive practices" that benefit only the privileged few.

**Keywords** Information media, Accountants, Ethics, Regulation, Globalization

**Paper type** Research paper

## Introduction

We live in an era when the mass media is dominated by business interests (Collison, 2003). Collison (2003) claims that the business pages of major newspapers are simply the reproduction of corporate propaganda, 40 per cent of the content being unedited releases of corporate public relations offices. Critical commentary has been scarce (Gallhofer and Haslam, 2006). One exception to the academic community's lack of visible critique is Professor Prem Sikka. He is a strong advocate for the use of what he refers to as the "public space" (interview, 2 April 2009). He does publish in the traditional



academic journals, but Sikka is more widely and publicly known through his extensive writing and appearances in the mass media. He adds to the discourse through popular broadsheets – newspapers, magazines, Sunday supplements; on stage with comedians (Mark Thomas[1]); through appearances on TV programmes in the UK and Europe; at political meetings; at parliamentary select committees; and at church groups, if he is invited! Prem Sikka's contributions cover a vast range of social issues – wealth distribution and inequality, corporate power, executive remuneration, pensions, government bail-outs; tax avoidance; corporate governance; international accounting standards and auditing. He seeks to open up discourse on possibilities that would change the status quo and current institutional structures. In so doing, he attracts attention and sometimes criticism from the accounting and corporate elites whose god-like status he undermines. One of his hobbies stated on his publicly available curriculum vitae (CV) is: "afflicting the comforted". He enjoys targeting the powerful elites who benefit from current societal arrangements. He turns upside down our conventional view of accounting and accountants, whom he views as collaborators in corporate swindles, frauds and malpractices. Current practices are portrayed as the antipathy of those of an open and democratic society. Such media discourse is intended to challenge powerful elites in the cause of bringing about the possibility of greater equity and justice in society.

The purpose of this paper is to examine the media outputs of this influential accounting academic, and understand why a professor of accounting would expose the shortcomings of the profession to a wide audience. We limit our paper to issues relating to accounting and the accounting profession. According to Gallhofer and Haslam (2006) there are few analyses that bring out accounting's ambiguous and conflict-enhancing functioning for the socio-political order. Sikka offers a counter view of accounting through media with a view to countering or challenging prevailing official and hegemonic positions. Prem Sikka uses contemporary issues to deepen a sense of crisis, attack elite forces which are in the ascendancy and create possibilities for emancipatory change (Sikka, 2006b). Through media articles, Prem Sikka is able to disseminate competing discourses and question conventional accounting wisdom.

We structure the paper by first providing some background information on Prem Sikka including aspects of his education and the early influences on his intellectual development. There is a brief section on how Prem Sikka views the role of academics/intellectuals in public discourses. Then, we present some of his media releases with brief interpretive comments; review some of the reactions to his "blogs"; and conclude with a summary of our findings about the nature of his contribution, reactions to it, and the continuing need for accounting academics to occupy the public space.

### **Prem Sikka's background**

In an interview (2 April 2009), Prem Sikka spoke of the difficulties, in 1960s, of moving from India and settling with his family in the east end of London. Problems with adjusting to a very different culture and with language meant that Prem and his sister were regarded as slow learners at school. Prem Sikka left school with little formal qualifications. According to his CV, his full-time "formal" education in England was just two years. He went to work as an accounts clerk with an insurance broker, became a trainee accountant with an advertising agency, and was financial accountant

for a property company and a petroleum company, before moving into teaching at the East London Polytechnic (later University of East London). While working, he engaged in part-time study, spending the best part of the next 27 years in self-directed, part-time study, gaining along the way – 5 the General Certificate of Education (GCE)[2] “O” levels; 2 GCE “A” levels; Association of Chartered Certified Accountants (ACCA); Fellowship of Chartered Certified Accountants; MSc in Accounting and Finance (London School of Economics); PhD (Sheffield); and first class BA (Hons) degree in Social Sciences (Open University).

The PhD at Sheffield was supervised by Professor Tony Lowe, and after his retirement, Tony Puxty, and after Puxty’s move to Strathclyde, Richard Laughlin. “At that time, Sheffield University had a legendary faculty including Richard Laughlin, Tony Puxty, Peter Miller, Peter Armstrong, Dick Wilson and Jane Broadbent” (personal correspondence with Prem Sikka). Working closely with Sheffield staff were colleagues at Manchester University including David Cooper, Trevor Hopper and Bob Scapens and in due course Prem met them too. Prem also met other academics such as Hugh Willmott and Christine Cooper while engaged on his research and subsequently went on to undertake joint work with them. All of these people have been leading figures in the critical and/or interpretive accounting literature. There was a strong tradition reflected in their work of a dialectical relationship between accounting practices and society. Accounting could not be understood merely as a technique of measurement but was viewed as socially constructed and constitutive. Even after completing his PhD, Prem Sikka thought it necessary to undertake a first degree – in social sciences. Understanding accounting as part of the social sciences is what the Sheffield School seemed to be all about. Critical theorists are of the view that to understand accounting practice it is necessary to understand the social and historical roots of its praxis that includes understanding the power structures that govern the kind of practices employed. Accounting could be employed in the interests of the powerful few and against the interests of the majority.

Such a philosophical approach to accounting studies is made apparent in the establishment of The Association for Accountancy and Business Affairs, an independent organisation whose trustees are: Prem Sikka, Christine Cooper, Jim Cousins MP, Austin Mitchell MP, Colin Haslam, Richard Laughlin and Hugh Willmott. The Association states its mission as:

Shedding light on darker practice working for an open and democratic society (<http://visar.csustan.edu/aaba/home.html>).

It is interesting terminology to speak of the “darker” practices of accounting. Cousins *et al.* (2004, p. 3) view big business and their accounting practices as exploitative:

[...] the result is rampant fat-cattery at the top, low wages and job shedding at the bottom, weakening of hard won work and welfare rights, and scandals, ripping off consumers, savers and investors.

What is particularly disturbing to Cousins *et al.* (2004, p. 3) is how accounting has become “central to all calculations about institutionalised abuses, tax and responsibility avoidance” as the “major accountancy firms have unsurpassed expertise” (Cousins *et al.*, 2004) for these so-called darker practices.

The mission of the Association is reflected in the writings in the media of its star exponent, Prem Sikka. We survey below such writings under the themes associated with the broader group of activists.

### Getting started

Prem Sikka's earliest writings were in student newsletters and magazines. He contributed to the *Certified Accountants Student Newsletter* indicating that even as a trainee himself, he was prepared to put his thoughts in the public arena. He wrote technical issues such as: "Control of stock levels" (Sikka, 1979b); "Authorisation and control of capital expenditure" (Sikka, 1979a) "Sources of short-term finance" (Sikka, 1980) and on the "nationalised industries" (Sikka, 1983). He wrote in the *Passmagazine* which states its objectives as "giving accountancy students a voice" ([www.passmagazine.com/](http://www.passmagazine.com/)) and the Accounting Technician. He then moved on to professional journals with articles in *Management Accounting; Accountancy Age; the Certified Accountant*. Increasingly, the technical content became more questioning and critical – "Technical critique: the auditor's considerations in respect of going concern" (Sikka, 1985); "Professional bodies ignore anxieties" (Sikka, 1987).

The influence of Tony Lowe, Hugh Willmott and Tony Puxty, became evident in the late 1980s when Prem Sikka undertook doctoral studies. He co-authored an article for *Low Pay Review* entitled: "Accounting for the low paid", in Sikka *et al.* (1989); and co-authored with Hugh Willmott and Tony Puxty a first article in *The Guardian*: "Why the DTI still baulks at bringing auditors to book" (Sikka *et al.*, 1990, p. 15). Following the completion of a doctoral thesis ("Understanding accounting and society: some episodes in the formation and development of the going concern concept"), a more critical edge was apparent in his writings. Increasingly, an interest in politics became evident. An article in the *Certified Accountant* (Sikka, 1992) was entitled: "The politics of political contributions".

The first venture into the mass media reflected a concern shared with his co-authors, Willmott and Lowe, for regulation of the accounting profession. They wrote for *The Times* a piece entitled: "Watchdogs must be forced to bark" (Sikka *et al.*, 1992a, p. 33). Articles continued with concerns about the auditing fraternity in *The Scotsman* (Sikka *et al.*, 1992d); *The Times* (Sikka *et al.*, 1992c); *The Observer* (Sikka *et al.*, 1992b); *The Financial Times* (Sikka *et al.*, 1993b); *The Independent* (Sikka *et al.*, 1994, p. 29). The title of *The Independent* article: "The gaping hole in auditing practice" showed an increasing contempt for the lack of ability of the accounting profession to be self-policing. In *The Guardian* (Sikka *et al.*, 1993a) they wrote: "After Maxwell and BCCI, the auditors must be audited" (p. 12).

When Prem Sikka visited New Zealand in 1994, he needed no co-authors to launch a similar tirade on the accounting profession there. He wrote: "Battling against the accounting fraternity" for *The Press* (Sikka, 1994a, p. 30) and "What happens when watchdogs fail to bark" for the *National Business Review* (Sikka, 1994b, p. 24).

### Sikka's interactions with the public occur mainly in *The Guardian* newspaper

In recent times, Prem Sikka publishes and blogs mainly through the medium of *The Guardian Newspaper*, though there are articles in other print media. The genesis of the Guardian may be an indication of why this paper is his preferred outlet.

*The Guardian* newspaper had its origins in the Peterloo Massacre in Manchester in 1819. On 16 August 1819, a crowd estimated to be between 50,000 and 60,000 assembled in Peterloo Fields, Manchester. They assembled to hear reformers speak in favour of parliamentary reform. The peaceful gathering of villagers who had paraded into town was attacked by the Manchester and Salford Yeomanry and the 15th Hussars. A total of 500 people including 100 women were slashed with sabers, and 18 were reported killed ([www.spartacus.schoolnet.co.uk/peterloo.html](http://www.spartacus.schoolnet.co.uk/peterloo.html)).

Six of the organisers were imprisoned for arranging a gathering “for the purpose of exciting discontent” (n.p.). In similar fashion to recent events in Iran, the establishment attempted to prevent any publication of the “massacre” that had taken place. Newspapers were prevented from reporting the incident and their reporters were arrested. Reporters, Richard Carlile (*Sherwin’s Political Register*), James Wroe (*Manchester Observer*) and John Tyas (of *The Times*, the only reporter from a national newspaper at the meeting) were arrested and imprisoned. Such attempts by the authorities to quell and control the press saw the emergence of *The Guardian* newspaper. As reported by Martin Wainwright (Wainwright, 2007)[3]:

One of the lasting memorials of Peterloo crosses the former site of St Peter’s Fields daily, tucked under the arms of passers-by or downloaded to their computers and iPods.

It is the *Guardian* itself, which was founded by a group of moderate Manchester reformers as a direct result of the massacre, when it became clear that demonstrations and direct action were not going to change the government’s mind on widening the vote.

Instead, a campaigning newspaper was set up under the editorship of one of the group, John Edward Taylor, who had been a witness at Peterloo.

So *The Guardian* newspaper aligns itself with those who excite discontent in the pursuit of a more just society. It is fitting that Prem Sikka should choose the *Guardian* as his main media outlet. In an age when most media outlets are controlled by business interests and the majority of printed material comes from the public relations departments of the large corporate (Collison, 2003), a countervailing voice is needed. Prem Sikka offers an antidote to corporate propaganda.

The next section explores further the reasons for using mass media and the role of academics in that public space.

### Why use the mass media?

The internet has created possibilities for fermenting emancipatory change through articles and blogs that can reach a wide variety of audiences. Through trenchant critiques and even humour, academics can ferment possibilities of change by informing, galvanising and even infuriating some (Sikka, 2008f, p. 75).

The media can be effective in driving the community’s concern about social injustice, increased media attention is believed to lead to increased community concern for a particular issue. Zucker (1978) points out that the less direct experience people have with an issue, the more likely they would be to rely on the media for information and interpretation of the issue.

The need to speak out in the general media reflects Prem Sikka’s view of the role of the accounting academic. In “The mountains are still there [. . .]” (Sikka *et al.*, 1995), the authors reflect on the role of the “intellectual” in society and in particular on the role of the accounting academic. They argue that if accounting academics concentrate

on the development of techniques, the social conditions and consequences of accounting would be ignored. They point out that all academics are inescapably embroiled in “politics”, as all teaching and research activities either support or challenge extant frameworks. They ask whether accounting academics should simply be paid servants of professional bodies, accountancy firms, industry and government. Or should they, as intellectuals, engage directly with the values of fairness, justice, greater democratic participation, openness and accountability? They favour the latter view, and follow Said (1994, p. 9) in wanting academics to “confront orthodoxy and dogma” and “to represent all those people and issues that are normally forgotten or swept under the rug” (Said, 1994). They want to follow the advice of Weber (1946) to “generate alternative discourses through raising searching questions and communicating inconvenient facts to a wide audience, in public” (Sikka *et al.*, 1995, p. 117). In this way, they are capable of unsettling established “regimes of truth” and may facilitate change:

Intellectuals can side with the devalued people and discourses so that, in pursuit of justice and freedom, alternative voices are heard and opportunities are created for personal and social transformation (Sikka *et al.*, 1995, p. 118).

By attacking conventional “sacred cows”, they recognise they will “infuriate some audiences and draw hostile reactions” (Sikka *et al.*, 1995, pp. 117-18). That is a part of the process of attempting to broaden public debates and public choices. There is evidence that the media presents business stories to enhance good news and downplay bad news (Gallhofer *et al.*, 2000). According to Gallhofer *et al.* (2000) accounting communications have been distorted thus failing to live up to their potential to contribute to the enhancement of social well being. Prem Sikka’s writings offer a form of counter-information activity. Sikka’s objective is to provide ammunition to devalued people such as labour for their struggle for better working conditions and a decent wage.

In the following sections, we give some flavour of the voluminous writings and illustrate some of the “inconvenient facts” that would upset the defenders of the status quo. We will quote relatively extensively from Prem Sikka’s media blogs to show his skill in one of his stated hobbies: “afflicting the comforted”.

### Popularising accounting debates

To some observers, accounting debates may appear boring, technical and grey, but accounting practices affect taxes, perceptions of risk and the value of people’s savings, investments, pensions and access to education and healthcare. Accountancy rules affect public welfare and they should be made by a democratic organisation that is independent of big business and accounting firms (Sikka, 2007b).

Sikka takes a political economy approach to understanding accounting practices. Those accounting academics who adopt a political economy approach are interested in issues of distribution of wealth as much as its creation. Their view is that accounting is not neutral but “visible” and implicit in deciding who gets what shares of the wealth created:

The visible hand of accounting is deeply implicated in the distribution of income, wealth, adjudication of property rights and measurements of poverty and financial well-being (Sikka, 2008f, p. 75).

For most people, however, accounting is not “visible”. Most laypersons have no idea about, nor interest in, accounting principles and standards, or how they are formulated.



They have no idea how such standards may affect such things as pensions, wages, prices, dividends, and jobs. So the popularisation of accounting issues is no easy task for a commentator. Often accounting is understood as a neutral technology, rather than as an instrument of the rich and powerful. Prem Sikka views the consequences of accounting practices from the perspective of the less powerful in society. Sikka believes that media is always a powerful tool to change public mentality. He sees governments as often in collusion with the rich and powerful. When times are bad, the government is willing to bail out the wealthy but according to Prem Sikka ignores the plight of the poor. Sikka (2006b) points out that we need to bring out the contradiction of underlying philosophy and social structure. This is to expose the web of social relations that underpins contemporary social conditions and to expose fault lines of neo-liberalism and show that its rhetoric cannot match its practices. Thus, media is essential to create change in the operating conditions of capitalism. Sikka raises questions about the government's willingness to save the failing banking industry:

The financial sector bail-out is the biggest wealth transfer of all times, but who exactly has been bailed out and what does it do for the people at the bottom of the pile? (Sikka, 2008h).

It is a rhetorical question as Prem Sikka answers his own question with detailed facts and figures:

The taxpayer-funded resuscitation of stockmarkets is good news for the well-off whose pension pot is tied up in stocks and shares. The average retirement pension for FTSE 100 executives is around £200,000 a year. The pension pot of the outgoing chief executive of Royal Bank Scotland (RBS), a bank rescued by the taxpayer, is around £8.4 million and he can look forward to a pension of £579,000 a year. In sharp contrast, final salary pension schemes for most employees have closed. Due to lack of resources, 85% of the under-thirties have no pension. Nine million under-50s are not saving in a pension. An estimated 11.6 million people aged between 16 and 65 have no private or company pension provision (Sikka, 2008h).

### **The elitism of accounting exposed**

Prem Sikka takes us to the "darker" side of the accounting profession through his media blogs. According to Sikka (2006a), accounting standards are conceived in dark, secretive places; by processes hidden away from the glare of public scrutiny. The accounting profession has a lot to be accountable for:

Today accountants rather than Parliament decides what counts as solvency, liquidity, asset, liability, equity, debt, income, expense, profit and loss. Their decisions affect pensions, wages, dividends, prices, jobs, taxes and the daily life of shareholders, creditors, employees, pension scheme members and other stakeholders. This huge social investment in economic surveillance gives accountants security of income, job and status (Mitchell and Sikka, 2002, p. 3).

Prem Sikka's academic and media writing exposes much of what is going wrong in the business and professional world in terms of (un)ethical behaviour. He warns of the dangers of allowing the accounting profession to police business practices: "Don't let the fox guard the henhouse" (Sikka, 2008j, k). He says that "blinkered policymakers" may expect major accounting firms to act in the public interest but that "such aspirations have little chance of becoming reality until major accounting firms are forced to put their own houses in order" (Sikka, 2008k). The last phrase, implying malpractice by accounting firms, is explicated in many of his exposes:

KPMG has been the subject of what the US justice department described as the “largest criminal tax case ever filed”. KPMG admitted that it engaged in fraudulent practices that enabled its clients to generate phoney losses. The firm collected huge fees and the tax authorities lost billions of dollars in tax revenues [...]

Four current and former Ernst & Young partners are facing charges arising from alleged “tax fraud conspiracy and related crimes” arising out of schemes promoted by the firm. One former employee has pleaded guilty and said that she and others “deliberately concealed information [...] submitted false and fraudulent documentation” to the tax authorities [...]

PricewaterhouseCoopers has advised the Conservative party on taxation policies. After examining evidence, a report by the US Senate committee on homeland security and governmental affairs concluded that the firm sold “generic tax products to multiple clients, despite evidence that some [...] were potentially abusive or illegal tax shelters” [...]

Following the demise of Enron, a US Senate report found that Deloitte & Touche played a key role in developing tax-avoidance strategies for the company. The 12 tax-avoidance strategies developed by Deloitte and other business advisers helped Enron avoid around \$2bn of taxes (Sikka, 2008a).

The above extracted commentary illustrates to the general public the extent to which the big-four accounting firms are involved in elitist accounting practices. They appear to show a lack of concern for the welfare of others in society, especially for the poor whose welfare is dependent on governments collecting tax revenues. Sikka (2008e) also contends through media that poor accounting practices, inadequate auditing procedures, a lack of auditor independence and monetary greed as primary causes of the financial crisis involving unemployment for many and need for bail-outs for the financial institutions:

The deepening financial crisis brings daily news of corporate collapses and bailouts that plunder the taxpayers’ pockets at an unprecedented scale. Innocent people are losing jobs, homes, pensions and investments. Each collapse shows that highly paid directors had little idea of the value of company assets, liabilities, income, costs, profits and financial health. This has been accompanied by one constant factor: the silence of the auditors. Auditors collected large amounts in fees and dished out clean bills of health.

The auditor’s dependence for fees on corporate barons makes it impossible for them to be independent. Their understanding of the businesses that they audited must also be doubted. The auditing industry has consistently failed to provide value for money (Sikka, 2008e).

This reflects Gallhofer *et al.*’s (2000) argument that accounting communications have become distorted and failed in their potential to contribute to the enhancement of social well-being. There is a need to re-orientate accounting communications towards socially desirable transparency. News media can take responsibility for creating greater awareness of poverty, and this awareness could lead to improvement in the welfare of the public.

### **Tax matters**

The same corporates that are being bailed out by the taxpayer have been poor contributors to the government coffers. Tax avoidance schemes are a favourite target of Prem Sikka. His critics often point out that tax avoidance is legal and everyone is entitled to avoid paying unnecessary tax payments. However, large corporates hire



expensive tax consultants to devise complex arrangements that the regulator (and auditors) cannot fathom. They often involve tax havens, multiple interlocking sets of accounts, and intricate transfer pricing schemes:

The government needs to vigorously tackle the tax avoidance industry. A recent report from the Public Accounts Committee reported that in 2005-2006, 25% of the largest UK companies paid no corporation tax. Yet companies have little difficulty in collecting handouts from normal taxpayers. Tax havens, often sponsored by the UK government, have been running fiddle factories for years. Rich individuals and corporations may be avoiding over £100 billion of taxes each year (Sikka, 2008d).

Sanctimoniously, these rich who do their unethical best to avoid tax payments are not at all reluctant in putting their hands up for taxpayer bailouts:

The bailout is funded out of taxation, but the rich shy away from paying taxes. In 2006, Britain's 54 billionaires boasting a combined wealth of £126 billion are estimated to have paid income tax of only £14.7 million. With tax avoidance schemes designed by leading accounting firms, City dealers paid themselves in gold bars, fine wines and persian carpets to avoid taxes. At the same time, the poorest 20% of the population pay nearly 40% of their total income in direct and indirect taxes, compared to 34.8% for the richest 20%.

The burden will disproportionately fall on the less well-off. There is a little chance of a bail-out for the 13.2 million people living in poverty, or for 2.1 million pensioners and 3.9 million children living in poverty, or students starting life in debt. When will the government find money for social reform? (Sikka, 2008h).

NGOs have been critical of the tax avoidance practices of large multinational corporations. Christian Aid reported that "big accounting firms are at the heart of a global tax avoidance industry" (Sikka, 2008a) and that "it showed how depriving governments of vital revenues for investment in social infrastructure can cause death and misery for millions" (Sikka, 2008a). Sikka (2008c) in critiquing accountancy firms, questions whether these accounting firms (professionals) use too much of their entrepreneurial energies in developing "creative compliance strategies" (p. 277) that allow themselves and their clients to be involved in anti-social practices like "price-fixing, bribery, corruption, money laundering and tax avoidance/evasion" (p. 269). Indeed, Sikka states emphatically that in all the financial engineering and avoidance of rules by companies seeking to aggressively chase profits, "accounting firms have been in the thick of it" (p. 277). Elsewhere, Sikka (2006f, p. 6) tells us:

[...] a partner of one [accountancy] firm was bold enough to say, "No matter what legislation is in place, the accountants and lawyers will find a way around it. Rules are rules, but rules are meant to be broken".

In fact, Sikka (2008c) portrays accountants as "rule-benders" who have scant regard for the impact of their actions on the welfare of others in society.

### Accounting and financial regulation

Governments talk of heavy fines and incarceration for antisocial behaviour for normal people, but it is entirely different for economic elites, as exemplified by major accountancy firms. Despite recurring audit failures, they get their own courts [sic], puny fines and little or no public accountability. Appeals professionalism [sic] and private disciplinary arrangements

disarm journalists and critics and mask the usual predatory moneymaking business (Sikka, 2008k).

Further evidence of Sikka's disillusionment of the functioning of the accounting profession is presented in his media blogs which indicate that the disciplining of major accounting firms was little more than a cynical public relations exercise. Sikka (2008k) writes that "[...] economic elites (accountancy firms) cannot effectively regulate themselves" and that "(T)he usual excuse is that the accountancy regulators can't do anything until all litigation is resolved":

Last week, seven years after the collapse of Independent Insurance Group, the UK accountancy profession frightened KPMG with a fine of £495,000 over its audit failures. The partner in charge of the audits was fined £5,000 and the firm had to pay disciplinary hearings costs of £1.15m. The audit failures played a part in helping the company to report a loss of £105m into a profit of £22m. [...] The puny fines will hardly worry KPMG or its partners. The firm boasts worldwide income of nearly \$20bn (£10bn) [...] (Sikka, 2008k).

He illustrates further:

The seven-year delay is not unusual. The professional structures took eight years to levy a fine on Coopers & Lybrand (now part of PricewaterhouseCoopers) for audit shortcomings that might have prevented the late Robert Maxwell from looting his companies and employee's pension funds (Sikka, 2008k).

The above analysis highlights a discrepancy between accounting's alleged communicative role and its actual manifestation. In our view there is a need to encourage open and truthful dialogue about the discrepancies. Crucial to this is to facilitate a dialogue about the socio-political character of accounting.

Sikka also writes that there needs to be a distancing of the regulator from the regulated. He notes that while people look to the government to provide a lead on regulation, it is, however, through the prism of corporate interests. He argues that this direction allows corporate elites to promote regulation as a technical matter but that the consequences of such a direction with regards to distribution of income, wealth, power, accountability and quality of life becomes sidelined (Sikka, 2008). His writings suggest that accounting regulation has been buffoonery because it would appear that regulatory emphasis has been focused on business and profit at all costs:

The main task of any business regulator should be to make corporate power accountable. Companies are focused on pursuit of private profits, at almost any cost. Since profits play a major part in the calculation of executive remuneration, company directors have incentives to cook the books.

A necessary condition of effective regulation is that there should be a distance between the interests of the regulators and the regulated. The regulators should primarily be concerned about the welfare of citizens, consumers and society generally. They need to have different values, vocabularies, agendas and priorities. They should not have a cosy relationship with the regulated. Yet the regulators are too close to corporate interests. They do not owe a 'duty of care' to anyone affected by their myopia. They routinely hold discussions with corporate barons and neglect victims of corporate misdeeds (Sikka, 2008f).

Sikka also depicts the role of regulatory bodies as having conflicting interests:

The Financial Services Authority (FSA) and Financial Reporting Council (FRC) are all dominated by the corporate interests they are supposed to regulate. The FSA permits companies to sell financial instruments without ever testing them for their potential to bring mass destruction. Neither the FSA nor the FRC said boo to any company that failed to fully report their toxic investments, or auditors who approved such accounts. Rather than regulators, they acted as cheerleaders (Sikka, 2008f).

Emphatically, Sikka (2009b) expresses that “[A] public debate on creating effective regulatory system is long overdue and should be embedded to principles of democracy, openness and accountability rather than pandering to private interests” and reiterates Sikka’ (2008f) message on a required distance being kept between the regulators and the regulated:

At the very least, an effective system of regulation requires that there should be distance between the regulators and the regulated. The regulators should promote the industry and not have a cosy relationship with those to be regulated. Their prime concern should be to protect the interests of stakeholders, consumers, depositors, borrowers and citizens generally, even if that goes against the interests of the industry (Sikka, 2009b).

Gallhofer *et al.* (2000) commend that one needs to ensure that all voices are heard in public debate and that regulators, producers and users of accounts engage in dialogue.

### Audit profession

Sikka (2001, p. 2) is particularly scathing of the audit profession in his publications. He writes that “research shows that a large amount of audit work is falsified” and argues that “the legal regulation of auditing is weak” (Sikka, 2001) because “(A)nyone selling a packet of crisps or sweets has to owe a ‘duty of care’ to the individual perspective consumer. Yet the same does not apply to auditors” (Sikka, 2001). He expostulates in his article “Accounting for the auditors”:

As huge corporations tumble, what of the auditing firms paid millions to provide them with clean bills of health?

In the current financial turmoil, companies are falling like ninepins. Lehman Brothers is in administration. Northern Rock, Fannie Mae and Freddie Mac have been bailed out and the list of vulnerable banks is growing. Bear Stearns and Merrill Lynch have been sold at knockdown prices and HBOS has merged with Lloyds TSB. Governments are pouring vast amounts of money to bail out financial institutions. Amidst the mayhem, we need to ask questions about the role of auditors, who have been paid millions of pounds to give opinions on company financial statements. Yet companies are sinking within weeks of getting a clean bill of health. (Sikka, 2008b).

Where indeed is the duty of care and public responsibility that auditors should have to stakeholders when such companies can collapse so rapidly after getting this “clean bill of health” from this very professional trained group of individuals who should have been able to identify whether or not these companies had going concern issues? Sikka (2008g) in his media blog identifies auditor independence as a significant contributing factor to auditors’ lack of care to wider society. He reports:

[...] Following previous violations of auditor independence rules, the US Securities and Exchange Commission (SEC) prosecuted E&Y and [...] concluded that the firm “committed repeated violation of the auditor independence standards by conduct that was reckless, highly unreasonable and negligent” (Sikka, 2008g).

Sikka (2001, p. 2) portrays the auditing industry as a “Humpty-Dumpty” that continues to be put together again and we could surmise that it is being done with sticking plasters (band-aids). This would be an opportune moment to recite the nursery rhyme that many of us may have forgotten (but what is not known to most is that this nursery rhyme had its origin as eighteenth century slang for individuals who might well be the kind to fall off a wall because the slang represented a short, clumsy person):

Humpty Dumpty sat on the wall  
Humpty Dumpty had a great fall  
All the King’s horses, And all the King’s men  
Couldn’t put Humpty Dumpty together again  
([www.rhymes.org.uk/humpty\\_dumpty.htm](http://www.rhymes.org.uk/humpty_dumpty.htm)).

An interesting interpretation and analogy of Sikka’s use of the humpty dumpty slang could be related to that of his view of the auditing profession. Does he view members of the auditing profession of the kind that are clumsy and will continually fall off the wall because of their (short)comings? However, this reference to the Humpty-Dumpty nursery rhyme by Sikka is relevant not just to the auditing profession but also to the wider role played by accounting professionals.

In referring to Sikka’s portrayal of accountants as “rule-benders”, it would appear that what is happening with all the corporate and accounting debacles that plague society, a band-aid is being placed upon Humpty-Dumpty so that he is placed upon the wall again and again, only to fall down time and time again and being plastered with yet another band-aid but which in reality does not actually resolve any of the problems that these “rule-benders” are so capable of circumventing for their own self-gain of wealth and status while ordinary citizens continue to suffer the dire consequences of their selfish actions. Sikka (2001, p. 3) writes that as a result of unexpected corporate collapse, frauds and scandals, the accountancy establishment responds by “tinkering with ethical guidance, tightening the disciplinary arrangements, introducing or revising the regulatory bodies” and promising that this (sticking plaster) would prevent such debacles from happening again is meaningless, because of course, sadly as we all know, they do recur. How long can the accounting profession sustain this humpty dumpty(ing) before it loses all its creditability with society? (And All the King’s horses, And all the King’s men Couldn’t put Humpty Dumpty together again.) Sikka (2006a, p. 6) uses the saying: “those who do not learn from history are destined to repeat it, first as tragedy, then as farce”. Through media blogs, Sikka gives away the fruits of “critical accounting”. Competing discourses such as corporate collapse, frauds and scandals may be advanced through interventions in public debates through media blogs and thus they may impact on local communities (Sikka and Willmott, 1997).

### Globalisation

The IASB expects all major businesses- whether based in America or Afghanistan, Britain or Bolivia to follow its standards regardless of local needs and histories. The IASB accounting standards are imposed on developing countries as condition of loans, grants, investments and donations by western governments, the World Bank and the International Monetary Fund. This is part of new colonialism and ideological domination. Such imposition makes developing countries dependent on the west and prevents them from developing appropriate local institutional structure. In case, any countries start developing accounting practices

to meet local needs, the IASB chairman has warned: “we have to nip this in the bud” (Sikka, 2007).

Sikka presents that the International Accounting Standards Board (IASB) is an example of non-democratic processes forced on everybody. He reports that the IASB's standards benefit the corporate elite in society as they result from political bargaining amongst corporate elites in rule making. He also suggests that the restructuring of standard setting bodies is always political in that the outcomes will enable some, especially the corporate elite to advance their agenda and concerns and at the expense of others (Sikka, 2002). In Sikka' (2007a) article entitled: “There's no accounting for accountants”, he writes:

The IASB is not accountable to democratically elected parliaments. Its members are not elected by stakeholders or any representative organisation. To secure its legitimacy, the IASB has covered itself as garbs of pluralism and a “due process” which invites interested parties to comment on its proposals. Such processes advantage corporate interests who have the resources to shape policies. Ordinary people suffering from dubious accounting and losing their jobs, savings, investments, pensions and homes are not in any position to shape IASB standards. There is no evidence to show that any note is taken of the views of non-corporate residents.

The victims of poor accounting cannot check the IASB because it does not owe a ‘duty of care’ to any individual shareholder, creditor, pension scheme member or any other party affected by its pronouncements (Sikka, 2007a).

Sikka's (2007a) media blog suggests a form of imperialism where it would seem that the IASB members are those that promote corporate interests and are subsequently to be seen as their nominees.

Sikka with regard to globalisation issues also draws his readers' attention to the ineffectual manner in which global accounting firms seem to have operated. Sikka (2009c) explains in his article that while India has embraced western ideas on corporate accountability to “comfort” foreign investors, all the conditions associated with failed audits in the western world were present; in particular, the audit independence issue because not only were the auditors selected by the directors and paid by Satyam, these auditors also acted as consultants to the company thus making them susceptible to pressures from the directors:

The names of Enron, WorldCom, Maxwell, Bank of Credit and Commerce International (BCCI), Versailles Group, Parmalat and Madoff must now be supplemented by Satyam. In every case, the frauds were an inside job. Satyam is India's fourth largest software company. It complied with the latest accounting standards and boasted audit committees, independent directors and a global accounting firm as its auditor (Sikka, 2009c).

The additional extracted commentary from this media blog shows that the problems associated with major accounting are indeed global:

The Indian inquiry is likely to further erode confidence in major accounting firms already in the public eye over failing to raise a “red flag” at distressed banks. It is not being suggested that PwC India has acted improperly in any way to Satyam, as none has yet been proved but PwC has been on the radar of Indian tax authorities. The US arm of the firm paid a fine to settle allegations of kickbacks. Three former accountants of its Japanese arm were found guilty of lying in conspiracy with executives in a scandal that brought down cosmetics maker Kanebo.

The firm was sanctioned because its partners “certified wilfully Kanebo’s falsified annual reports for the five periods” (Sikka, 2009c).

Sikka (2009a) in his article entitled: “Controlled by the corporations”, emphasises that the real problem of the financial crisis is related to neoliberal democracy wherein corporate interests have become central to domestic and foreign policymaking. The redistribution of wealth is in favour of corporate interests at the expense of the ordinary workers who produce the wealth. The poor are increasingly deprived and suffer at the whims of corporate interests (Gallhofer and Haslam, 1991). Sikka (2006b) points out that neoliberalism play a key role in the creation and obfuscation of contemporary exploitation, inequalities and social relations. He argues that corporate power over legislators must be curbed before corporate boardroom activities can even be cleaned up. He also writes earlier in a 2007 article that the Big 4 accounting firms seem to advance the interests of capitalism in society whereby the accounting standards are formulated in the interests of the corporations which basically fund them. Sikka 2007a thereby draws our attention to political activity surrounding regulation:

[...] the fallout from the collapse of the US energy giant Enron showed that the IASB had solicited a contribution of \$500,000. Enron executives considered this request because they thought it might help them to influence accounting rulemaking. US Senator, Carl Levin, chairman of the permanent subcommittee on investigations said that the correspondence showed “Enron wanted to know whether its money would buy access and influence” [...] and its auditor didn’t bat an eye at this enquiry. Paradoxically, auditors claim to independently enforce accounting standards, but here they are in bed with corporate interests and control the production of standards. This is further proof that auditors cannot deliver independent reports.

The multinational professional service accountancy firms (currently known as the Big 4) are important institutions where accounting practices emerge, become standardised and regulated and where accounting rules and standards are translated into practice. These firms are motivated by profit and capital accumulation and Prem Sikka raises concerns as to whether accountants and professional organisations are at all concerned with the wider interests of society.

### Reactions

Being in the public gaze through such media exposure has its risks. Responding to a Guardian article written by Prem Sikka: “Controlled by the Corporations” (Sikka, 2009a), a correspondent by the pseudonym, *seangman*, commented:

This is an utterly ridiculous article! I cannot believe that this load of tripe is being propagated at Universities [...]

This article is absolutely ridiculous. I think it would be a good idea for the Guardian to offer a qualified accountant a chance to rebut Mr Sikka and his views so that we can have a genuine debate about accounting standards and its impact on business behaviour ([www.guardian.co.uk/commentisfree/2009/jan/08/financial-crisis-regulation](http://www.guardian.co.uk/commentisfree/2009/jan/08/financial-crisis-regulation)).

Another critic, Tim Worstall wrote:

- That’s a bloody stupid thing for a Professor of Accounting to say
- but again this is a damn fool thing to say.



“The real problem is the nature of neoliberal democracy” (quoting Sikka).

– Well, glad we’ve got that settled then. We’ll obviously have to abolish the system then eh? Perhaps, replace it by rule by civil society? Those who thrust themselves forward rather than those we elect? (Worstell, 2009).

Perhaps, such blogging on the internet simply illustrates that there are readers of the Guardian articles and that Prem’s pieces create the appropriate reactions from his target readership – the establishment (Worstell writes for the Adam Smith Institute). On another occasion, Worstell comments:

I’m always amused by these sorts of pieces. Yes, of course, to some extent, the accountancy profession is run for the benefit of accountants, as the law is for lawyers, trade unions for trade unionists and so on.

There’s a branch of economic thought called public choice theory which takes this a little further: that bureaucracies are run for the benefit of bureaucrats, that politics is run for the benefit of politicians.

The amusement comes from the way in which those screaming hardest about the first iniquity so often seem to be the same people who refuse to countenance that the second might happen at all (Worstell, 2008).

More serious reactions come from affiliated bodies of the Accounting profession. When Prem Sikka queried the secretive nature of the election processes for the ACCA Council, The ACCA’s Director of Professional Standards wrote to the Vice Chancellor of East London University indicating that if the University supported Sikka’s stance then the ACCA would reconsider its accreditation of the University (reported in the Sikka *et al.*, 1993b). It seems extraordinary that the accreditation of university courses should depend on a reaction to a professor expressing his views in the pursuit of transparency, rather than the appropriate review of educational requirements and course content. The leadership of the ACCA body did not seem to accept that reasonable dissent to current practices was consistent with the values inherent in a liberal democracy.

There is hearsay that Prem Sikka has received reactions of a more violent kind from members of the groups he has written about. He may provoke strong reactions because of the language in which he states his concerns. He refers frequently to the accounting profession as the “corporate mafia”. These verbals may be ways of grabbing attention and making people think about the questionable practices to which he draws our attention.

Some academics have engaged in criticism of Prem Sikka. Tinker and Carter (2005, p. 154) claimed that Sikka was working within a literary genre, accounting activism, established by the American academic Abe Briloff, and that Sikka’s work “is a pale imitation (of Abe Briloff) in terms of both method and results”. Tinker and Carter also claimed Briloff railed against the capitalist system while Sikka imagines that tinkering with regulations might save it.

There are also accolades. Professor Sikka became the first living United Kingdom academic to receive the “Accounting Exemplar Award” from the American Accounting Association (AAA), an organisation that represents accounting academics in the USA (University of Essex, n.d.). This award was sponsored by the Public Interest Section of the AAA and conferred at a luncheon held in Washington, District of Columbia.

His biggest fans, however, are among the ordinary readers of his media releases. His reforming zeal and calls for action appeal to many people. From the Friday 1 August (Sikka, 2008a):

Meanwhile, let us thank him for being not only clear in his analysis and observations but also his outspokenness! ([www.guardian.co.uk/commentisfree/2008/aug/01/regulators.economy](http://www.guardian.co.uk/commentisfree/2008/aug/01/regulators.economy)).

From the Thursday 21 August (Sikka, 2008i):

Prem Sikka judging by this “speech” you should be our P.M.  
Good idea: Prem Sikka as PM!

Thanks should be given to Professor Sikka for again stating the simple truth.

If The Guardian wanted to act with real social responsibility, it would run off about 50 million copies of this article to post through every letterbox and hand out in the streets.

It should also be inscribed on stone and every MP forced to eat it ([www.guardian.co.uk/commentisfree/2008/aug/21/conservatives.georgeosborne](http://www.guardian.co.uk/commentisfree/2008/aug/21/conservatives.georgeosborne)).

In an interview (2 April 2009) in response to a question about whether he is ever dispirited with his campaigning, Sikka replied:

Never! It is important to remember that everything good we have today, we have because someone stood up and fought for it.

### Conclusion

Prem Sikka uses the mass media of newspapers and their electronic “blog sites” to give an alternative view of accounting. Through media blogs he continues to challenge the institutional silence revealing the plight of the poor, disgruntled clients and the people of the third world. Rather than moderating conflict, accounting has tended to play a conflict enhancing role in most societies (Gallhofer and Haslam, 1991). Contrasting wages with profits to highlight capitalistic injustice and exploitation is an important facet in the rhetoric of Sikka’s writings. Sikka writes of accounting from the perspective of those who least benefit from its practice; the unemployed; low waged; pensioners; the people of the third world. He lambasts those who use accounting to make themselves rich at the expense of these groups. Through his writings on the weak and underprivileged in society, there is an impact on community expectations which generates a potential “legitimacy gap” for the accounting profession. In response both regulators and professionals attempt to address the potential legitimacy crisis. Media have power to create change (Islam and Deegan, 2009).

Part of the problem is neoliberalism which is deeply entrenched in the west and is increasingly being offered as the only viable political philosophy to the rest of the world (Sikka, 2006b). Neoliberalism is riddled with fault lines: it claims to value society and democracy, promises freedom and equality, but fails to deliver either. Sikka (2006b) points out that virtues of democratic society are usually encapsulated by celebration of entrepreneurship, individualism and competitiveness. Notions of “freedom” are used to advantage trade and business, and governments have set the corporation free to hire, fire, relocate, downsize and plunder (Sikka, 2006b).

From reviewing Prem Sikka’s research and media publications, it would appear that he is challenging and throwing down a gauntlet to not just accountants and corporate directors/leaders but also to accounting educators and students/graduates to

consider the inequitable side of accounting practices and the (un)ethicalness of their behaviour in pushing for themselves ultimate wealth, power and status at the expense of others. Through Sikka's articles, citizens across the globe may develop and share lines of arguments that can counter hegemonic forces (Gallhofer *et al.*, 2006a). Sikka's writings in exposing the anti-social accounting practices challenge accounting and business professionals to consider taking more responsibility and accountability for their actions and to consider the dire consequences that their actions have on the overall welfare of ordinary citizens and society; there needs to be more serious contemplation by professionals of their ultimate due care to society and that their work should be serving the public interest. The media plays a vital role in improving the welfare of the poor and underprivileged through writings of academics such as Sikka.

It is reasonable to argue that Sikka's media coverage on counter accounting has been successful in producing a wealth of counter-accounting that engages in a hegemonic struggle (Gallhofer *et al.*, 2006b) and reaches such a large audience. Media blogs and reporting are seen as part of the field of systems of informing that can change the world. Prem Sikka is seeking to change the world and promotes interests of poor and underprivileged and seeks to increase awareness through his general counter accounting activity. His critiques and exposes highlight the fault lines of neoliberalism and demonstrate that its rhetoric cannot match its practices. As the critique becomes institutionalised in the public sphere, people may be willing to explore alternative policies. Such outcome is likely to be favourable in the building of communities to imagine possibilities for change. As Sikka and Willmott (1997) point out, without media, it would be difficult to sustain the process of disseminating competing discourses and, with it, the joy of disseminating a fresh perspective which can galvanise people into action as it articulates discourses which have been silenced or marginalised.

There are two aspects of Prem Sikka's work that stand out:

- (1) he engages with the profession, putting himself forward more than once for the Council of ACCA on a manifesto which called for open council meetings, direct elections of officeholders and representation of women and minorities on Council. He wants to be in the ring, making a difference; and
- (2) the difference he seeks is radical. Perhaps, the change he craves is too radical, certainly for most practitioners and their "clients".

Yet for critical theorists such as Tinker, Sikka does not go far enough as he seems to believe that better regulation can save the capitalist system. As always, Sikka brings forth polarized views. He delights in the debate and controversy in being able to shed light on the "darker" or hidden practices of accountancy in a free, open and democratic society. Such a society needs individuals, human agency, to question extant structures and open up possibilities for change. By encouraging debate on what can be done, there is a range of public choices. The outcome of change can never be envisioned exactly, so there is a need for a continuing discourse about value systems and institutional structures. It is the latter that are of lasting significance, and claims Sikka self-effacingly (interview 2 April 2009), not the individuals who happen to engage in the debates. Prem Sikka offers encouragement for more accounting academics to enter the "public space".

## Notes

1. Mark Thomas is a well-known campaigning comedian in the UK. His interviews with Prem Sikka are available at: [www.markthomasinfo.com/section\\_audiovideo/mp3s/premsikka.mp3](http://www.markthomasinfo.com/section_audiovideo/mp3s/premsikka.mp3) and [www.markthomasinfo.com/section\\_audiovideo/mp3s/s4part3.mp3](http://www.markthomasinfo.com/section_audiovideo/mp3s/s4part3.mp3)
2. The acronym GCE refers to the common usage of an abbreviation of the General Certificate of Education. Satisfactory performance in the “advanced level” was used as a requirement for university entrance.
3. The reference list shows the relevant URLs for all electronically available issues of the *Guardian* newspaper.

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**Corresponding author**

S. Lawrence can be contacted at: [stewart@waikato.ac.nz](mailto:stewart@waikato.ac.nz)

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