Conceptions of stakeholder engagement: the potential of a governmentality approach

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Abstract

Based on Mitchell Dean’s refined conception of governmentality, this paper examines the specific conditions under which stakeholder engagement and dialogue initiatives generate effects in defining, maintaining and transforming the relationship between organizations and stakeholders.

The paper overcomes the atomistic view of stakeholder engagement research by virtue of a holistic exploration of how these practices have evolved into technologies of government. Through a reflexive analytical framework in which Dean’s analytically separable elements are intertwined this study examines how organizations engage with stakeholders in relation to sustainability related issues as captured in academic research from 1993 to 2013. The four analytics of government are proposed as a means to examine the systematic ways of exercising power and authority. This allows some interrogation about the ways in which stakeholder engagement is constituted thus providing some directions about how it can become enabling rather than disabling of corporate accountability.

This paper reflects on the consequences that accounting logics and practices may have for organizations and society and responds to calls for more detailed empirical studies on the extension of accounting and accountability-type technologies into stakeholder engagement and considers the possible implications for the development of a holistic accountability practice more generally.
1. Introduction

Stakeholder dialogue is increasingly regarded as an important part of corporate social, environmental, economic and ethical governance and accountability mechanisms (Unevman, 2007; Archel et al., 2011; O’Dwyer et al., 2011; Barone et al., 2013; Brown and Dillard, 2013). The stated prominence of stakeholder interaction is that only consulting with potential stakeholders organizations can develop knowledge and understanding of their needs and expectations while addressing these expectations should be the aim of ‘good’ corporate governance and accountability (Unerman and Bennett, 2004; Thomson and Bebbington, 2005; Bebbington et al., 2007).

Nonetheless, it is argued that for stakeholder engagement to lead to meaningful corporate accountability, on the one hand, mechanisms whereby stakeholder views can feed into the decision making process have to be created, whilst on the other hand techniques to hold management to account need to be established. Otherwise, stakeholder engagement and dialogue initiatives promoted by the corporate world risks representing only an exercise of power over non-financial stakeholders who are disadvantaged by means of a more or less sophisticated management tool (Owen et al., 2001).

Organizations use a vast and heterogeneous set of channels to engage with their stakeholders ranging from conversations, to written exchange of ideas, and physical confrontation (Burchell & Cook, 2008; Friedman, 2006 #444). Some of these techniques focus on principles and mechanisms directed towards designing or implementing frameworks to engage with the various constituency groups (AccountAbility, 2005; UNEP, 2005; Bebbington et al., 2007; Boesso and Kumar, 2009; Brown, 2009; Belal and Roberts, 2010) while research has examined and evaluating and assessing the quality of such engagement (Freedman and Jaggi, 2006; Manetti, 2011). As is the case with addressing the dimension of corporate power within sustainability accounting and accountability process more generally, there has been little if any debate within the academic literature regarding the extent to which stakeholder engagement and dialogue can contribute to empower stakeholders through more participatory forms of corporate governance (Owen et al., 2001).
Drawing upon the above points, the aim of the paper is to critically analyse the specific conditions under which stakeholder engagement and dialogue technologies generate effects in defining, maintaining and transforming the relationship between organizations and stakeholders. The study provides theoretically inspired empirical insights into the extent to which stakeholder engagement practices are framed and used as a form of government within the sustainability accounting and reporting process. In doing so, it aims to make two key contributions to the accounting and accountability literature.

First, the paper outlines a distinctive theoretical approach to regard the role of stakeholder engagement and dialogue initiatives in the constitution of corporate accountability practices. The theoretical framework used to address this aim is based on the concept of governmentality introduced by Michel Foucault (Foucault, 1991; Foucault, 2005; Foucault, 2007), and further expanded by Mitchell Dean (Dean, 2009) whose “analytics of government” framework has proved to be useful for analysing the specific conditions under which particular forms of power emerge, exist and change (Russell and Thomson, 2009; Tregidga, 2013; Spence and Rinaldi, forthcoming). Although the foundation of power, the development of governable selves and the mentalities of government have been addressed within the accounting literature (Miller and O’Leary, 1987; Miller and Rose, 1990; Miller, 2001; Neu and Heincke, 2004; Neu and Graham, 2006; Miller and Rose, 2008; Stein, 2008), Dean’s analytics of government has been rather disregarded. This holistic theoretical standpoint where the four analytically separable element are reflexively intertwined, increase the explanatory power of the analysis and exposes how accounting and accountability practices shape forms of power and rationales in governing the engagement processes. As stakeholder engagement and dialogue is often regarded as an aspiration of reform that may involve a variety of practices, employing the analytics of government to analyse aspects of its implementation has the potential to provide valuable insights.

The second aim is addressed at an empirical level. This analysis explores and critically reviews 20 years of accounting research on stakeholder engagement
and dialogue and uncovers the concealed rationality behind a range of behaviours and mechanisms that function as technologies of government.

Most stakeholder engagement research examines engagement practices atomistically and neglects the dynamic symbiotic relationship (although see O'Dwyer, 2002 and O'Donovan, 2002) and neglects the socio-political context of social and environmental disclosure.

This paper rejects such ontological individualism and atomistic modelling, which underlies some of the conventional social and environmental accounting research. (see Gray, 2001; 2010 for some arguments about the extent to which social and environmental work has become). Specifically the paper provide an indication of the key aspects of the analytics of governing stakeholder engagement and dialogue processes that rely on visible elements of power, specific ways of acting and thinking, and the social construction of identities. The research shows the multiplicity of ways in which the engagement and dialogue practice is problematized by organization to govern their accountability.

While research seems to acknowledge that stakeholders influence the development of disclosure policies (Milne et al., 2009; O’Sullivan and O’Dwyer, 2009; Huang and Kung, 2010; Kolk and Lenfant, 2010; Smith et al., 2011; TUC, 2013) the development of knowledge and understanding of the mechanisms whereby power is exercised can provide valuable insights into how the sustainability accounting and reporting process is indirectly influenced by organisations and legitimized by engagement and dialogue.

Indeed, if the role of accounting as a technology of government is well established within the accounting and accountability literature (Jeacle and Walsh, 2002; Vaivio, 2006; McKinlay and Pezet, 2010; Jeacle and Carter, 2011; Scott and Orlikowski, 2012; Russell and Frame, 2013), the analytical framework offered by a governmentality perspective, has the potential to grant a unique and valuable outlook to examining holistically and reflexively the specific conditions under which stakeholder engagement generate effects in defining, maintaining and transforming the relationship between organizations and stakeholders.
The paper proceeds by outlining the governmentality framework, discussing the nature of Mitchell Dean's analytics of governmentality particularly in terms of its practical application to stakeholder engagement and dialogue. After outlining the key characteristics of the stakeholder dialogue initiatives employed by organisations, it then presents stakeholder engagement and dialogue literature using the analytics of government as a guiding frame. The final section discusses the findings in the context of the theoretical framework and provides some analysis for enhancing the accountability of business organizations and empowering stakeholders.

2. Context

Stakeholder engagement and dialogue initiatives have attracted research from several and multifaceted perspectives. Some commentators have argued that there is still no widespread agreement on how to envisage stakeholder engagement and dialogue. Dillard and Yuthas (2013) notice that the growing emphasis upon the role of dialogue comes from the recent management strategies’ focus upon the identification and management of relationships with stakeholders in order to minimise reputational risks. This need was firstly fulfilled through the provision of information about the sustainability impact of companies’ practices and progressed through forms of mutual responsibility, information-sharing, and open and interactive two-way process of stakeholder engagement.

Adams and Whelan (2009) argue that stakeholder engagement and dialogue has the potential to unveil (and to some extent enact) external resistance to organisational efforts at achieving its ends. A dialogic approach can force managers to confront their lack of knowledge and expertise which in turn can act as a precursor of change in patterns of sustainability reporting. Engagement processes designed to challenge the perceptions of organisational participants are also seen as facilitating the awakening of latent cognitive dissonances between organisations and their stakeholders, thus inducing a need for change in the sustainability reporting process (Adams and Larrinaga-Gonzalez, 2007).
Arenas et al. (2009) reveal the emotional aspects, perception and assumption among organisations, NGOs and other stakeholders looking at the entire network of stakeholder relationships. Since most approaches to stakeholder dialogue do not explore the broad set of these relationships, it is maintained that the role of opinions, beliefs and worldviews of stakeholders are essential to understanding the problems in the advancing of sustainability reporting because stakeholders and organisations make sense of each other, of themselves and of what constitutes an appropriate relationship through such mutual perceptions (Kwok and Sharp, 2005).

The relationships of companies to stakeholders often take the form of a dialogue where organizational decision takers are not simple spectators, but have the ability to influence the conditions of the process. Hence the analysis of the conditions of the dialogue is at least as important of its results. Tsoi (2010), for instance, found that local and regional stakeholders in Hong Kong and China perceive corporate responsibility as fairly significant to the export orientated businesses and rank stakeholder dialogue among the mechanisms able to bring about improvement in the sustainability conditions of the firm. At the same time, however, corporate representatives argue that for dialogue to be effective stakeholders need to be educated during the process about what corporate responsibility mean and a common language needs to be established. In a similar vein Boesso and Kumar (2009) observe that organisations possess a broader social obligation that spreads beyond the sole financial interests. A wider set of responsibilities for which they should report on and held accountable to various stakeholders. In this regard, stakeholder dialogue initiatives seem to be associated with the importance of stakeholders for the organisations and the guidelines for such dialogue aim at building, governing the relations with them. Grenwood (2007), indeed, transcends the assumption that stakeholder engagement and dialogue is always a responsible practice. He maintains that despite engagement and dialogue processes may be seen as mechanisms for consent, control cooperation, can involve employee participation and have the potential to enhance trust and fairness, the assumption that dialogue is directly linked to the responsible treatment of stakeholders is simplistic. In other words,
the moral elements that can be assumed are implied as part of the dialogue are not necessarily present.

Organisations’ concerns with sustainable development have led to an interest in how companies engage and deploy dialogue initiatives. Elijido-Ten et al. (2010) analyse a consultation process initiated by a company in order to be able to construct an account of the corporate sustainability impact. The process is aimed at obtaining a better understanding about what stakeholder results to be most affected by the distribution, sale and consumption of the company’s products and at how responsibility within the company could be allocated to alleviate those impacts. In a similar fashion Habisch et al. (2011) have empirically investigated dialogue initiatives undertaken by firms in Germany, Italy and the U.S.. Results suggest that despite the increasing attention on sustainable development favours stakeholder dialogue, these initiatives seem to disregard the level of involvement and diversity of stakeholder participation. The lack of consensus around a specific definition of stakeholder dialogue, however, has led to a confusion as to the appropriate method for understanding and meeting the needs of stakeholders who are no longer confined to shareholders and employees but include a wide variety of societal groups (Kelsall, 2011).

Extant research has also explored stakeholder influence, providing insights on the one hand into stakeholder expectations regarding the type of disclosure an organisation should make, while on the other hand into the use of different intervention strategies in the effort to urge the desired outcome when stakeholder are dissatisfied with an organisation's disclosure (Mayer et al., 1995; Parker et al., 2009). Under this stream of research, power is seen a central theme and dependency-relationships between organisations and stakeholders are likely to reflect upon stakeholder dialogue and reporting patterns. For example, when the level of dependence between one organization and its stakeholders is at a low level, the role of stakeholder dialogue for sustainability accounting and reporting policies may be minor (i.e. a less inclusive, deceptive, or blatantly strategic dialogue can lead to a disclosure that concentrates only on the good aspects) because stakeholders are not likely to affect business performance. On the contrary, when dependence between one organization and its stakeholders
exists, stakeholder and dialogue initiatives tend to gain a bigger role either because they may be strategically aimed at managing the dependency relationship or because genuinely driven to deal with stakeholder expectations. Either way, stakeholders’ ability to influence organizations seems to suggest that the sustainability accounting and reporting process is going to be subjective to the selected strategies. For example, sustainability reporting may be dispensed to defend the reasons behind a potentially damaging matter (defending) or attempt to change beliefs regarding the event or the involvement of the organization (influencing or managing). In a similar vein, according to different level of influence, Roloff (Roloff, 2008) observes that organisations can develop various systems of stakeholders’ governance performing engagement and dialogue strategies depending on defined stakeholder classifications. For example, a monitoring strategy may suits stakeholders that are portrayed as “marginal” or “dependent” from the organization. If, instead, stakeholders are categorized as “non-supportive” or “dangerous” the company may adopt a strategy of self-defence. If, finally, an organization faces stakeholders that are influential and willing to cooperate or are powerful actors with urgent stakes collaboration may be the option (Roloff, 2008, and Savage et al., 1991, as quoted in Roloff, 2008). The underlying assumption in the above is that in order to be accountable for sustainability impacts, organizations need to understand the both the needs and expectations of stakeholders and impacts of their activities. Indeed, little academic studies have examined the attributes of the process of interactions between organization and stakeholders as a form of stakeholder governing in the sustainability accounting and reporting. It is this process which is observed and critically analysed through governmentality theoretical lens.

3 Understanding stakeholder engagement through governmentality theoretical framework

Before continuing, a note on the language used in this paper is important. This research deals with issues of government, governmentality and power. These concepts are used in sociological senses relating to influence accountability rather than the political sense. As a result, we are interested in power to the
extent to which it is involved in the creation of the subjects of the
governmentality processes

It also needs to be clarified that this study intends to focus on one single domain
of governmentality. It is acknowledged that stakeholder engagement and
dialogue practices are not the only sources of power and influence of corporate
accountability. The economic, environmental, social and political situations can
be many and changing. Still, since this paper seeks to understand accountability
practices through the lens of governmentality, it has been chosen to keep the
focus narrow rather than mapping out the broader influences. The limitations of
this work are discussed in more detail in the conclusion

In recent years various social accounting and accountability mechanisms have
been proposed as a means of promoting interaction between organisations and
stakeholders. These include forms of social audits, redesigned accountings, silent
and shadow accounts, reporting on environmental accounting initiatives and
attempts to promote dialogic accounting technologies and forms of engagement
(Owen et al., 2000; Dey, 2007; Brown, 2009). The development has been driven
by several factors involving institutional pressures, stakeholder concerns and
legitimacy issues (Dillard et al., 2004; Unerman and Bennett, 2004; O’Dwyer et
al., 2005; Unerman and O’Dwyer, 2006; Cho et al., 2010). Furthermore, the
development of social and environmental accounting and reporting over the last
20 years (Bebbington and Gray, 2001; Gray, 2002, 2010) has contributed to the
widespread adoption of corporate sustainability reporting (Brown et al., 2005;
Catasús et al., 2007; Dillard and Roslender, 2011; KPMG, 2011) and
measurement of sustainability performance (Epstein, 2008; Bebbington, 2009;
Russell and Thomson, 2009). These developments require, on the one hand
forms of knowledge of sustainability, on the other hand an increasing set of rules
and norms to take account of the perceptions of corporate stakeholders about
the deeply intertwined social, environmental and economic impact of corporate
actions.

The theoretical standpoint for understanding specific conditions under which
stakeholder engagement generate effects in defining, maintaining and
transforming the relationship between organizations and stakeholders draws upon on the concept of governmentality.

Foucault analyses the vast literature on government and discusses the variety of forms in which government can take place during his lectures at the College the France delivered between 1977 and 1979 (Rose et al., 2006). In the context of his study an important intellectual upheaval is the analysis of how power is operated in modern society, with the conceptualization of government as relations of power (Foucault et al., 1991; Foucault, 2007).

The introduction of this concept is very important in that it helps distinguishing the notion of conduct from that of domination (Lemke, 2011). The act of government, therefore, can be understood as an exercise of power and a management of possibilities “that undertakes to conduct individuals throughout their lives by putting them under the authority of a guide who is responsible for what they do and for what happens to them” (Foucault, 2007, p. 471).

The notion of population and the mechanisms for ensuring its guidance represent one of the main concerns of Foucault’s research of the genesis of political knowledge. Consequently, the specificity of this modern form of government consists in the reflections of the conditions, the objectives and the aims of government (Lemke, 2011). One element that marks an important development of Foucault’s theoretical understanding of power is therefore the distinction between the political form of government and the problematic of government in general. He defined government in general as the “conduct of conduct”, that is any form of activity aimed to shape, guide or affect the conduct of some person or persons (Gordon, 1991). The novelty of this perspective lies in the view that within governmental action power operates in terms of rationalisation and is directed to certain ends. As a result, government could be also understood as concerning private interpersonal relations involving some degree of control. Hence the site of governance does not necessarily originate from the State but can be the home, the public setting or the workspace. Indeed, the space comprising organizations and their stakeholders can also be included as plausible sites.
Within the types of conducts that characterize government, Foucault attempts to separate the notions of governmentality regarding it as “a strategic field of power relations in their mobility, transformability, and reversibility” (Foucault, 2005, p.252). Foucault defines governmentality as “the ensemble formed by institutions, procedures, analysis and reflections, calculations and tactics that allows the exercise of this very specific albeit complex form of power” (Foucault, 2007, p. 108). Accordingly, governmentality embraces both actions of governance and the rationales and beliefs implicit in those actions. Dean (2009) also describes this a form of power as being related to “any more or less calculated and rational activity, undertaken by a multiplicity of authorities and agencies, employing a variety of techniques and forms of knowledge, that seeks to shape conduct by working through the desires, aspirations, interests and beliefs of various actors, for definite but shifting ends and with a diverse set of relatively unpredictable consequences, effects and outcomes.” (p.18).

Accordingly “an analysis of governmentalities […], is one that seeks to identify these different styles of thought, their conditions of formation, the principles and knowledges that they borrow from and generate, the practices that they consist of, how they are carried out, their contestations and alliances with other arts of governing” (Rose et al., 2006, p. 84). The novelty of this perspective lies in the view that power operates in terms of rationalisation and is directed to certain ends. This means that governmentality is not just about how organizations behave but also about the discursive structure that renders their practices meaningful through the construction of particular objects or subjects of governance (Joseph, 2010).

The governmentalities that seek to define, maintain and transform the relationship between organizations and stakeholders and its impact on sustainability accounting and reporting represent the main concern of this paper. Accordingly, the following section introduces Mitchell Dean's analytics of governmentality framework, particularly in terms of its practical application to stakeholder engagement and dialogue.
4. The four analytic of government within the stakeholder engagement process

An insightful conceptual perspective for understanding stakeholder engagement and dialogue as a form of governance has been advocated by Mitchell Dean (2009) who provide a theoretical model to the investigation of governmentalities (Russell and Thomson, 2009; Spence and Rinaldi, forthcoming).

The focus of concern of the analytics of government is that the study of the governmentalities aims to shed light upon the cluster of power and relates to how the practice of government is made thinkable and practicable (Gordon, 1991; Dean, 2013). This entails developing an understanding of how power operates, of the different forms it takes and how they are mobilised, that is, an account of the discernable structure of rationalities and practices of government.

The way Dean has framed governmentality as the conduct of “governors” and “governed” has two main implications for this research. First, the site of governance cannot be restricted to the state or political institutions, but can comprise international and national (Joseph, 2010; Muniesa and Linhardt, 2011) as well as public or private space (Neu, 2006; Lapsley et al., 2010; Scott and Orlikowski, 2012); secondly and perhaps more interestingly, the object of research focuses upon the techniques of governing offering the opportunity to rethink organizations, management and strategy in a context where organizations become spaces in which converge a wide range of stakeholders’ needs and expectations (Lemke, 2001; McKinlay et al., 2010). Consequently, the analytics of government framework has the potential to allow valuable insight into corporate accountability practices and their relationship with the governing structures of stakeholder engagement and dialogue initiatives.

In the context of this paper, the analytics of government framework investigates the specific conditions whereby programmes of stakeholder engagement and dialogue comes to light, are sustained and transformed through a set of regimes of practices that intend to assess stakeholders’ perceptions about the deeply intertwined social, environmental and economic impact of corporate actions.
Regimes of practices tend to be many in organisations. They comprise and often link collegial (e.g. committees, representatives, groups, categories) and individual (e.g. customers, employees, managers, suppliers, shareholders) institutional agents, so that we often attribute to them the traits of a system (e.g. reporting system, control system, information system, etc.). Regimes of practices are stimulated and moulded by various forms of knowledge (e.g. accounting, auditing, psychology, sociology, chemistry, geography, medicine, etc.) and have the potential to define the object of such regimes by systematizing apposite ways of dealing with it. Finally, they also have the ability to affect each other for support, antagonism and colonization forms to occur (Dean, 2009).

An example is the case of carbon emission and its marked based trading mechanisms. Continuous development in the chemical and engineering expertise allow an increasingly accurate forecast of the amount of carbon emitted from a given technology. Those systems of knowledge, in parallel with the advance of accounting and economics, enables managers to analyse their potential to provide an account of the greenhouse gas emissions based on the characteristics of their stakeholder’s carbon policy and choose the management options available to them. One of these options, for instance, relies on financial practices and specifically on the elaboration of economic mechanisms to incorporate the emissions factors into accountable and tradable assets. Such course of action may expose the organization to a set of antagonistic forces led on the one hand by the cap-and-trade economic mechanisms, while on the other hand by the financial aspects linked to the prospect of profits maximisation. This antagonism may eventually lead to a colonization of a specific regime of practice over the other.

Dean’s analytics of government allow to critically reflect on how the rationales and conducts within the stakeholder engagement domain are moulded and created, analysing them along four interlinked yet independent dimensions: fields of visibility, techne of government analytic, episteme analytic, identity formation analytic.
The four analytics of government are introduced in more detail below, while the analysis of research data will adopt this line of inquiry in the subsequent sections.

The first dimension of the analytics of government is known as the field of visibility. It consists of the peculiar characteristics and means by which a specific system of governance seeks to illuminate some object and obscure others. Management flow chart, maps, graphs and tables are examples of items that are meant to define object and subject of governance in that show how individuals are connected, relate to one another and are constituted within the organizational space (Dean, 2009). Consequently, in applying this analytic of governance, the investigation seeks to identify the characteristic forms of visibility and thereby recognize and explain ways of seeing and perceiving subjects in the stakeholder engagement and dialogue regime of practice. In doing so the aim of the analysis is to understand how and why the attention is being directed to certain areas, or hidden from the view, by the actors concerned with the stakeholder engagement and dialogue process.

The second dimension is the techne of government. It involves the technical means adopted by the governor (organization) to achieve the ends of governance and realise the aims. Thus, techne are specific ways of acting, intervening and directing constituted by certain kinds of expertise and know-how that rely on specific mechanisms such as techniques of accounting, systems of training and professional specialisms. Intervention is an important part of governance and it is in the action around interventions that we can observe how subjects are acted upon (Miller and Rose, 1990). Therefore this dimension looks at the “means, mechanisms, procedures, instruments, tactics, techniques, technologies and vocabularies with which authority is constituted and rule accomplished” (Dean, 2009, p. 42).

The third dimension of the framework, the episteme of government, refers to the discourses and rhetoric of expertise, language, and forms of thoughts applied in the practice of governing. Episteme is hence understood as a specific form of thinking, relying on specific vocabularies and procedures for the production of
truth (for example those derived from the social and behavioural sciences). One of the features of government is in fact that to “employ plans, forms of knowledge and know-how and adopt visions and objectives of what it seeks to achieve” (Dean, 2009, p. 43). In the context of stakeholder engagement and dialogue initiatives, this has particular resonance since knowledge gathered in accounting and accountability regimes of practices is privileged.

The identity formation is the final dimension of the framework. Identity has always been an important aspect of organisational and social research (Miller and Rose, 2008). In order to understand how identity is formed the practices acting upon individuals and their conducts needs to be investigated. Hence, this dimension of the framework explores how people and groups are taking on a particular role and what characteristic are associated with it. Stakeholder theory would submit a particular sample of actors and role as important in the dialogue process. Rather than assume these actor-identities as given, this study seeks to develop further knowledge and understanding of the characteristic ways of forming subjects over the stakeholder engagement and dialogue initiatives within the sustainability accounting and reporting process. The examination of the field of visibility, techne, episteme and identity formation analytics of governance within stakeholder engagement initiatives is expected to problematize and reveal the transformation of the role of engagement and dialogue regimes of practice.

In the following sections Dean’s analytics of government framework is operationalised in order to show how the implementation of sustainability accounting shapes forms of power and rationales in governing the engagement and dialogue exercises between stakeholders and organisations.

5. Governmentality, accountability and stakeholder engagement accounting literature

Governmentality framing has the potential to offer several insights into accounting and accountability process in general and stakeholder engagement practices in particular. To examine this potential this paper provides a
reinterpretation of recent influential academic literature in accounting on stakeholder engagement, in order to highlight the unique contribution of Dean's Governmentality theoretical framework for sociologically oriented accounting research. To achieve this objective, this paper takes advantage of the multiplicity of interpretations offered by the way in which academic accounting research is presented to illustrate a governmentality explanation. Thus this paper shows how governmentality perspective allows a more understanding of engagement practices in the interpretation of data.”

Reinterpretation of exiting research is not a new phenomenon. Annisette and Richardson (Annisette and Richardson, 2011) for example, demonstrate the research potential of sociology of worth theoretical framework (Boltanski and Thévenot, 2006) by reinterpreting a popular accounting paper using this perspective.

The preliminary exploratory review of this study is conducted upon the stakeholder engagement and dialogue research developed over the last 20 years that has appeared in seven prominent accounting journals (Accounting, Organizations and Society, Accounting, Auditing and Accountability Journal, Critical Perspectives on Accounting, The British Accounting Review, The European Accounting Review, Accounting Forum, Contemporary Accounting Research). It also includes research that has contributed to our understanding of the use of accountability technologies within the stakeholder engagement process that has appeared in non-accounting journals whose aims and scope include this perspective (Journal of Business Ethics, Business Ethics Quarterly, Economy and Society, Organization studies) for the period 1993–2013.

### 6. Understanding stakeholder dialogue processes through the analytics of government framework

The analytics of government place the process of engagement and dialogue with stakeholder groups over issues of corporate objectives and performance at the heart of the analysis. Moreover, it attempts to uncover the concealed rationality that is behind a range of behaviours and mechanisms that are in place and define
relationship among social actors through the engagement and dialogue practices. Table 1 summarises the key aspects of the analytics of governing stakeholder engagement and dialogue processes, which are discussed further below.

Table 1: Summary of the analytics of government within the stakeholder engagement and dialogue domain.

<table>
<thead>
<tr>
<th>Analytics of government</th>
<th>Elements of the analytics</th>
<th>Forms of dis/empowerment within stakeholder engagement and dialogue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>fields of visibility</strong></td>
<td>means by which a system of governance seeks to illuminate some object and obscure others</td>
<td>CSR identity (Bolton et al., 2011); model of CSR (Habisch et al., 2011); performance measures of engagement (Boesso and Kumar, 2009); stakeholder mapping (Clarkson, 1995; Fletcher et al., 2003; Walker et al., 2008; Huang and Kung, 2010)</td>
</tr>
<tr>
<td><strong>techne of government</strong></td>
<td>ways of acting, intervening and directing constituted by specific expertise and knowledge</td>
<td>development of KPIs (Adams and Frost, 2008); language alignment consultation (Tsoi, 2010); self-diagnostic checklist (Adams and McNicholas, 2007)</td>
</tr>
<tr>
<td><strong>episteme of government</strong></td>
<td>forms of thinking, relying on specific vocabularies and procedures</td>
<td>democratic interaction (Thomson and Bebbington, 2005; Bebbington et al., 2007); managerial prioritization (O’Dwyer, 2003; Baker, 2010)</td>
</tr>
<tr>
<td>identity</td>
<td>how people and groups</td>
<td>NGOs labelling (Arenas et al., 2009);</td>
</tr>
</tbody>
</table>

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1 This summary was shaped by an exploratory review of seven influential accounting journals (Accounting, Organizations and Society, Accounting, Auditing and Accountability Journal, Critical Perspectives on Accounting, The British Accounting Review, The European Accounting Review, Accounting Forum, Contemporary Accounting Research) plus other journals whose aims and scope include this perspective (Journal of Business Ethics, Business Ethics Quarterly, Economy and Society, Organization studies) over the period 1993–2013.
6.1 Fields of visibility

This dimension of the analytics of government seeks to uncover the means by which some objects are rendered visible, while other are obscured, thus revealing how the power of organisations allows the prioritising of aspects most important to them within the stakeholder engagement.

A feasible example of this is represented by the “CSR identity” organisations construct and pursue. Bolton et al. (2011) argue that an instrumental approach to understanding corporate stakeholders, that define who might be classified as such, has the potential to neglect of some agents as stakeholders. As consequence, the concealed stakeholders will be prevented form both having their voice heard in the stakeholder engagement and dialogue process and accounted for within the sustainability reporting. The “model of CSR” represents another means that has the potential to shape the visibility of stakeholders within the engagement and dialogue process (Habisch et al., 2011). Depending on the policies and the actors involved, the selected model of CSR classifies the relative contribution of different stakeholders to business activities that, in turn, determines the actors to be involved.

Performance indicators concerning stakeholder engagement initiatives can also be used as a means to render visible what organisations perceives as material for the attainment of their goals and therefore as a technology of governance influencing stakeholders’ perceptions (Boesso and Kumar, 2009).

Mitchell Dean observed the role of ‘diagrams of power and authority’ in exposing the way in which specific regimes of practice act (Dean, 2009, p. 41). In the case of stakeholder engagement and dialogue initiatives visual metaphors of the stakeholder network seems to represent a powerful tool that can be used to
develop an engagement and reporting strategy (Walker et al., 2008). Stakeholder maps represent the visible artefact of governmentality and help organisations simplify intricate stakeholder characters. Maps offer the visual representations of the territory to be managed. Indeed, stakeholder maps are used to portray identities (i.e. primary, and secondary (Clarkson, 1995), or internal, external, intermediary (Huang and Kung, 2010), perceptions (Fletcher et al., 2003), engagement profiles (Walker et al., 2008) of stakeholders, thus attributing authority to organizations to influence the engagement and dialogue activities, and in turn the reporting process.

6.2 Techne of government

In the techne of government it is explored how the established visibilities are linked to technologies and practices of engagement and dialogue set up by organisations. The technologies of government exerted by organisations can be associated to various ends, including education, regulation, control and normalization.

The educational rationale of government is aimed at spreading the organizational view and leading stakeholders to resonate organizational perspectives through established external regimes of practices. Various forms of sustainability accounting and accountability practices were used to foster standard-compliance norms. For instance, during some engagement exercises (Adams and Frost, 2008) organisations involved stakeholders, external groups and staff members in the development of KPIs making reference to the Global Reporting Initiative guidelines and other companies’ reports, thus replicating an already formulated meaning of KPI and ultimately leading stakeholders to agree upon the companies’ perspectives about performance measurement. To reinforce the educational rationale explicit reliance on external consultants and industry group consultation was made, where the company became the actual authority superintending the ideal set of KPIs. In a similar vein, Tsoi (2010) revealed that corporate representatives link the effectiveness of dialogue to a sort of stakeholders education to take place when it comes to determine what corporate responsibility mean. In their views this would lead to an establishment of a common language between companies and stakeholder during the process
(arguably that of corporations’) and mutual understanding. This educational role attributed to stakeholder dialogue is likely to have a big influence upon stakeholders’ perceptions of social and environmental impacts, up to the point of transforming their overall identity as stakeholders of the firm.

Another governing technology employed by organisations to regulating activities and behaviours was embodied in forms of internal auditing against self-imposed specifications. A notable example of this technne of government is represented by the Self-Diagnostic checklist that Adams and McNicholas (2007) have found in their research. Formally conceived to assist the organization in enhancing in its sustainability practices, it has rapidly transformed into a ranking table. The Self-Diagnostic checklist comprised a three-point sustainability level scale of “low”, medium” and “high” to determine how the organization was currently performing in certain areas, and was meant to allow “the managers to assess their progresses towards greater accountability, sustainability and stakeholder engagement” (Adams and McNicholas, 2007, p.392). It was also established that the completion of the checklist represented the first step of the organization towards sustainability reporting. In this context, the audit technology not only contributed to render some areas within the engagement and dialogue initiatives visible (allegedly arbitrarily selected), but also acted as a dividing practice playing a crucial role in establishing an order and create the dynamics of advancing or declining (Kornberger and Carter, 2010). The norms of such dynamics are instituted by the checklist accepted by the organization and prepared relying upon industry specific expertise, whereas calculative practices allowed the measurement of deviance from the norm, becoming the tools for assessing the place of a specific area in the ranking.

6.3 Episteme of government
Stakeholder engagement can be understood as a way of viewing “institutions, practices, personnel, of organizing them in relation to a specific ideal of government” (Dean, 2009, p.43) and is often called into question with regards to how it shapes or direct companies and stakeholders conducts. Attempting to understand the actions of government embedded in this regime of practice, an
analytics of government seeks to unravel how engagement and dialogue have been thought.

The episteme of government refers to the expertise, language, and forms of thoughts applied in the practice of governing stakeholder engagement and dialogue processes. These include, for instance, pedagogy (Freire, 1973, 1996), management (Freeman, 1984) and discourse ethics (Habermas, 1990; Unerman and Bennett, 2004). Various forms of reasoning seemed also to be implemented to shape stakeholder's conducts. For example Adams and Whelan (2009) suggest that dialogic methodologies, based upon the rationale of democratic interaction within the dialogue between parties and that knowledge and power differentials between parties can be smaller than they are in effect (Thomson and Bebbington, 2005; Bebbington et al., 2007) is more likely to problematize business practices, thus facilitating change towards sustainability. Other commentators (Neu et al., 1998; Deegan, 2002; O'Dwyer, 2003; Baker, 2010) have instead observed strategically driven forms of stakeholder engagement aimed at winning or retaining support of those stakeholders who have power to influence the achievement of an organisations’ goal (Archel et al., 2009; Archel et al., 2011; Deegan and Unerman, 2011; Solomon et al., 2013). While in the former cases it argued that participative structures of dialogue have the potential to empower stakeholders (Owen et al., 2001), in the latter the ethos of engagement and dialogue initiatives seems to be leading to managerial prioritization of stakeholder concerns, on the ground of economic cost-benefit analyses. The outcome of this process is therefore a stakeholder rankings based on financial salience. Thus, relying on an economic rationale framed as calculative practice, a priority of events and the relative economic impacts and competitive advantages (or disadvantages) resulting from stakeholders’ satisfaction (or dissatisfaction), is established.

Another example of quantitative technology that contributes to render what is understood to be incalculable susceptible to calculation, planning and control is the development and reporting of Key Performance Indicators (KPIs) to quantitatively assess the effectiveness of stakeholder engagement and dialogue initiatives (Boesso and Kumar, 2009). By giving external representation of
measurability of engagement and dialogue accounts, KPIs also give the impression that specific objectives could be established and progresses based on a baseline performance could be measured. Actually, performance pertaining to the domain of sustainability is difficult to quantify (Agle et al., 1999) and to contain the lack of established expertise, organisations rely on forms of knowledge that are more familiar with and conceivably more under their control (such as, for example, employee satisfaction, diversity and equal opportunities, donations and other social expenses, environmental awards, etc.).

### 6.4 Identity formation

This analytics of government is concerned with how organisations promote, foster and attribute certain identities, qualities or capacities to specific agents as a means of prioritizing stakeholders. First and foremost the very process of engaging and seeking a dialogue with stakeholders, requires identifying the actors as respective counterparts. This in turn has the potential to assign each group a label and an implicit or sometimes explicit role to play within the engagement and dialogue exercises that the group may not identify itself with.

Arenas et al. (2009), for instance, while examining the new forms of business-NGOs engagement found out that the identity formulated for the NGO group is of particular interest. They observed the use of ‘breadth of focus’ and ‘coordination’ as criteria to divide NGOs into populations on the basis of those possessing certain characteristics and those without. Indeed, by marking the dissimilarities between the two groups, an ideal-type identity for NGOs is crated and contrasted against an arguably less appealing type. The identification of such “dividing practices” (Dean, 2009, p.158) is significant in this process because they contribute to construct, define and make visible an opposition between views of regularity and abnormality, thus giving legitimacy to forms self selection of interlocutors according to criteria most convenient for organisations (i.e. less challenging demands and personal acquaintance). Similarly Roloff (2008) found out that the economic rationale was also employed to develop stakeholder typologies, each of which linked to specific engagement and dialogue strategies. For example, stakeholders that were divided into ‘marginal’ or ‘dependent’ should be ‘monitored’. If they were classified as ‘non-supportive’ of companies'
practices or ‘dangerous’ were subject to an engagement strategy of ‘self-defence’. Finally, if stakeholders were recognized as ‘influential’ and ‘willing-to-cooperate’ or as ‘powerful’ and with ‘legitimate’ (by public opinion) stakes, ‘cooperation’ strategy was advised. This perspective seems to suggest the location of the notion of engagement within the concept of risk where monitoring, self-defence and cooperation being distinctive strategic responses to stakeholder pressures, identified and made visible by organisations’ welfare rationale. It is worth noting that all of such strategies have the potential “to overlook stakeholders who are affected by the organisation in favour of those who can affect it” (Roloff, 2008, p.236).

The role of dividing practices in the identity formation process of stakeholders can also be appreciated in conjunction with the commercial perspective of organisations. In this regard Bui (2010) argued that despite the abstractness of the notion of Corporate Social Responsibility to consumers they are often classified as ‘ethical’ (although tags such as ‘green’, and ‘responsible’ are also quite common association to stakeholders and business practices (Zadek, 2006). As a result, existing practices may be legitimized on the ground that responding to ethical demands or engaging with responsible stakeholders will suffice to be regarded as responsible or sustainable organization (Greenwood, 2007).

Finally, another consequence of including a variegated population under the label (and its various subsets) of ‘stakeholders’ during the engagement and dialogue process is the ascent of new forms of governable subjects and the socialization of individual duties of accountability. This, in turn, has the potential to give raise to issues of compensation between stakeholders’ fulfilment, and managerial prioritisation of stakeholder to engage in dialogue with (i.e. those who are most likely to impact on one organisation’s core objectives).

The combination of the four dimensions of the analytics of government (namely, the fields of visibility, the techne and episteme of governance and the identity formation) increased the knowledge and understanding of the governing role of stakeholder engagement and dialogue exercises within the sustainability accounting and reporting process.
7. Conclusions

The purpose of the paper was to critically analyse the governing role of stakeholder engagement and dialogue exercises within the sustainability accounting and reporting process. It responds to requests for more detailed empirical studies on the extension of accounting and accountability-type technologies as into new areas, and their effects and consequences.

It was achieved by investigating the role of stakeholder engagement practices through the analytical lenses of Foucault’s studies on governmentality. This theoretical standpoint enables the investigation of accounting and accountability practices in the modern context where power and regulation possess a decentralized nature.

The key contribution of this research emerges from a detailed examination of the conditions under which accountability practices are enacted. In this regard, the governmentality theoretical standpoint allowed the problematisation of these actions shedding light into the multiplicity of ways in which organizations adopt engagement and dialogue regime of practice to govern their accountability.

The guiding framework for the analysis was Mitchell Dean's analytics of government. It allowed the uncovering and examining of the often invisible rationality which is behind a ranges of activities and mechanisms that are in place to govern certain actions (Gouldson and Bebbington, 2007). By focusing on the exploration of the visible artefacts of governance, the technologies, rationalities and mentalities of government and the process whereby identities are constituted – the core of Dean’ analytics - this study provides theoretically informed empirical insights into the extent to which organizations frame and use stakeholder engagement and its potential as programmes of rule to foster governing capacities of the self and others.

While this work may have the potential to open up new paths for research, there are also limitations that should be acknowledged. It is argued that the novelty of the analytical approach justifies the empirical approach. However, the main
constraint of this research project meant that it was reliant on the accounts given by other researchers of the practices enacted by themselves and/or others. This may involve the presentation of issues that they sensed exposed their research in a meaningful manner, while at the same time the obscuring of aspects they decided not to render visible.

The enactment of engagement and dialogue initiatives with stakeholders aimed at resonating organizational perspectives represented a recurring refrain in the study, accrediting the interpretation of economic control presented in the guise of democratic and participative exercise. While acknowledging this, it is not the purpose of this paper to make a judgment of the situation that is observed. The contribution is indeed to explain the conducts of organizations while discharging their accountability duties and to shed light into the complexity of technologies and mentalities that render this possible.

Understanding different rationales and practices that lie behind engagement and dialogue initiatives is important because it may represent a way to explain how the ties between organizations, people and accounting technologies are made, thus shading light on how societies are negotiated and maintained (Quattrone, 2009).
8. References


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