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Financial Accounting as a Structuring Governance Mechanism: The Case of the St. Anselm Foundry, 1910-1995

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Abstract

In this paper we investigate whether structuration theory can be useful to explain financial accounting and reporting, like it is to explain managerial accounting. We argue that it can and show empirically that the financial reporting and related governance choices of the St. Anselm foundry between 1910 and 1995 reflect a structure built for dominance, legitimatization, as well as reduction of information asymmetry. We also find that the dominance dimension of the structure appears to be less prominent, or necessary, when there is closer cultural alignment between the principal and the agent. Our findings are based on a qualitative longitudinal exploration of the financial statements and related governance documents of the foundry over almost a century. Our findings are consistent with a proposal by Kilfoyle and Richardson (2011), but our analysis expands the demonstration of such dualism between structure and agency from management accounting (focused on the agent) to financial accounting (focused on the principal).

Keywords: structuration theory, accounting history, governance, Canada.

I. INTRODUCTION

This paper sits at the intersection of accounting, corporate governance and business history. In a longitudinal historical setting, we review the linkages between a small Canadian firm's information production choices, its governance structure and the socio-economic context in which it operates through the lenses of the structuration theory (ST), a comprehensive conceptual research framework based on Giddens' work (1976; 1979; and 1984) and complemented with agency theory (Jensen & Meckling, 1976) by Kilfoyle and Richardson (2011) to explain financial accounting, or reporting, and related governance choices. The primary research question of this paper is whether ST can help to better understand financial accounting.

Gibbs (2017) explains that ST "offers perspectives on human behaviour based on a synthesis of structure and agency effects known as the "duality of structure." Instead of describing the capacity of human action as being constrained by powerful stable societal structures (such as educational, religious, or political institutions) or as a function of the individual expression of will (i.e., agency), structuration theory acknowledges the interaction of meaning, standards and values, and power and posits a dynamic relationship between these different facets of society."

The main arguments of this paper are that financial accounting choices can be explained as a mixture of structure and agency-based governance mechanisms (Eisenhardt, 1989), and that the interplay between structure and agency effects can evolve

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over time in a firm. As a result, ST can help researchers to understand financial accounting choices in longitudinal historical case analysis settings.

Existing ST accounting research has so far focused on managerial accounting (Stergiou et al., 2013) as well as government accounting (Uddin & Tsamenyi, 2005). Moreover, only a limited number of such studies are historical (e.g., Lawrence & Doolin, 1997; Jack, 2005). Research couched into other theoretical lenses, most of them with positivistic neo-empirical roots, has been developed mainly using contemporary settings involving numerous and complex firms to detect what may be short-lived empirical regularities (see Gaffikin, 2006). It is important to add to those because researchers using longitudinal historical settings are well-suited to filter out ephemeral contextual idiosyncrasies or aberrations and to rule out a greater number of rival hypotheses as they study simpler organisations over several socio-economic changes (Holmström, 1991).

To support our argument, a longitudinal case analysis explores the interactions among the financial information production choices of a Canadian foundry, the St. Anselm foundry, the numerous changes in its governance structure, as well as the dramatic evolution of the socio-economic context in which it has operated over most of the 20th century.

The contributions of this paper are numerous. First, this study adds to a very limited body of literature using ST to explain financial accounting and reporting. Second, we find that an analytical focus on the motives, desires and purposes of the principal (not the agent) is a very promising avenue of ST-based research. Third, we reveal an unknown part of Canadian business history through a longitudinal case study spanning nearly a century. Fourth, we point to several empirical research opportunities for future researchers from several disciplines, including governance, accounting and reporting. Finally, we develop an opportunistic method to analyze financial and governance reports that evolved over time and remained inconsistently available to this day, to address our main research question. These contributions are made as we discover a sample of conceptualizations of accounting reflected in the annual financial statements of the St. Anselm foundry (Quebec, Canada) over the 20th century, and how these conceptualizations evolved in pace with the foundry's information production choices, its governance structure, and the socio-economic context in which it operated.

II. LITERATURE REVIEW

A stream of research on conceptualization of accounting choices relies on Giddens' ST (1976, 1979, and 1984). ST is rooted in sociology and has been used increasingly by accounting researchers to frame accounting and financial control practices (Englund et al., 2011). To study human activities, Giddens has developed an ontological framework concentrating neither on "the experience of the individual, nor the existence of any form of societal totality, but [on] social practices ordered across space and time" (Giddens, 1984, p. 2). The distinction between situated practices (what people say and do) and patterns (what generates such practices) refers to social systems and to social structures, respectively, in ST theory (Englund et al., 2011, p. 496). On the one hand, social systems comprise the actual activities of human actors, are always situated in specific time-space setting, and are always linked to specific subjects. On the other hand, social structures constitute the structural properties (i.e. the general and institutional templates for human action) which allow for the "bidding" of time-space. They are out of time and space with only a virtual existence and are marked by the absence of the subject (Giddens, 1981; Giddens, 1984; Englund et al., 2011). Three specific approaches of conceptualization of accounting were identified as emerging from ST literature: structure, artefact, and interplay between both (Englund et al., 2011).

Most ST-based studies found in the accounting literature investigate social structures; are empirical; and are longitudinal (Macintosh & Roberts, 1991; Lawrence & Doolin, 1997; Lawrence et al., 1997; and Jack, 2005). They demonstrate how Giddens' theory helps to understand how accounting systems are linked to social systems, i.e. how accountants and their practices can be a structuring force in certain social reforms. For instance, Lawrence and Doolin (1997) and Lawrence et al. (1997) explored how accounting practices structured New Zealand's health care sector reform. More broadly, Macintosh and Scapens (1991) explored how the introduction of new accounting methods has a structuring effect in the public sector far beyond the simple adoption of a new formal set of techniques. A number of studies outline why some systems do not change or why new knowledge fails to become accepted or institutionalized (Giddens, 1984). An illustrative study is that of Jack (2005) on the persistence of post-war accounting practices in U.K. agriculture between 1939 and 2003. Although a dominant group in the industry put forth new accounting methods, the earlier practices persisted probably due to the security it offered to the actors: "a unique method of accounting for an industry in which the actors want to maintain their unique identity" (Jack, 2005, p. 77). Scheytt et al. (2003) provide another narrative exploration of how the practices of management accounting and control vary from one regional culture to another. They demonstrate the structuring impact of local knowledge and how differences in the understanding of control can shape differences in management accounting practices.

Only a very limited number of studies have so far used ST to explain financial accounting or reporting. Al-Htaybat (2018) explains how external structures led to the adoption of IFRS by Jordan. Buhr (2002) provides a structuration view of environmental reports. Tollington (2006) explores the social structure in respect of accounting for goodwill and intangible assets, as well as the social action of respondents to that structure, through the consultation period leading to the adoption of FRS10 in the UK. Granlund (2002) explores the legitimization of managerial actions through public discourse from 1987 to 1996 and is the only other instance we have found of a longitudinal case study.

The artefact view of accounting refers to accounting as a computerized system (Granlund, 2001; Hyvönen et al., 2006), i.e. the manuals, rules, reports and specific techniques linked to such systems (Lauglin, 1990; Barrett et al., 2005). The view draws on a more recent Giddens paper on modernity (1990) where accounting systems may be considered as an abstract system (Barrett et al., 2005; Hyvönen et al., 2006).

The most complex ST-based view of accounting carries the largest part of the literature. It sees accounting as a mix of social structure and artefact. Although most authors make a clear distinction between accounting as a social structure and accounting as an artefact, they explore the interaction between both. For instance, Seal (2003); Alam et al. (2004); and Gurd (2008), have demonstrated how changes in public sector accounting structure may lead to the need to change accounting system while other authors have shown the opposite (Scapens & Roberts, 1993; Granlund, 2003; Conrad, 2005; Uddin & Tsamenyi, 2005; and Busco et al., 2006). Dirsmith et al. (1997), demonstrate how the power of administrative and practitioner agents in Big 6 accounting firms (now down to 4) has shaped structural and social facets of accounting practices and management control in those firms. The interplay between these two approaches on a day-to-day basis has been studied as well (Roberts, 1990; Ahrens & Chapmans, 2002). Stergiou et al. (2013) illustrate through a contemporary analysis of a Greek firm case how the ST-agency dualism can help to better understand accounting control changes. Finally, for some researchers, accounting system and structural properties are considered synonymously (Caglio, 2003; Moilanen, 2008).

Giddens' ST has been criticized, however, for being too philosophical (Thrift, 1985), too vague to help understanding situated and time-sensitive phenomena (Thrift, 1985; Bauman, 1989; and Gregson, 1989), recursive (Englund & Gerdin, 2008; 2018) and overly focused on present action (Archer, 1996). Without acknowledging all these flaws, Stones (2005), proposes a strengthened version of ST which recognizes more habitual and generalizable elements of an agent's internal structures that are more contusive to empirical research. Such strong ST has been used more recently in accounting contexts more recently by Feeney and Pierce (2016, 2018); Adhikari and Jayasinghe (2017); Al-Htaybat (2018); Kholeif and Jack (2019); and Mutiganda and Järvinen (2021).

Overall, empirical studies, and in particular case studies, noted the influence of external actors (government, institutions) as well as internal actors (managers, owner-managers) on accounting practices and control. Makrygiannakis and Jack (2018) note the conceptual potential of analyzing cases through ST lenses to obtain illuminating findings as well as, possibly, theoretical insight. However, only a few papers are historical or longitudinal, and we did not find research conducted on small firms over an extended period where a sequence of external owners and owner-managers may have shaped accounting practices. Refer to Jones and Karsten (2008) for a review of research on information systems rooted in ST.

In this paper, as research framework, we follow Kilfoyle and Richardson (2011) and propose that financial accounting/reporting can be explained as a function of different interacting structural conditions, as mediated through human agency. We further innovate and contend that the analysis should be the principal-centered since financial reporting solves a principal's problem and, we argue, may become a principal's governance mechanism to impose structure.

III. RESEARCH METHODOLOGY

According to Greenhalgh and Stones (2010, p. 1289), the "study of structuration involves seeking empirical evidence with which to explore and test key concepts and the relations between them, depending on the explanandum at hand. Data sources may be multiple and selected pragmatically (e.g. depending on access and availability) and include combinations of documents, ethnographic field notes, semi-structured

and other forms of interviews and surveys, and multi-media such as video or screen capture." Roberts and Scapens (1985) further note the importance of considering the organizational context.

Consistently, for the purpose of this study we analyzed qualitatively several primary data sources, according to their availability, to seek empirical evidence of the structuring ability of financial reporting and related governance choices. We collected data from a private collection of financial statements from 1911 to 1995, general ledgers (1911-1995), AGM reports or minutes (1944-1975) trade and legal documentation and articles of incorporation produced by the foundry. We also interviewed, through our data collection process, the last surviving owner-manager of the foundry to obtain additional context and gain a better understanding of some primary sources. Additional context was obtained through a review of the historical literature.

As an initial data collection step, we reviewed all the information available in a vault containing all the foundry's archives kept to this day. We then selected the sources which could help us find empirical evidence to test our key concepts and understand how ST can help to explain financial reporting. To allow for a comprehensive analysis, we then recorded, for each financial statement between 1911 and 1995, all details regarding the corporate structure and the information provided to stakeholders (assets, long terms assets, liabilities and equity, profit and loss account, revenues, cost of goods sold, and expenses). We also identified the name of each auditor of the foundry along the years. Table 1 shows the list of auditors and the number of years they were employed by the foundry.

Table 1
Auditors, 1911-1995, St. Anselm Foundry

Auditors	Years	Location
J. Arthur Larue, CA	1911-1920	Quebec City
Sharp Milne & Co	1921-1953	Montreal (Head office in New York)
Roger Roy, CA	1954-1956	Lévis (St-Georges)
Ruel, Roy, Moreau & Cie	1957-1964	Lévis (St-Georges)
Ruel, Roy, Moreau & Associés	1965-1973	Lévis
Roy, Lachance, Marotte & Associés	1974	Quebec City
Honorius Paquet (CA)	1975-1978	St. Anselm
Jean-Yves Girard (CA)	1979	Quebec City
Lalonde, Angers & Girard	1980	Quebec City
Lalonde, Angers, Girard & Cloutier	1981	Ste-Foy
Audet, Beaudoin & Associés	1982-1983	Ste-Foy
Maheu Noiseux	1984-1986	Quebec City
KPMG	1987-1989	Quebec City
Samson, Bélair, Deloitte & Touche	1990-1991	Quebec City
Honorius Paquet (CA) & Syndic	1992-1995	St. Anselm

Source: audited financial statements, St. Anselm foundry, 1911-1995

We also recorded the number of shareholders and identified major ones. Table 2 shows the list of shareholders, the timeline, the number of shares they were holding and their employment status (working or not at the foundry). Other major stakeholders, which were banks, are also identified as shown in Table 3.

Table 2
Shareholders, St. Anselm Foundry, 1909-1995

Period	Shareholders Names	# Shares	Foundry Worker
1909-1920	Célina for Atkinson Ltd	70	No
	Maurice Roy	70	Yes
	François-Xavier Godbout	20	No
	CM Roy	20	No
	Ernest Roy	20	No
	Wilfrid Roy	10	No
	Aurèle Roy	10	No
	Charles Audet	1	No
	JB Cadran	1	No
	EM Jeunesse	2	No
	Louis Duclos	12	No
	Dr Morissette	1	No
	Joseph Asselin	1	No
	JC Dacho	1	No
	Napoléon Fortin	1	No
	T Fleury	1	No
	Thomas Dostie	1	No
	Napoléon Vachon	1	No
	Joseph Carrier (Fromager)	1	No

To be continued Table 2.

Period	Shareholders Names	# Shares	Foundry Worker
	Hubert Talbot (avocat)	1	No
	Adélard Veilleux (marchand)	1	No
	Arthur Normand	1	No
	André Beaudoin	1	No
	Alfred Fortin	1	No
	Joe Bilodeau	1	No
	Edouard Chabot	1	No
	Éli Métivier & Fils	1	No
	Wilfrid Bilodeau	1	No
	Gilles Thibault	1	No
	MS. Roy (avocat)	1	No
1920-1933	Célina for Atkinson Ltd	372	No
	Charles Audet	1	No
	Thomas Dostie	12	No
	Louis Duclos	1	No
	Dr Morissette	1	No
	Stanilas Audet	1	No
	Poulin	1	No
	Napoléon Fortin	1	No
	Éli Métivier & Fils	1	No
	Laron	1	No
	Jules Larue	1	No
1934-1943	Atkinson Ltd	384	No
	Adélard Bégin	10	No
	Benoît Genest	2	No
	Dr Morissette	1	No
	JB Cadran	1	No
	Hector Cadran	1	No
	Bernard Devlin	1	No
1944-1953	Adélard Bégin	395	No
	JB Cadran	1	No
	Roger Bégin	1	No
	Bernard Devlin	1	No
	CG Dupuis	1	No
	Hector Cadran	1	No
1954-1955	Arthur Bouchard (& children Cécile, Gilles, Thérèse & Michele - 1 each)	343	No
	Adélard Bégin	52	No
1956-1960	Arthur Bouchard (includes children Cécile, Gilles, Thérèse & Michele - 1 each)	343	No
	Adélard Bégin	51	No
	Alphonse Lacroix	1	Yes
1961	Arthur Bouchard (includes children Cécile, Gilles, Thérèse & Michele - 1 each)	397	No
	Adélard Bégin	2	No
	Alphonse Lacroix	1	Yes
1962	Arthur Bouchard (includes children Cécile, Gilles, Thérèse & Michele - 1 each)	392	No
	Alphonse Lacroix	6	Yes
	Adélard Bégin	2	No

To be continued Table 2.

Period	Shareholders Names	# Shares	Foundry Worker
1968	Arthur Bouchard	300	No
	Gilles Bouchard	51	No
	Mme Arthur Bouchard	10	No
	Céline Bouchard	1	No
	Michele Bouchard	6	No
	Thérèse Bouchard	10	No
	Pierre Langlois	14	No
	Alphonse Lacroix	8	Yes
1975-1978	Marcel Baillargeon	133	Yes
	Rodrigue Baillargeon	134	No
	Honorius Paquet	133	No
1979-1995	Marcel Baillargeon	200	Yes
	Honorius Paquet	200	Yes

Source: annual general meeting minutes, St. Anselm foundry, 1944-1975. Trade and legal documentation signed by shareholders, 1909.

Note: for some periods we were not able to retrieve the totality of 400 shares of stock.

Table 3

Banks, 1909-1995, St. Anselm Foundry

Bank	Period
Canadian National Bank	1909-1920
Bank of Montreal	1921-1954
Provincial Bank (Provinciale)	1954- 1979
Canadian Imperial Bank of Commerce	1980-1995

Source: AGM minutes, 1944-1975, general ledgers, 1980-1995, financial statements 1911-1995.

As we reviewed the data collected, we considered three principal accounting conceptualizations based on the ST literature (Englund et al., 2011) defined as follows:

Table 4

Three Principal Conceptualizations of Accounting

Conceptualization of Accounting	Key Aspect of Studies
1. Accounting as structure	Accounting is referred to as structuring properties of social systems (in terms of structures of signification, legitimation, and/or domination)
2. Accounting as artefact	Accounting is referred to as a formal system, including computerized systems, reports, formal rules, and/or specific techniques (e.g. an ABC system)
3. Accounting as interplay between structures and artefacts	Accounting is interchangeably referred to as structuring properties and formal system

Source: Englund et al. (2011, p. 499), "25 years of Giddens in accounting research: Achievements, limitations, and the future". As mentioned by the authors these studies do not explicitly draw upon Giddens' notions of structure, system or duality of structure.

Accounting structure, in particular, is further categorized as the following:

Insert Table 5 here.

In this paper, as discussed earlier, we frame our investigation in the argument that financial reporting and related governance choices of the St. Anselm foundry over the 20th century can be explained as an interplay between artefact and structure, as mediated by agency (Kilfoyle & Richardson, 2011). As Stones (2005) suggests, we empirically look at individuals' conduct and context to draw out the nature of the structuration processes and their durability after "sifting and sieving" the knowledge, motives, desires, purposes, and feedback of the principal (with the difference that Stones, and Kilfoyle and Richardson focus on the agent). Where possible, we further probe for empirical evidence of instances where agency arguments alone are unable to explain financial accounting and related governance choices comprehensively, and where ST conceptualizations improve the explanation meaningfully.

Table 5
Structural Dimensions of Accounting

Structural Dimensions	Key Aspects of Studies
1. Accounting as signification structure:	
a. Perceptual lens	Accounting is modelled as cognitive scheme for interpreting reality
b. Constitutive lens	Accounting is modelled as a language through which reality is socially constructed
2. Accounting as legitimacy structure:	
a. Window-dressing device	Accounting is modelled as a means of reflecting organisational and societal expectations
b. Sanctioning device	Accounting is modelled as a means of sanctioning certain forms of (inter) actions
3. Accounting as domination structure:	
a. Resource of domination	Accounting is modelled as a resource which may be drawn upon the exercise of power
b. Ideological mechanism	Accounting is modelled as an ideological mechanism which is embedded in, and constitutive of, social relations

Source: Englund et al. (2011, p. 500), "25 Years of Giddens in accounting research: Achievements, limitations, and the future".

IV. RESULTS AND DISCUSSIONS

Table 2 shows that, even though owner-managers operated the foundry at points in time, over most of the studied period, a majority of shareholders were external, non-managerial, investors. Before 1975, common stock ownership of the few managers was very limited, nowhere near the level required to control the firm, and presumably insufficient to allow them to exert significant influence. A superficial glance at financial statements produced by the foundry would lead one to conclude that accounting is an artefact, i.e. based only on a formal system of rules, designed to close the asymmetry of information between non-managerial shareholders and managers, resulting from the agency problem, and designed to reduce information asymmetry between principals and agents. This is because the basic format of the financial statements has remained remarkably stable over close to a century. However, a closer look at the financial statement preparation process suggests that crucial choices, such as the choice of an auditor, may have been influenced by the characteristics, and thus the specific needs of, the shareholders, especially the major shareholders (or principal).

Prior to 1954, the nationality of major shareholders seems to have influenced the choice of auditor, and consequently the reporting system indirectly. For instance, from 1909 to 1920, the main shareholder, the Roy family, was French Canadian while the auditor was J. Arthur Larue, a French Canadian as well. J. Arthur Larue was the first professional to operate an accountant practice office in Quebec City and the founder of the first French Canadian accountant practice in the province of Quebec (Roy, 2010; Deloitte, 2012). His clientele included prestigious businessmen as well as the St. Anselm foundry (known as the Roy foundry at the time). Interestingly, the foundry's owners chose to hire an accountant renowned for implementing best practices even though the accounting profession wasn't yet standardized nor widely recognized in Canada back then. This auditor choice thus suggests a desire for a specific and progressive system of rules (artefact), and a desire to legitimize the importance of the firm with using a recognized accountant. Financial statements convey a legitimacy structure where accounting is modelled as a means of reflecting organisational and societal expectations, and to obtain business world approval in the form of credit.

In 1920, the Roy foundry was renamed the St. Anselm foundry as the main owners became the Atkinsons, a family of English Canadians with American origins who purchased 372 of the 400 outstanding shares of stock. The Atkinson family was the owner of many sawmills in the greater city Quebec area and the founder, in 1927, of the Etchemin power company (Gagné, 2006; De Saurel, 2008). With the ownership change, the foundry changed its auditor. The Atkinsons hired the certified public accountant firm Sharp Milne & Co. from New York, which had an office in Montreal catering to the English-speaking community. Sharp Milne audited the foundry for more than 30 years. The 1920 auditor change suggests either discontent with the past auditor's performance or provides support for accounting viewed as a strong ideological mechanism, a dimension of accounting structure viewed as a domination mechanism for owners to exert power over managers. The choice of an American audit firm could also be explained by the fact that the American accounting profession and practice became standardized before the Canadian field did.[1] Given the separation of ownership and managerial control that occurred at the foundry in 1920, U.S. practices may have been seen as more developed and thus a better and safer structure. Whereas agency theory would have correctly anticipated the use of independent auditors when the proportion of owners who were not also managers was greater, ST lenses are more powerful to help understand the additional social reasons and motives that led to the foundry's ultimate selection among several possible independent auditors.

A bank change also occurred in 1920 from Canadian national bank to the bank of Montreal (see Table 3). Both banks were based in Montreal and well renowned. A potential explanation is that the Atkinson family could have been doing business with the bank of Montreal for their other companies (we were not able to trace exactly that fact). Nevertheless, the bank change suggests that the Atkinsons exerted their control, a

[1] The U.S. accounting profession "emerged during the last quarter of the 19th century, the first major accounting body being the American association of public accountants, the lineal predecessor of the American institute of certified public accountants, established in 1887 (Zeff, 2003, p. 190). In Canada, the Dominion Association of Chartered Accountants started to explicitly attempt to create a standard-setting regime (Baylin et al., 1996). This timing corresponds to the year of creation of the SEC (security and exchange commission) in the United States based on the securities act of 1933 and the securities exchange act (SEC) as a mean to better control financial markets, disclosures, and the quality of the information provided to stockholders following the crash of 1929 (Zeff, 2003). Canada followed later as the professional accounting examination became uniform only in 1939 and the official Canadian institute of chartered accountant's handbook containing generally accepted accounting principles (GAAP) became formally codified from 1967 (Baylin et al., 1996). For the first part of the 20th century, there was neither a formal oversight body nor a formal structure to accounting standards. "It is only in 1945 [that] the dominion association of chartered accountants (DACA) established the accounting and auditing research committee to provide guidance on matters of practice" (Spector, 2008).

process consistent the implementation of a domination structure that could not have modified information asymmetry meaningfully.

In 1944, the Atkinson family sold their shares to Adélard Bégin who was already the second largest shareholder in 1934 (minutes from annual meetings, 1944). Bégin, a French Canadian, continued to rely on Sharp Milne for audits until 1953. The system of rules was already well established, and the auditor choice reflected continuity. The continued use of an external auditor by a new non-manager owner is consistent with agency theory's anticipations. However, ST enables a deeper probing of the possible interpretations of such continuity. First, perhaps the French-Canadian cultural connection between the new majority owner and the manager could explain why accounting continuity was preferable over change. This would be consistent with the constitutive lens (signification structure) dimension of accounting. This would in turn suggest that cultural alignment between owners and managers may reduce the need for accounting as a domination structure implemented through a new, more independent, auditor (Fiolleau et al., 2013).

In 1954, other French Canadians, Arthur Bouchard and family, became the main shareholders while A. Bégin kept only a few shares. In 1956, Bégin sold one share to Alphonse Lacroix, making him the foundry's first owner-manager. Soon thereafter, in 1957, the auditor became French Canadian Roger Roy and associates. The foundry also changed its creditor from the Bank of Montreal to the Provincial Bank which had a branch in St. Anselm. Agency theory views management ownership as a mechanism to help solving the agency problem but is not useful to understand the coincident auditor rotation. However, this coincidence can be explained as an ideological mechanism constitutive of social relations among French Canadians through ST lenses.

In 1975, the St. Anselm foundry was acquired by two Baillargeon brothers and a brother-in-law, H. Paquet, each acquiring an equal number of shares. All three became owner-managers. H. Paquet was a professional accountant and responsible for the foundry's accounting choices. He was also the foundry's auditor between 1975 and 1978. Because owners and managers were same individuals, there were no more agency problems to be solved and discontinuing the longstanding practice of using external auditors can be easily understood through the lenses of agency theory. When, in 1978, Paquet ceased to fill the chief accountant role, the foundry resumed using external auditors, consistent with agency theory, but they rotated the external firm every two to three years, a rotation that agency theory explains well in cases of non-managerial owners (Carey & Simnett, 2006), but which can be better explained through the ST lenses of accounting as a legitimacy structure in cases of owner-managers. One additional telling cue consistent with this ST view is that year 1980 marks an important bank change from the provincial bank to the Canadian imperial bank of commerce (CIBC). The motivation behind this change is the amount of credit made available to the foundry by the CIBC to fund its growth (source: interview with past owner). In the process of obtaining additional funding, the foundry moved from individual auditors to locally reputable accounting firms that improved the legitimacy of financial statements.

Our detailed probing of hundreds of pages of financial reporting over close to a century reveals several additional indications of the usefulness of the ST-agency dualism to understand financial accounting choices. To begin with, financial statements prepared by the St. Anselm foundry over the years appear sensitive to the evolution of the socio-economic context in which the foundry operates. For instance, between 1931 and 1936, immediately following the great crisis, financial statements began to include provisions for bad and doubtful credit. In 1937, the foundry stopped using provisions for doubtful credit, and continued with using only provisions for bad credit instead, an evolution that agency theory alone, with its focus on individual behavior, would not explain, but that a broader ST-based analysis incorporating societal contextual variable can help understand. Consistent with agency theory however, the foundry prepared in 1924 a far more detailed set of financial statements, including an income statement for the first time in addition to the balance sheet. This voluntary change for more detailed disclosure seems quite clearly linked to the desire to attract outside investors. The foundry did not repeat such detailed disclosure until 1930, which is probably when the great crisis led information users to request more comprehensive information.

Up to 1975, the foundry's financial reporting evolved faster than the Canadian accounting standards did since they largely followed U.S. reporting standards. Using agency-based arguments, the origin of this comprehensive reporting can safely be attributed to the many and geographically dispersed stakeholders of the firm over the years. Upon bank change in 1954, reporting became more extensive with explanations, comments, and notes to the financial statements. However, the presentation format of financial results remained remarkably consistent over almost a century, a persistent artefact over numerous years through the development of the accounting profession and of the economy.

Our observation of auditor engagements by the firm over extended periods before 1975 is consistent with views of auditors providing expert knowledge informed by work at other clients (Berton, 1991; Petty & Cuganesan, 1996; and Geiger & Raghunandan, 2002). Although this is challenging to explain unequivocally from an agency perspective, which also argues for frequent auditor rotation (Carey & Simnett, 2006), such voluntary appointment of auditors over extended periods is consistent with structuring and domination motives of principals.

Our inspection of the foundry's managerial accounting practices may explain why little longitudinal historical research exists. Indeed, information about departmental performance remained internal paperwork that was disposed of and lost after usage, unlike the financial accounting records which were kept in a vault until we gained access to them following the firm's dismantlement. General ledgers show that transfer pricings were not used to assess departmental performance even when the foundry evolved and became larger. This lack of control systems most certainly contributed to the firm's decline in the opinion of the past owner we interviewed.

This examination of financial disclosures of a small Canadian firm over most of the past century provided us with additional findings interestingly consistent with contemporary literature. For instance, prior to 1930, the foundry prepared extensive audited disclosures for various stakeholders at a time where no laws or regulations requiring corporations to have their financial statements audited (Zeff, 2003). This is consistent with existing literature on voluntary disclosure which contends that disclosure regulation is unnecessary since firms have economic incentives to provide adequate disclosures voluntarily (Ross, 1979; Grossman, 1981; Milgrom, 1981; and Healy & Palepu, 2001).

Overall, the examination of external reporting choices 1910 to 1995 suggests that financial reporting and related governance was implemented at the St. Anselm foundry as a structuring mechanism providing legitimacy and allowing for domination, in addition to mitigating information asymmetry between shareholders and managers. Interestingly, it appears that the domination dimension of the structure was less preeminent when principals and agents were culturally aligned.

V. CONCLUSION

The primary research question of this paper is whether Giddens' structuration theory can be used to better understand financial accounting and related governance choices, particularly when combined with agency arguments. Our empirical evidence suggests that it can. Indeed, our analysis of the financial statements of the St. Anselm foundry over most of the 20th century shows that financial accounting as mix of structure and artefact is a powerful lens to understand the evolution of the shape, production, and motives of financial accounting reports and choices. More specifically, financial reporting and related governance choices of the foundry's shareholders were made to build a structure designed to exert domination over agents, especially when they were not culturally aligned with principals, and to legitimize the foundry.

Our unique access to historical financial statements of a private firm over almost a century has allowed us to add numerous empirical illustrations of the power of ST to explain financial accounting where agency theory is inconclusive. This was achieved by inferring the motives, desires and purposes of the principals (i.e., the non-managerial shareholders), and this contrasts with the numerous papers using ST to analyze managerial accounting that focus on the agent.

Our findings also lead us to conclude that structural dimensions of accounting conceptualizations may become more or less prominent with the extent of ideological alignment among stakeholders. That is, when stakeholders are aligned around a common ideology, the French-Canadian ideology in our case, financial reporting appears more likely be used as a legitimacy or signification structure. By contrast, when ideologies vary among stakeholders, financial accounting is more likely to be used as a domination structure. While more work is required to confirm this interpretation, it is anyhow interesting to note that it is consistent with the fact that international financial reporting standards (IFRS) represent a compromise that prioritizes common standards throughout the world that may enable less domination through stringent local standards as stakeholders become more dispersed but ideologically similar with globalization.

Overall, this paper suggests that the use of ST in financial accounting research probing the motives, desires and purposes of the principal is very promising.

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