

Influences of Economic Theories on Accounting Theory: the case of the Objective Function of the Firm

Abstract

This essay aims to establish the relationship between the theoretical precepts that guide the accounting disclosure procedures for its stakeholders, both internal and external, and the two main theoretical trends that address the firm's objective function: the Shareholder theory and the Stakeholder theory. In the perspective of the Shareholder theory, the firm has to define a single objective, which is to maximize shareholder wealth. In the context of Stakeholders theory, the firm must establish a multiple objective, which is to meet the interests of all those involved with its activities. We discuss to what extent theories, standards and accounting practices emanate from the concepts of the two models, especially regarding the users' demand for useful and relevant information. There is a predominance of Shareholder theory in influencing accounting principles that guide the disclosure of information, although different accounting reports are already discussed and presented, oriented to the Stakeholders of the firm, without establishing a set of concepts that explain and justify them within the scope of Accounting theory. Additionally, it is argued that, all things taken into consideration, both currents of the Economic theory point in the same direction: to seek the wellbeing of the firm's stakeholders. The research contributes to the accounting literature, in the sense of clarifying the impacts arising from the two economic models that deal with the objective function of the firm in the evolution of Accounting theory, not yet captured directly in the discussion of the fundamentals of accounting theory.

Keywords: Accounting Theories and Practices. Objective Function of the Firm. Shareholder Theory. Stakeholder Theory.

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1. Introduction

Accounting can be understood as a social practice that has its roots in Economic theory, since its primary function is defined as the act of collecting, recording, accumulating and communicating economic events related to the operation of firms (Santos, Calíope & Coelho, 2015), which together represent the essence of the economic activity of a society (Hart, 1989).

Coase (1990) argues that Accounting System theory is part of the theory of the Firm. In other words, it can be affirmed that the utility of Accounting, as an information tool, receives manifest influences from economic concepts associated to the firm and the related events. Among these concepts, the objective function of the firm stands out which, through the conceptual extension established below, may have influenced or influence the development of current and evolving accounting theories, which also influences the accounting practice, especially with regard to the informational function of accounting.

This conceptual attribute of the firm has been a source of intense discussion in the context of the theories of the firm, regarding the motivations that drive and guide decisions and actions of managers in the search for a certain result or the search for direction and meaning for the company's operation. Silveira, Yoshinaga and Borba (2005) highlight the two main branches that investigate explanations for such decision making, namely:

- a) the conduct of business by maximizing shareholder wealth (shareholder theory);
- b) the forwarding of business activities in order to balance and satisfy the interest of all stakeholders of the organization (stakeholder theory).

From this debate, two main currents of thought emerge that can contribute to the direction of the informational logic of Accounting: the main or dominant accounting paradigm points to prioritizing information directed at shareholders, investors and creditors in the financial markets whose demand is focused on profit information, synthesized in the bottom line of the income statement. Accounting researchers, in another line of thought, present alternatives to focus on information demanded by all stakeholders, focusing on the inclusion of social and environmental information in the scope of the financial statements.

It is emphasized that the Manichean nature of the above argument is characterized by the explicit adoption of one of these theoretical approaches by accounting researchers. In this sense, studies can be segregated in the Brazilian accounting literature that adopt either the informational approach directed at shareholders - examples are the studies by Coelho (2007) and Lopes (2001) and by Lopes and Martins (2005) - or the focus on stakeholders, especially the studies by Santana, Góis, De Luca and Vasconcelos (2015), Vellani and Ribeiro (2009) and Macêdo, Cordeiro, Pereira, Ribeiro, Torres and Lopes (2011).

This behavior of accounting researchers, as well as the current accounting practices, could be explained and debated from the perspective of the theories that discuss the objective function of the firm, which imperatively presses the demand for this or that information about the firms, influencing the position of managers and accountants in outlining information that is useful to external users.

Until the end of the last century, financial theory, almost mandatorily, declared and developed models in which the primary and sole objective of firms was the maximization of shareholder wealth, presenting the clear and direct objective function that the maximized firm value would lead the economic system to efficiency as a reference framework (Boaventura, Cardoso, Silva, & Silva, 2009).

In this sense, Berle (1931) argued that all the powers granted to the management of a company should be directed at the well-being of the shareholders. This approach proved to be well adjusted to the effective behavior of companies, to the extent that it was predominant in the last 150 years (Sundaram & Inkpen, 2004).

Based on the premises associated with the neoclassical theory of the firm, the Shareholder theory focuses on the figure of the owner, whether individual, partner or shareholder in its various classes, with the firm aiming to maximize its own value (Sunder, 2009), which implies maximizing the wealth of partners, owners of resources allocated as firms' equity.

However, it should be pointed out that, unlike the shareholder theory, the neoclassical approach of the firm does not present a separation between ownership and management, that is, there is no distinction between the owner and manager figures, since both are mixed up in roles played by the same agent according to this approach (Sunder, 2014).

In this stage of ideas on the understanding of the firm, at first, accounting chooses the control of the partners' equity as its main function, basic conceptual support that can be summarized in the classic definition of Accounting as "a science that studies the equity phenomena" (Sá, 2002, p. 46), this function is extensively developed in the important Italian school, based on the concept of "azienda", highlighting the representation of the owners' wealth (Sá, 1997).

In the American school, when the focus of Accounting shifts to the production of statements for the audiences interested in the firm. The object (control for information) changes, but the provision of profit information is still predominant as the main motivation for disclosure. That is, the main target of accountants and managers is to demonstrate the company's performance towards the partner, the owner.

Thus, from the point of view of theoretical positions, or in the development of accounting activities, targeting is similar to the objective function direct at the shareholders.

On the other hand, difficulties in the functioning of the stock market, due to corporate scandals in 2001 and 2002, led to a resumption of debate about the purpose of firms as a fundamental institutional tool for the functioning of markets (Sundaram & Inkpen, 2004).

Based on cases like Enron and Worldcom, which influenced the efficiency of the global economic and financial system by compromising the wealth of investors and other suppliers of the company by the forced reduction of their expected future cash flows, the dominant objective function started to be contested, as if it were unable to meet the interests and expectations of the other economic agents involved in the economic activity of the firms, especially in the case of consumers and intermediate producers.

In particular, it was argued that the goal of shareholder wealth maximization (Sundaram & Inkpen, 2004) would not be able to represent the entire institutional complex of markets efficiently, fairly and equitably. In other words, the objective function of maximizing the wealth of shareholders should also contemplate meeting the interest of other stakeholders in the operation of the firm.

As an alternative to the predominant focus, the proposition of an alternative approach to the firm's objective function is outlined, which became known as the Stakeholder theory, in which it is emphasized that the corporate objective should be established as a function aimed at the equilibrium and the satisfaction of the interests of all audiences involved in the firm (Silveira et al., 2005).

Although this proposition dates back to the beginning of the 21st century, the theoretical bases of the stakeholder theory date back to the end of the 20th century, initially to Freeman's work (1984), to whom the pioneering belief in the existence of a relevant link between the group of stakeholders and the strategic management of firms (Sundaram & Inkpen, 2004) is credited. In this sense, the original proposition still had characteristics of changing behavioral patterns of firms' internal management, without greater concern with governance, in the sense of protection of resources delivered to the firm.

It is only from the commented accounting-financial scandals that the Stakeholder theory evolves to try and explain the firm's relationships with its external audiences, including society as a whole, non-tax government bodies and the remuneration of all those involved in the firm.

The accounting academy reacts fundamentally with research and proposals that modify the fulcrum of accounting information, proposing the introduction of less financial accounting (in the sense of attending to shareholders' interests) and more social statements, instigating managers to provide more information about aspects referred to the other stakeholders in the form of environmental, social accountability and value added reports, in short, social balance sheets (Iudícibus, Martins, & Carvalho, 2005).

It should be noted that, in the mid-twentieth century, Dodd (1932) presented an initial draft of the Stakeholder theory, arguing that the firm as an economic institution has a social service to fulfill.

Both currents, both Shareholder theory and Stakeholder theory, can be considered as crucial to explain the origin and content of the accounting theories under discussion and the debate in the academic and regulatory environment of this discipline, especially with regard to the structure and content of the information to be offered to the users of the accounting information, from the viewpoint of the external users of the accounting information. Influences of these conceptual apparatuses can also be visualized in theories that try to explain the production of management information for control purposes of the firm's resources and activities.

Accounting theory, in turn, seeks not only the development of fundamental principles for accounting practice, but also the understanding of the forces that shape this practice (Hendriksen & Breda, 1999). Thus, both the Shareholder theory and the Stakeholder theory act as purely theoretical forces that influence the accounting practice.

The issue is to outline and establish the provision of information to external users, speculating on such demands, differentiated according to the focus on the shareholders or the approach of the stakeholders. It should be added that the application of such rules involves differentiated costs, which would only be justified by the utility generated by the reports disclosed to meet the various stakeholders in the operation of the firm.

Lopes and Martins (2005) contribute to the discussion, arguing that one of the main intentions of the accounting information would be to contribute to the reduction of the information asymmetry between the managers and the external audience of the firm. However, this asymmetry would not only be characterized by the quantity, relevance, timeliness, consistency and uniformity, in short, by attending to all these fundamental characteristics of the accounting information. The usefulness of accounting information would also depend on its ability to communicate what is effectively required by the objective function of the users. In this sense, it would also be important, for example, to incorporate the needs of internal users, mainly represented by the managers of the firm.

This logic of meeting the demand of internal users presupposes that the objective function of firms leads managers to appropriate accounting information directed at the control of the actions of internal agents, which is called Management Accounting or Controllership (Lopes, 2012).

In this context, Martins (2012) states that Accounting was born focused on internal users, which were losing space in their normative process, entailing the orientation of this process almost exclusively to external users, more specifically the suppliers of financial resources. This direction, driven by the separation of management and property, began to take place and consolidate throughout the 20th century.

The question that arises in this essay lies in proposing a debate about the interaction between Accounting theory and Economic theory in relation to the two competing currents that try to explain the objective function of the firm, summarizing the theoretical frameworks of the two currents of thought and exploring the clarification of what each of them proposes; and to synthesize favorable and unfavorable arguments in relation to the theories under debate.

Thus, the main objective in this essay is to establish points of correspondence between the precepts of accounting theory that guide the accounting disclosure procedures of economic, financial and social facts of the company to its audiences of interest, both internal and external, and the theoretical currents that discuss the objective function of the firm. Additionally, a secondary objective of the study is to propose that both theoretical currents discussed here converge to the same proposal: to contribute to the wellbeing of all those involved in the firm and its activities, suggesting debates and alternative issues.

It should be pointed out that, although Accounting theory, in the current context, has been and continues to be influenced by phenomena such as the international harmonization of accounting standards, it is assumed that such standards derive from theoretical foundations supported by the current accounting theoretical framework. This, in turn, rests on economic, financial and administrative theories. In this essay, we propose to focus on this exchange based on the Shareholder and Stakeholder theories.

2. Review of the Theories

Firms are the driving force of modern capitalist economies (Hart, 1989) and also represent the essence of a society's economic activity. The meaning of this type of organization (firms), however, is influenced by the historical context and the theoretical paradigm they belong to. Its objective function, therefore, has varied as conceptual explanations for its existence and form are drawn.

In this sense, up to the 19th century, the firm was understood as a monolithic maximizer of profit, being a model designed to explain the equilibrium in markets for inputs and their products, when the Neoclassical Firm theory ruled (Sunder, 2014). In this theoretical approach, the firm's only objective function was to maximize profit.

From the 1920s, with the first questioning of the neoclassical model, the theory related to the firm truly develops, also returning its studies to its internal functioning (Tigre, 2009).

Among the seminal studies on the nature of the firm and its relationship with economic agents, we highlight the work of Berle and Means (1932), in which these authors documented the effective separation between managerial controllers and ownership in large corporations in the United States (Sunder, 2014).

Coase (1937), on the other hand, discusses and suggests fundamentals that may explain the emergence and maintenance of the economic organization represented by the firm. He noted that production was coordinated by the firm and not by the market, as a result of the transaction cost savings, and the reason for establishing a firm was attributed to this fact. This mechanism would also be responsible for the internal design of the firm, in terms of size, corporate organization and manner of operation.

In addition, Coase (1937) asked a simple question that still provokes a long debate: "Why the firm, and not the market?"

Until then, economists had taken the firm as the smallest unit of economic activity (Fontrodona & Sison, 2006). The firm would exist, according to Coase (1937), to allow the entrepreneur to coordinate the production, contrary to the neoclassical paradigm, according to which this coordination would be only be done efficiently through the price mechanism operated in the market. The discussions mentioned above, while refuting neoclassical paradigms, do not deepen the discussion about the firm's objective function.

Both the work of Berle and Means (1932) and Coase (1937) present the maximization of shareholder wealth (Sundaram and Inkpen, 2004) as an objective function for the firm, supported by property rights, strengthening, in that sense, the neoclassical theory of the firm that always maintained the objective function of the firm centered on the figure of the owner.

Berle (1931) had already begun the debate on the objective function of the firm, which has since been discussed predominantly under the two prisms already anticipated: on the one hand, the model aimed at maximizing the wealth of shareholders, one of whose precursors was exactly Berle (1931); on the other hand, the conceptual model is developed that is focused on presenting the firm with the objective function of meeting the interests of all those involved in the organization, the stakeholders. One of its precursors is Dodd (1932), who states that the firm must be seen as an economic institution that has a social role to play.

In the 1980s, the objective function of the firm focused on the interest of all stakeholders comes to fruition with the development of the Stakeholder theory, credited to Freeman (1984).

This approach envisages the firm as a social organism, which interacts with the environment it operates in, based on systemic theory, and should guide its strategies based on social responsibility (Freeman & McVea, 2000). It should be emphasized that this approach rejects any idea of maximizing a single objective function as a path towards the firm's strategic management (Freeman & McVea, 2000).

2.1 Shareholder Theory

Shareholder theory or the theory of Maximization of Shareholder Wealth, as it is also known, has its roots in economics and finance theories (Jensen, 2001). In this perspective, a definition that best illustrates the value of 200 years of work in economics and finance indicates that social welfare is maximized when all firms in the economy maximize their total value (Jensen, 2001). This argument is reinforced in most Financial Management books, according to Brealey, Myers and Allen (2013), who assert that the financial manager should act in the interest of the owners, aiming at maximizing their wealth.

The primacy of shareholder wealth maximization is based on the theories of the firm, precisely on the Contract theory of the firm (Silveira et al., 2005). In this perspective, two seminal works deserve attention in this discussion, namely: the studies of Berle and Means (1932) and Coase (1937).

Berle and Means (1932) relied on the premises of property rights to argue that management for the welfare of shareholders is essential for administrative decisions, since shareholders are the owners of the firm.

Coase (1937), in turn, argues that firms correspond to a nexus of contracts to minimize transaction costs that may be present in the markets, leading the existence of the firm to something that is not at all related to state benevolence or to meeting social needs, but focused on maximizing entrepreneurs' usefulness.

Further research has reinforced the view of the shareholder theory - Macey (1991), Bainbridge (1993) and Smith (1998) -, emphasizing the primacy of maximizing shareholder wealth, also through corporate standards like the firm's objective function.

From the perspective of the theories of the firm, the main theses related to this point of view in the field of the economic theories stand out, with the argument that the owners of the resources, without a devolution clause, should have the right to profits and decision taking in the context of the company (Silveira et al., 2005).

Thus, if shareholders are entitled to the residuals (profits) of the resources produced by the company, then the firm, by maximizing its value, will also maximize the wealth of shareholders. In addition to this argument based on the residual right of shareholders, there is also the traditional argument that, as the shareholders are the stakeholders who carry more risks and less legal rights in relation to the firm, it must be in their favor that decisions should be taken (Fontrodona & Sison, 2006; Silveira et al., 2005).

Besides this situation, Silveira et al. (2005) also discuss some issues that reinforce the proposal about the primacy of the shareholders' interests, namely: the hierarchy of receipts, the right to sue the company; and the competitiveness problems that the company may be facing, a situation in which all stakeholders can stop renewing their contracts, except for the shareholders.

In summary, the Shareholder theory argues that managers have to make all decisions in order to increase the firm's total market value in the long term (Jensen, 2001). Therefore, the relationship between managers and shareholders needs to be approached from the perspective of the Agency theory.

In the Agency theory, this relationship takes the form of a contract between stakeholders and shareholders, so that the shareholders delegate decision-making power to the stakeholders, creating the principal (shareholders), who delegate power, and the agent (stakeholders), who make decisions on behalf of the principal (Fontrodona & Sison, 2006). It should be emphasized that the inverse relationship is also possible, that is, shareholders can assume the role of agent, while stakeholders assume the role of principal in the contractual relationship.

From the perspective of this theory, if the agents commit themselves to the goals set by the shareholders, and their interest is purely economic, then the firm's objective is to maximize the wealth of the shareholders (Fontrodona & Sison, 2006).

By maximizing shareholder wealth, the company value would also be maximized as a whole and, thus, this objective would favor all stakeholders in the firm (Sundaram & Inkpen, 2004).

The firm creates social value when it produces outputs or a set of outputs that are evaluated by its customers, surpassing the value of the inputs consumed in the production process (Jensen, 2001). In other words, the value of the firm corresponds to the market value of this flow of benefits (still according to Jensen, 2001).

Among the several arguments that are coherent with the Shareholder theory, one that stands out and reinforces the perspective of this theory is the proposal that the firm needs to have a single-valued objective function that corresponds to the search to maximize the value of the firm or, in other words, to maximize the wealth of the shareholders (Jensen, 2001).

For Jensen (2001), multiple objectives are not objective because it is logically impossible for the firm to maximize its value in more than one dimension at a time, unless the dimensions are transformations of another dimension. In addition, Sundaram and Inkpen (2004) argue that the Shareholder theory does not exclude stakeholder participation and rights.

Assaf and Lima (2014) present the following formula to determine the value of the firm:

$$V = FC_i / K$$

Where:

V = Firm Value;

FC_i = Operational cash flow estimated for the i-eth period, with i tending towards the infinite;

K = Rate that discounts the uncertainty of achieving the estimated cash flows.

In the model, one can observe, among the various possibilities, two ways for managers to maximize firm value and, consequently, shareholder wealth: maximize the operational cash flow, maintaining the constant uncertainty rate; or reduce the uncertainty rate, keeping the operating cash flow constant.

However, for both ways, the manager will need to efficiently manage the contracts of the other stakeholders in the company, that is, managers also have to stick to the objectives of the stakeholders. Therefore, when using the assumptions of the Shareholder theory, the wellbeing of the other stakeholders will be an additional objective.

Concerning the criticism against the Shareholder theory, the most obvious criticism is the question that the maximization of the company value can give rise to distributional implications, that is, the managers can transfer value to the shareholders from other stakeholders, instead of creating value and increasing the size of the pie (company value) (Sundaram & Inkpen, 2004). In addition to this criticism, Sundaram and Inkpen (2004) also criticize the shareholder theory as the implication of contractual failures with the imposition of external factors in direct contracts with third parties, and that such externalities do not only occur for shareholders.

A reflection of the Shareholder theory from the point of view of the contractual theory of the firm should be highlighted. According to this theory, the firm can be seen as a set of contracts between rational agents (Sunder, 2014).

However, if the firm represents a nexus of contracts, then there is not a single owner, but a set of proprietors (Fontrodona & Sison, 2006). It is important to highlight the owners' clear identification of the production factors (shareholders), but there is no reason to equate the owner of the capital with the owner of the firm (Fontrodona & Sison, 2006).

In contrast to the Shareholder theory, the Stakeholder theory argues that the firm needs to try to balance and satisfy the interests of all the stakeholders involved in the firm (Silveira et al., 2005). In the following section, relevant aspects of this theoretical approach are discussed.

2.2 Stakeholder Theory

Stakeholder theory has its origins in the mid-1980s, the initial focus being the publication of R. Edward Freeman's work in 1984, called *Strategic Management - A stakeholder Approach* (Freeman & McVea, 2000). Freeman envisioned the need for a conceptual framework that was different from the traditional economic roots and more consistent with changes in the business environment of the 1980s. Thus, the Stakeholder theory was responsible for this challenge (Freeman & McVea, 2000).

Although the stakeholder approach was demonstrated in the 1980s, the idea was not entirely new. In the early 1930s, there was already an incipient outline of the Stakeholder theory in Dodd's work (1932), in which it was argued that the firm as an economic institution has a social role to play. It is worth noting that the use of the term stakeholder grew based on the pioneering work of the Stanford Research Institute (SRI) in 1960 (Freeman & McVea, 2000).

The Stakeholder theory has its roots mainly in the field of sociology, organizational behavior, and the policy of specific groups' interests (Silveira et al., 2005), in contrast to the shareholder theory, which has its roots in economics and finance theories. In this sense, one of the profitable fields of research involving the concept of stakeholder refers to corporate social responsibility (CSR) (Freeman & McVea, 2000).

According to the Stakeholder theory, managers need to make their decisions taking into account all audiences involved in the firm (Jensen, 2001). Stakeholder theory attempts to address the question of which stakeholder group deserves or demands attention from managers (Sundaram & Inkpen, 2004). In this perspective, Freeman and McVea (2000) argue that the interests of key stakeholders should be integrated into the firm's purpose, and stakeholder relationships should be managed in a coherent and strategic manner.

It is necessary to highlight what is referred to as the term stakeholders. According to Jensen (2001), stakeholders can be defined as any individual or group that affects or is affected by the achievement of a firm's objectives, encompassing not only financial claimants, such as shareholders, but also employees, clients, communities and public authorities - in some interpretations, the term stakeholders may be related to the environment, terrorists, blackmailers and thieves. In this line of thinking, Donaldson and Preston (1995) argue that there is too much scope for identifying stakeholders based on the trend to adopt stakeholder definitions as "anything that influences or is influenced" by the firm (Freeman, 1984, cited in Donaldson & Preston, 1995). This definition openly defines stakeholders as actors that are part of the firm's environment and that may, in fact, have some impact on the firm's activities but have no specific interest in the firm itself (Donaldson & Preston, 1995). Corroborating the authors, Silveira et al. (2005) present some definitions for stakeholders in two distinct poles: at one pole, stakeholder is any actor who has a relationship or interests with or in the firm; and at the opposite pole, primary stakeholders are actors with interests in relation to the firm, without which it would not be feasible.

Stakeholder theory can be, and has been, presented and used in many different ways involving very different methods (Donaldson & Preston, 1995). Thus, Donaldson and Preston (1995) reveal three alternative aspects found in the literature on this approach, which can be characterized as descriptive or empirical, instrumental and normative. In the descriptive aspect, the Stakeholder theory is used to describe and sometimes to explain specific characteristics and behaviors of firms (Donaldson & Preston, 1995). As for the instrumental aspect, the Stakeholder theory, together with the descriptive / empirical data, when available, is used to identify the connections, or lack thereof, between stakeholder management and traditional corporate objectives (Donaldson & Preston, 1995). Finally, in the normative aspect, the Stakeholder theory is used to interpret the firm's function, including the identification of moral and philosophical orientations for the operations and management of firms (Donaldson & Preston, 1995).

In this perspective, Freeman and McVea (2000) also note that Stakeholder theory has been developing in four distinct lines of management research in the last 20 years. These lines are identified by the authors as: business planning; systems theory; corporate social responsibility; and organizational theory. In the line of business planning, the conception emerges that successful strategies are those that involve balancing the interests of all stakeholders rather than maximizing the position of a single group to the detriment of others (Silveira et al., 2005). On the other hand, in the line of Systems theory and Organizational theory, the emphasis is placed on the proposal of companies as open systems that relate to the different parts of the environment, demanding the elaboration of collective strategies that would benefit the system as a whole (Silveira et al., 2005). Finally, the line of corporate social responsibility cannot be considered a formalized theoretical group, but a collection of business case approaches and empirical tests that emphasize and demonstrate the importance of building strong and reliable relationships, as well as a good reputation with all stakeholders related to the firm (Silveira et al., 2005).

Other authors, such as Hill and Jones (1992), have also contributed to the development of Stakeholder theory by outlining a relationship between the concept of stakeholders and the agency theory. According to this conception, managers are the agents of all stakeholders, and they would distinguish themselves according to their power and level of interest in the firm, which would lead to a constant imbalance between the forces involved (Hill & Jones, 1992).

The theoretical model created by Hill and Jones (1992) focuses on the causes of conflicts between managers and stakeholders after the emergence of unbalanced conditions. This theoretical approach is in many respects similar to the Agency theory, but it has assumptions about market processes that are substantially different from those underlying the Agency theory; one of these assumptions refers to the market efficiency, present in the Agency theory, which is relaxed in the model by Hill and Jones (1992).

Freeman (1984, as quoted in Freeman & McVea, 2000), stresses the importance of a theoretical approach differentiated from traditional economic theories and consistent with the changes in the business environment of the 1980s. Freeman and McVea (2000) also point out that managers need to make business decisions respecting the wellbeing of stakeholders, rather than treating them as a means to a business purpose.

In contrast to the above arguments, some critics present several arguments related to the incoherence of the Stakeholder theory. One initial argument is that this theory suggests the adoption of multiple goals by the firm, since firms have to balance the interest of all stakeholders. In this sense, Sundaram and Inkpen (2004) argue that having more than one objective function will make governance difficult, if not impossible. Corroborating these authors, Jensen (2001) argues that having multiple goals is not objective. Another criticism of Stakeholder theory refers to the freedom given to executives to make decisions, since no main criterion has been defined (Jensen, 2001). Jensen (2001), Sternberg (1999) and Sundaram and Inkpen (2004) emphasize that firms adopting the Stakeholder theory will find it difficult to compete for their survival, mainly because of the lack of clear and unique objectives, the difficulty to identify the most important stakeholders for the company, the denial of property rights, among other reasons (Silveira et al., 2005).

Both the Shareholder theory and the Stakeholder theory have a strong relationship with Accounting. Accounting is influenced by both theoretical approaches, regarding these theoretical models' different demands for information.

3. Influence on the Formulation of Accounting Theories

The accounting practice, that is, the accounting practice and standards, is strongly influenced by the dominant economic concept of the firm. Accounting theory, on the other hand, is based on the approach of the shareholders and on the approach of the stakeholders. Lopes (2012), for example, states that there is no single accounting capable of meeting all the interests, since they are very different according to the different audiences interested in their information.

From the perspective of Neoclassical theory, there would be no role for accounting in the firm's operation, since there would be no need for information in perfect markets (Sunder, 2014), and as a premise, information is free and complete. In this case, the firm's objective function would not depend on external users' knowledge about the firm's operations. However, this could not be said for information processed internally with an exclusive focus on control, since it is motivated only by management issues.

Nevertheless, one can seek clarification in the shareholder approach - of maximizing firm value - for the configuration of reports and accounting analyses that emphasize the disclosure of profit (through the income statement); for the explanation of the movements in the net equity (Comprehensive Income Statement and Statement of Changes in Net Equity); and to explain the cash flows from the economic perspective of the capacity to preserve the company (cash flow statement); for the accounting indicators, which are extremely interested in evaluating the company's performance using measures focused on higher profitability, greater liquidity and structures that guarantee the survival of companies.

From the perspective of the Contractual theory of the Firm, accounting information plays a decisive role in the operation and evaluation of the firm, acting as one of the parties to the contract execution mechanism (Sunder, 2014), from the point of view of the external user or in the case of strictly managerial information.

In the context of the Shareholder theory, accounting is designed to provide partners and shareholders with information on the compliance of contracts by management agents, especially as regards firm performance, since the managers depend on the firm's contributions and contract rights to determine its own rights (Sunder, 2014).

Still in the perspective of this approach, and in the light of the argument of the firm's economic theories, in which the shareholders are the holders of control rights and responsibility for decision making in the firm, it would be up to accounting to offer reliable and timely information to guide its investment decisions, always aimed at demonstrating the investor's sense of maximizing wealth.

Another issue related to accounting and shareholders concerns the costs required by the accounting system, since the information generated by that system (financial statements) is shared with the public, because published financial reports correspond to public goods (Sunder, 2014). Even so, this expenditure is accepted, given the ability to evaluate performance through these data.

The generation of information for external users, mainly shareholders, would be insufficient to reach the objective function of the firm to maximize the interests of the members. Information given to those who manage the firm, given the premise of separation between ownership and management, already pointed out by Berle and Means (1932), would also be characterized as providing information about agents' performance, mainly controlling agency costs, in order to guarantee shareholder remuneration (Martins, 2012). It can then be argued that remuneration and compensation systems, cost and budget systems and other performance appraisal tools were based on the underlying idea of the objective function with a focus on shareholders.

It should be noted that the current theoretical framework of Management Accounting identifies the focus on value creation for the firm through the effective use of resources, using value creation drivers for the consumer, the shareholder, and organizational innovation (IFAC, 1998, as quoted in Guerreiro, Cornachione, & Soutes, 2011). This statement evidences the influence of both the Shareholder theory (emphasis on value creation for shareholders) and the Stakeholder theory (emphasis on customer value creation) on the motivation of Management Accounting.

Returning to the context of the Stakeholder theory, one can understand that the main impact of this approach in accounting practice and regulation refers to the creation of a set of social and environmental information regarding the firm. Iudícibus et. al. (2005) argue that Accounting cannot privilege certain stakeholders, to the detriment of others, since the information asymmetry between the various users of the accounting information is increasing.

Although the production of accounting reports in this line of information is still elementary, it is worth mentioning the rise of the Value Added Statement (VAS) to the category of mandatory reporting for some companies, which contributes to a corporate culture based on transparency (Dias, 2010).

The VAS is considered an information instrument directed at stakeholders because it presents the wealth generated by the firm (Cunha, Ribeiro, & Santos, 2005), as well as its distribution to the various agents around the company's operation, showing the company's social role in the community it is inserted in (Cunha, Ribeiro, & Santos, 2005).

In addition, firms at the end of the last century intensified their adherence to the idea of Corporate Social Responsibility, and they voluntarily disseminated reports aimed at informing the social balance of their activities. Thus, an active research line was created in the accounting area based on the objective function with a focus on stakeholders, yet without a clear focus on the meaning of information other than the ethical sense.

From this perspective, experiences such as GRI and Integrated Report align with the vision of offering information to multiple stakeholders. Reis, Cintra, Ribeiro and Dibbern (2015) treat the integrated report as a promise in which several relevant pieces of information would be interconnected, which would facilitate the understanding of the connection between the different information groups. It should be noted that these experiences are the subject of active research in the accounting area.

The emergence of information design focused on the interests of stakeholders is aligned with the evolution of accounting information (Iudícibus et al., 2005). In other words, as diverse stakeholders emerge, Accounting becomes a simplified accounting and information system in a complex information and evaluation system (Iudícibus et al., 2005). In this view, Accounting theory itself would not have its own objective function, revolving only around the production of information about the firm.

Thus, two paths are outlined for accounting theory: providing information focused on meeting the objective function of maximizing shareholder wealth; or turning to the disclosure of information to all stakeholders related to the firm, including shareholders.

In the first case, Accounting, despite acknowledged possibilities of bias in accounting reports, by means of accounting choices, already provides a set of reports directed at shareholders. In the second case, although some stakeholders benefit from reporting to shareholders, there are still insufficient reports to serve the firm's other stakeholders, although research efforts in this direction are already happening, both globally and locally.

The basic difference between the theoretical currents discussed refers to the conceptual ontological basis of being these currents consider; the accounting current focused on the production of information to stakeholders, which does not consider the conceptual ontological basis of being related to why produce information to all stakeholders, differently from the accounting current aimed at producing information for shareholders, in which there is an explicit statement to produce useful information for the agents' decision making.

This context contributes to diffuse the accounting current that proposes the production of information directed to all stakeholders, since there is no explicit identification of the user of the information, nor of its usefulness for that user.

Two fundamental questions explain the still diffuse nature of the accounting current directed at stakeholders: (i) do all stakeholders require accounting information; and (ii) is accounting information useful to all stakeholders? The answers to these questions are not explicitly addressed in the theoretical current directed at stakeholders.

4. Conclusions

As explained above, Accounting, with regard to its information function, both from the internal user's perspective and from the external user's interest, receives influence from the two theoretical currents that seek to explain reasons and motivations that guide the firm's management.

In the context of Shareholder theory, Accounting already provides reports directed at those users, which is evidenced by the structuring of the information offered and defined in the main conceptual structures in developed or developing economic environments.

From the point of view of the Stakeholder theory, accounting reports are already discussed and presented to the firm's stakeholders, covering a broad spectrum of interests in social and environmental lines. Its design, however, still lacks clear contours, whether in the direction or in the format. Such specification, still diffuse, would arise from the low identification of demand for such information, either due to the high dispersion of users, which makes it difficult to identify its usefulness, or to the very development of this theory.

In addition, the predominance of the shareholder theory in influencing the accounting premises that direct the information dissemination is highlighted, an argument that is reinforced by the role of that theoretical branch in orienting the conceptual structure of Accounting in the main accounting standards applied around the world.

In addition, although the Shareholder and Stakeholder theories present different arguments regarding the objective function the firm needs to pursue, at bottom, both approaches will result in the same formulation of its final object, which is the well-being of all those involved in the firm.

Sundaram and Inkpen (2004) argue that the shareholder versus non-share owning stakeholder debate is poorly designed, since the objective of maximizing shareholder wealth can be manifestly favorable to other stakeholders, given the firm's social organization.

As discussed in the firm's value equation, managers, in pursuing the maximization of shareholders' wealth, should also adhere to the objectives of the other stakeholders. Therefore, it is inferred that both approaches do not clash or oppose but complement one another, since the Shareholder theory focuses on the economic dimension, and the Stakeholder theory on social and behavioral dimensions.

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