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Editorial

THE IMPACTS OF FINANCIALIZATION ON ACCOUNTING

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THE CONTEXT OF FINANCIALIZATION

Financialization can be defined as an accumulation regime under the hegemony of finance (Duménil & Lévy, 2001) or characterized as an asset-based growth regime—a financialized accumulation regime—in which asset markets take center stage, institutional investors become increasingly important, and corporate governance serves as a regulatory instance (Martins, 2024). Finance achieved a hierarchically superior position in terms of power (the State) and through its articulation with other institutional forms. The financialization process solidified primarily in the 1970s and continues to reshape contemporary capitalism (Martins 2024).

This accumulation regime shifted the locus of value creation from the productive sphere to the financial sphere (Müller, 2014), turning capital into an instrument of speculation rather than a productive investment (Dourados, 2019; Centeno et al., 2024). Previously structured around industrial profit and labor expansion, capitalism now orients itself toward the calculation of rents, dividends, and capital gains—modes of financial appropriation premised on the promise of permanent liquidity. This shift, described by Boyer (2018) and Palley (2021), reconfigures the balance between the real economy and the financial economy, introducing a new rationality: rentier rationality.

Globally, financialization materialized as the political-economic project of constructing a stable international financial system architecture, promoted by the Financial Stability Forum and later by the Financial Stability Board (FSB) (Burlaud & Colasse, 2011; Arnold, 2012). Under the banner of creating 'global governance' and 'regulatory cooperation,' institutions such as the IMF and the World Bank enforce the international financial standards issued by the FSB, subordinating national economic policies to financial guidelines that cater to investor expectations and market risk metrics (Chiapello, 2005). This transnationalization of financial regulation has produced diffuse sovereignty: states now regulate their economies according to parameters constructed outside their territories, operating at a distance through technical standards presented as neutral (Burlaud, 2018, 2020).

The impact of financialization on nation-states can be observed in the transformation of the mediation space between public and private interests. The State becomes a partner in private and financial interests, acting through its own agencies as a central player in promoting financial market expansion (Pagliari & Young, 2020). Under this model, public policies are structured according to profitability and financial efficiency, turning citizens into clients and rights into tradable assets —"assetization" (Paulani, 2024). As Dardot and Laval (2017) observe, the financialized State is simultaneously an instrument and object of accumulation: it regulates in favor of the market while being regulated by it. Through the deregulation of public services, institutional conditions are created for extracting private rents from public resources, pushing the public interest out of economic policy decisions.

In this context, corporate governance is imposed as the ideological framework of new public administration, transforming accountability into investor reporting and efficiency into market value maximization. Thus, the State becomes an indirect profit center (Ferguson, 2009). In Brazil, this is manifested in legislation such as the State-Owned Enterprises Law, Central Bank autonomy, Spending Cap, labor and pension reforms, and the Sanitation Framework.

The logic of financialization also seeps into non-financial corporations through the rise of shareholder value ideology (Lazonick & O'Sullivan, 2000; Van der Zwan, 2014; Klinge et al., 2021; Dourados, 2019). The productive corporation turns into a share-price booster machine: it buys back stock, pays out dividends that exceed investment, and runs the business solely to maximize the shareholder value. Corporate behavior shifts from 'retain and reinvest' to 'downsize and distribute,' cutting productive investment and the wage share to funnel cash to shareholders or service financial claims (Lazonick & O'Sullivan, 2000). Productive capital is subordinated to financial capital: future income streams are securitized, and funds that once built capacity are now parked in mark-to-market financial assets (Lucarelli, 2012).

Finally, financialization reaches everyday life and households, extending beyond its impact on institutions and organizations. One example is the discourse on financial inclusion, which promotes the figure of the citizen-investor (Van der Zwan, 2014). What presents itself as credit democratization becomes a mechanism for mass indebtedness (Palley, 2021), expanding debt-financed consumption, and straining household incomes (Lavinas, 2020). This largely stems from declining wage shares for workers and the retreat of public services amid privatization in education, healthcare, pensions, and infrastructure (Lavinas, Araújo & Rubin, 2024).

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This picture — covering global governance, states, non-financial firms, and households — emerges from a vast body of cross-disciplinary research on topics as varied as health, housing, debt, agriculture, social policy, pensions, and education (Mader et al., 2020; Lavinas et al., 2024). But what about accounting: how does it feed or even drive the spread and dominance of finance?

Our hypothesis is that accounting's role in financialization can fly under the radar because its currently dominant guise — IFRS-based accounting — carries the worldview of finance and metrics designed solely for investors, thereby accelerating the financialization of the real economy (Chiapello, 2016).

The global adoption of IFRS, viewed through the lens of financialization, gained momentum due to the strengthening and legitimization of the International Accounting Standards Board (IASB) as the international accounting standard-setter, which enforced them through political agreements with the Financial Stability Board, the IMF, and the World Bank. These agreements incorporated IFRS into international financial regulatory guidelines, which FSB member nation-states are required to adopt, justified by the need to meet the information needs of foreign investors and creditors and prevent misalignment with the governance arrangements of developing economies (Burlaud, 2020).

The adoption of international accounting standards, as demonstrated by Burlaud and Colasse (2011) and Chiapello (2016), established a global accounting framework oriented toward investors rather than the society. This is explicitly stated in the IASB's 'Conceptual Framework' (Zhang et al., 2012). The Conceptual Framework for Financial Reporting, as noted by Zhang and Andrew (2014; 2022), redefines the purpose of accounting information: no longer to communicate an entity's economic reality but to serve the decision-making needs of investors and creditors. Thus, becomes a, an accounting tool for capital pricing rather than for understanding productive activity.

In this way, accountants, entangled in constructing market realities within organizations (Morgan, 1988), report concepts such as fair value, impairment, and mark-to-market in financial statements — concepts legitimized by efficiency rhetoric. These are, in essence, technologies of financialization (Chahed 2021). Accounting, as a technology of financialization, operates materially through the adoption of mark-to-market measurement (Chahed, 2021). The use of fair value as an exit price institutionalizes shareholder value in accounting practices and tends to hinder long-term strategy (Palea, 2015). When historical cost (the production perspective) is replaced by fair value (the finance perspective), different economic realities are constructed (Nölke & Perry, 2007; Müller, 2014), reinforcing the financialization of profits, accentuated by gains captured through financial transactions and the growing use of financial instruments (Nölke & Perry, 2007).

IFRS legitimizes a company's pursuit of shareholder wealth through means beyond selling products or services (Chiapello, 2016). Profits may also arise from a company's financing structure, financial investment gains, or cash management (Chiapello, 2016). Every asset is reduced to discounted cash flows, and every balance sheet is reduced to projections of future profitability (Chiapello, 2015). This legitimacy is achieved through financial reporting by employing public interest rhetoric, which obscures the true priority of serving private investors' financial interests from the public (Gallhofer & Haslam, 2007; Burlaud, 2018). An example is Brazilian state-owned enterprises, which, after the enactment of Law 13.303/2016, began reporting profits as 'public policy goals' while distributing dividends to private and institutional shareholders.

In this process, financialization has shifted the ethical foundation of accounting. The principle of public interest, the cornerstone of the profession, has been overshadowed by financial interests. This shift presents accounting academia and professionals with the challenge of rethinking the purpose of accounting practice and reclaiming it as public knowledge and a language of accountability for collective life.

RESEARCH PERSPECTIVES IN ACCOUNTING ON FINANCIALIZATION

In this context, accounting research on financialization can play a role that goes beyond technicalities, regulatory compliance, and the conventions and rationalities imposed by the market. To achieve this, it is essential to reclaim accounting's essence as an applied social science, capable of questioning and intervening in the power dynamics that shape the real economy. As Boyer (2018) highlights, financialization isn't just a structural shift in capitalism but a transformation in the institutional forms of regulation and legitimacy. This implies adopting a critical epistemological stance: recognizing that technique is also ideology, that international standards are instruments of hegemony, and that the discourse of global comparability often serves to align the production of accounting information with the logic of financial-capital accumulation.

From these reflections, I suggest three non-exhaustive questions and potential starting points where accounting research can contribute to the financialization debate:

Interdisciplinarity – Reopening dialogue with social, economic, and political theories, as well as other fields of knowledge. Interdisciplinarity is more than a methodological tool; it is an ontological necessity for a science that seeks to understand reality in all its contradictory totality. Contributions from authors such as Chiapello (2015; 2016; 2017), Power (2010), and Burlaud & Colasse (2011) show that accounting is, above all, a social technology of governance. Critical accounting research must reclaim this political dimension by analyzing how information is produced, who legitimizes it, and to whom it serves. The focus must shift from measurement to meaning for all stakeholders; it is in this space that accounting rediscovers its public vocation.

Political process of deregulation – The financialization of public services relies on rhetoric about efficiency, investment, and governance, where accounting provides arguments for change. Conversely, accounting can reveal the actual outcomes of deregulation's impacts and consequences through financial and non-financial data. Possible research questions include: – Did labor reforms create jobs and/or increase wage share? – Did water and energy privatization reduce tariffs, expand investments, and improve service delivery?

Professional education and practice: Is accounting education, predominantly focused on regulatory compliance and technical training, still sufficient? Is teaching "how to do" adequate? Does the accountant profile promoted by international bodies address the principles of "why do it?", "for whom?" and an understanding of local realities? Assessing whether new curricular guidelines will produce professionals capable of being accountable to all stakeholders is, therefore, crucial.

Ultimately, financialization is not homogeneous; it manifests unevenly and in combined forms, creating new dependencies and asymmetries between the Global North and South. Investigating how accounting participates in this dynamic is essential for building a discipline committed to transformation, not legitimizing the status quo. Accounting that refuses to be an instrument of domination and instead asserts itself as a practice of public enlightenment. The task of academia and professional institutions is to train accountants who know how to question as much as they calculate and to develop an accounting language that serves life again—not just capital. Only then can we reclaim accounting's human and historical dimensions —and perhaps rewrite its role in this financialized world.

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