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*The Kabuki
of Accounting
Philosophy*

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The Kabuki of Accounting Philosophy

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Synopsis

Accounting research that is focused on understanding accounting in its organisational context, is increasingly recognising the “subjectivist” as a realm of interest distinct from the “objective” realm that previously had been its predominant concern. Accounting research has always been approached from the traditional positivist research methodology which yields results that may not give a full account of what determines and influences its organisational context. This *mainstream* approach gives the perception that the actors within an accounting discourse are *objective* and *rational* by nature during the course of their *interactions*. In addition, the researcher is also perceived to be unbiased and impartial. Such assumptions are not suitable for social science research, because they tend to oversimplify the way that people and organizations behave. *Interpretive* and *critical* paradigms are the traditional alternatives to positivist research. Interpretive researchers seek to reach an *understanding* of the phenomena being observed. While, critical researchers, in addition to seeking an *understanding*, may also *critique* such phenomena in respect to the morality and fair treatment of the parties involved who may have an unequal distribution of power. These alternatives have their limitations and may subject the researcher to being accused of being too *subjective* or too *political*. This paper argues that although it is a step forward for accounting research to recognise both the “subjective” and the “objective” as valid concerns, it is a mistake to pose a dichotomy between the two or to suggest that there are two different kinds of researchers (objectivist and subjectivist) who appropriately focus on one realm of experience or another. To achieve such an objective, this paper draws upon Morgan’s eight images of organizations to demonstrate that our knowledge of accounting and organisations is constructed through social practice in which objective-subjective distinctions are not meaningful.

I. Introduction

This paper is an attempt to provide an understanding of how accounting is a (subjective) social construction by the actors participating within its discourse, while cautioning as to the meaninglessness of an objective-subjective dichotomy in accounting research using Morgan's (1986) eight 'images of organizations'.

Firstly, the dominant paradigm of science will be discussed. This section begins by describing what is called the positivist approach to accounting research. At face value, this approach appears to offer accounting researchers great hope because the positivist approach attempts to *explain* and *predict* phenomena and furthermore this mainstream approach carries *implicit* connotations of *rationality* and *objectivity*. But unfortunately, accounting is a social science, which deals with the complex cognitive processes of people and hence we cannot assume that people always act objectively and rationally. Moreover, the assumption that the researcher of accounting phenomena is a *passive* observer and takes a neutral value position is also criticised.

Secondly, a discussion of the alternatives to the mainstream research methodology will follow. The first alternative is the *critical* methodology, which takes a political approach to research and considers the well being of the weaker parties in a given discourse. This approach is highly opinionated and seeks to find a solution to the problems associated with the *status quo* in order to empower the weaker classes that need empowering. The *interpretive* methodology, which is the second alternative takes a *subjective* view of the research phenomena in question and seeks to gain an understanding of the interactions involved. Here, we will draw upon Morgan's (1986) eight images of organizations to demonstrate the meaninglessness of an objective-subjective dichotomy.

Finally, a conclusion will be drawn, by reflecting on the relationship between the mainstream approach to research and the alternative interpretive and critical research methodologies.

II. Discussion

We will begin my discussion by questioning why the dominant paradigm of the scientific methodology is so popular in accounting research. Then, we will consider the “subjective” alternatives being the interpretive and critical approaches and the limitations they have as well. Finally, we will draw upon Morgan’s eight images of organizations to reconcile the objective-subjective dichotomy in accounting research.

II.A. The Dominant Paradigm of Science

Accounting Research has been dominated by a scientific research methodology since the early 1970’s. Science is held in high regard in society as it gives the perception of rationality and objectivity. The reason why the scientific method has been so dominant can be attributed to social influences such as the opinion of journal editors, research training in our universities and advances in technology (Gaffikin, 1988: p29). The notion of science is very attractive. Gaffikin (1994: p8) observed that western culture considered science to be the ‘ultimate in intellectual rigor and analysis’. Furthermore, to be labelled a ‘scientist’ carries with it connotations of objectivity, rationality and freedom from value judgments.

II.A.1. The Positivist Approach to Social Science and its Limitations

The scientific method works on the traditional positivist basis of observing real world phenomena, formulating an hypothesis and ultimately drawing a general conclusion that will explain and predict the behaviour of the phenomena being investigated. Science is traditionally suited to the physical sciences (such as chemistry,

physics and astronomy) but science also has prima facie applications to social disciplines such as accounting.

On face value, the rigorous, objective and rational techniques of the scientific method has a lot to offer in explaining accounting phenomena. That is, if the scientific method can give the physical sciences a conceptual framework that can be agreed and relied upon by the wider community of that particular scientific discipline then perhaps a similar result would occur for social sciences such as accounting.

But this is not the case because we are dealing with people in accounting and thus the scientific method becomes problematic. Blumer (1978) argues that it is very hard to apply conventional scientific methods to the empirical social world because it:

... 'forces data into an artificial framework that seriously limits and impairs general empirical analysis.' (p41)

The scientific method that deals with physical sciences is ontologically of the opinion that the world is an objective and detached reality and facts are there waiting to be discovered independent of people's behaviour. In addition, the positivist approach works upon the premise that the researcher is a passive observer in that they will only want a better understanding of the phenomena in question to the extent of explaining and predicting it.

Since this mainstream approach is not normative in nature (Henderson and Peirson, 1978:p30), the research has little concern about injustices and other issues affecting the actors that may be relevant for solving the given research problem at hand. That is, mainstream accounting research will not attempt to change the institutional structure. It is irrelevant whether the accounting researcher exists in a capitalist, socialist or mixed economy or whether the market is a monopoly or perfect competition (Chua 1986). The researcher maintains a neutral position, as taking any stand may be perceived as being a breach of their implicit objectivity.

This so-called neutral value position runs into difficulties because the position that the positivist researcher takes is itself a value position. The value position taken by the positivist researcher lends support to the status quo and hence the researcher may be thought of as being a 'conservative'. Moreover the position taken by Tinker, Merino and Neimark (1982) asserts that such 'conservative' support helps legitimise market systems of exchange, production and suppressive regimes.

Positivists have an implicit rationality assumption that actors are goal driven and rational and coexist within the structured and causal patterns of organisational life (Chua, 1986). This position is questioned (Cohen et al, 1972, and Mintzberg, 1979) who recognised the complexity within organisations, with regard to their rules and social interactions. Also there are power struggles between organisations and between the interest groups within the organisation (Chua, 1986) that ought to be acknowledged.

II.B. Critical philosophy

Simply explaining and predicting social phenomena is inadequate. An alternative is needed that seeks to understand the phenomena observed in order to properly explain it. In my opinion, critical theory is an extremely broad methodology and we fear that my description maybe somewhat oversimplified. Critical theory looks at the *social* element in a given research problem. Critical theorists make certain assumptions about the world we live in. In short, we live in a world where people have great potential to achieve their goals but they are *constrained* by dominating structures that exist in modern society (Burrell and Morgan 1979:p17). It is the desire of the critical theorist to highlight the injustices tolerated by the oppressed masses and to *empower* (Ellsworth 1992, p98) them to *transform* the system that has exploited them for so long (Laughlin 1987:p482).

The background assumptions described above has implications on the way that the radical theorist would conduct their research. The

radical sees *critique* as an important component in questioning the *status quo* and to determine how *transformation* could improve the interests of the oppressed. The radical theorist also views organisations and people in its *historical* and *societal* context (Laughlin 1987:pp483-484). This approach has fewer limitations placed upon it than the *positivist* approach and hence could provide the social scientist with an *acceptable* means for *understanding* and *changing* our worldly structures and systems. (Laughlin 1987:p484). Some critical theorists are openly against the positivists, for example Frankfurt theorists: Horkheimer and Adorno feel that the positivist theory of science associated with their crude and detached research methodology perpetuates the survival of *capitalist* domination as critique is discouraged.

II.B.1. Limitations of the Critical Philosophy

Since critical theory is inter-subjective then it stands to reason that different theorists have different philosophical opinions for the position they take in the theories they evaluate. There is no 'right' position to take and as a result many critical theorists openly criticise each other. But such criticism between theorists also occurs within the *interpretive* and *mainstream* paradigms (Chua, 1986:p626).

Ellsworth (1992) openly criticises the critical paradigm by arguing that critical theorists tend to hide behind theoretical jargon such as 'critical', 'social change' and 'revitalised public sphere' (ibid p93) which hides the theorist's political agenda. The literature might imply that it is 'political' but critical research rarely if ever investigates if the practice it prescribes actually alters power differentials in society.

The participants within a social system are forced to take sides on an issue and to question the *status quo*. But social change in the form of an acceptable solution that is socially acceptable may or may not occur (Dillard, 1991).

Radical literature may not appeal to the very interest groups that critical theorists are trying to reach. In effect, such literature may only interest those already prepared to question the basis of our social structures, thus critical theorists are merely 'preaching to the converted' (Mathews and Perera, 1993:p352).

II.C. Interpretive Philosophy and Hermeneutics

Interpretive social science has surfaced as a result of the limitations of traditional positivist approaches have when researching social phenomena. This methodology seeks to understand the behaviour of people and how people understand each other behaviour (Puxty, 1993:p57). Hence this methodology openly admits its subjectivity and it opposes the (seemingly) detached and objective approach of the positivists. Furthermore, this emerging subjectivist alternative is breaking the constraints of the subjective-objective dichotomy.

Since the interpretive philosophers use a subjective methodology then no theory derived from interactionist studies is correct or incorrect. The philosopher is rather inclined to reason that there are interesting and less interesting ways of viewing the world, that is, interesting to the philosopher or to others. The researchers' interpretation is a result of his or her personal experience and insight, and additionally they cannot fall back on any verification procedure and hence they can only continue to offer alternative interpretations (Rabinow and Sullivan, 1979:p7). These alternative interpretations are tested, by exposing them to verbal and written discourse from which a broad variety of value judgments can be made.

Tinker and Neimark (1987) went beyond the subjective-objective dichotomy highlighting the close intertwining of human action and human language embedded in a field of social practice such as accounting. They approach the social world as a text that is alien and unfamiliar: a text with significance and meaning that will emerge only through interpretation.

The social scientist is a reader of that text and of the way social actors read that text to themselves. Thus, theory does not stand apart from action as the objective, impersonal essence of a subjective and personal performance. Rather, theory and action are bound and emerge together from a common field of language practice.

II.C.1. Morgan Eight Images of Organisation

The theme of textual interpretation is strongly evident in an influential book “Images of Organizations” by Morgan (1986). He explicitly adopts the metaphor of reading and explores eight images used by managers as well as researchers to “read the situation” in an organization. Each reading portrays (Morgan, 1986) the different facets of organization that are brought into light with the way each image shape our understanding of what the operational problems of an organization are and how we should go about addressing them. Morgan’s (1986) work is no doubt provocative and it offers us a way to resolve our struggle with an established objectivist tradition and the possibility of a subjectivist alternative.

Machine

Accounting under a machine image serves the manager by providing facts in a reliable, dispassionate way. Accounting systems create transactions for each separate activity and those transactions record the details of task performance, including resource consumption and output counts. Accounting transactions and reports for a hierarchy that parallels the hierarchy of the functioning parts of an organization.

Organism

Accounting as an organism is internally contingent and externally sensitive. Internal reporting is modified as the complexity of the task and the turbulence of the environment changes. Accounting data is changed to fit the stage of development of individual and organization needs. The accounting data set is expanded to include environmental

scanning and to reflect a strategic sense of the organization's place in its environment.

Brain

As accountants enter the information age, accounting becomes the core of the organization's nervous system. Accounting system design is then neither a question of monitoring compliance and efficiency, nor a question of guiding adoption but, rather a question of creating a network of interconnections that is rich and complex, yet disciplined enough to display intelligent behaviour. Hence, we are improving the memory and learning capacity of an organization.

Culture

When organizations are viewed as culture, it is a question of how things are made meaningful which is the key to understanding them. Accounting becomes central to shaping organisational reality, with its principal ceremonial function. From the highest-level strategy and budget review process to the lowest level transaction approval and countersigning process, the accounting system is celebrating economic rationality, confirming privileges of rank, reflecting structures of authority and embodying our dreams of efficiency and purposeful coherence. Accounting systems under the organization as culture image becomes a sense-making space within which organization members identify and talk about significant events and themes.

Political System

Accounting is seen as a reflection of the distribution of organisational power, masking the struggle for resource control under its display of economic rationality. The accounting system hides gender, racial and other forms of discrimination behind the objective “facts” of its official categories. But, especially accounting imposes a unitary view on a strongly pluralist process legitimising only one of the many competing versions of an organization’s economic reality. Thus, silencing economic representations from those political positions outside the main power structure.

Psychic Prison

This image focuses on the ways that organization processes are manifestations of the human unconscious, especially our deep-rooted struggles to establish and justify a concept of self. Accounting is part of a compulsion, thoroughly internalised and operating through the subconscious, in which we try to produce ourselves and to allow ourselves to be produced as useful bodies and lives. Accounting, as a practice is also a way of confronting our finitude and inevitable death when writing our lives in

transactions and records that promise to live forever and, in that way, overcome our finitude. The texts we create of our lives through our accountings can be everlasting. They can live indefinitely, attesting to the importance and significance of our fleeting moments of action. Our life thus becomes immortal through the self-documenting texts of our accounting systems.

Flux and Transformation

Organisational events are the visible dialectic manifestations produced by a deep structure of multi-levelled contradictions: labour vs. capital, male vs. female, culture vs. nature, self-interest vs. social needs, etc. which continuously alternate between foreground and background, each creating the conditions for and giving rise to, each other, as in the unfolding of an implicate order. This image of the organization highlights the accounting system as a practice that enables us to freeze the flux, as it were and to avoid confronting organizational contradictions. The constant turmoils below the surface is masked by the counter-image of a consistent organizational identity for which the accounting is being made.

An Instrument of Domination

Workers, the environment, national political systems and underdeveloped countries are all objects of exploitation that enable the economic achievement of organizations. Accounting is portrayed as an active element in partitioning work processes and deskilling the individual, in failing to capture and report externalities and in playing transfer-pricing games to exploit underdeveloped nations. Thus, accounting is the written record of the false consciousness induced by the participation in modern organizations where it reveals its preference for reinforcing the happier and light-hearted pictures of organization and suppressing the violent and the oppressive.

II.C.2. Limitations of the Interpretive Philosophy

The limitation of interpretive philosophy is that there can be multiple and conflicting interpretations. There is not one 'correct' interpretation and thus much interpretive work may be discarded as being subjective. Consequently, the interpretative philosophy may be driven to case studies and ethnographies under strong anthropological influences. Another limitation is that the researcher cannot expressly pass an opinion on the state of affairs concerning the subjects within their defined area of research. Their role is to reach an understanding about the actors' activities in the specified social discourse.

II.D. Reconciling the Objective-Subjective Dichotomy

Morgan (1986) exploration of the images of organization leaves each intact, important and believable while avoiding denigrating or idolizing any of them, for he recognizes that each image is ideologically informed and none alone is adequate for representing organizations. Morgan's message is to break from our absolutist, singular theories of organization and to become skilled at more subtle reading than any "school" or "contingency" model currently provides us. In the final analysis, reading an organization is not a passive observation of it, but an active construction or enactment of it. The images that Morgan (1986) introduces need further development of their potential readings, fieldwork on their actual use and impact, analysis of their assemblage as metaphorical complexes.

III. Conclusion

Accounting research, which focuses on understanding accounting in its organisational context, is increasingly recognising the "subjective" as a distinct realm of research from the "objective" which previously had been its predominant concern. The traditional positivist approach has dominated the way accounting is researched

for a long time. We are finally beginning to acknowledge the limitations of using positivist assumptions in a social science. That is, the people researched are not *objective* or *neutral* beings that can be observed so that we can explain and predict their future behaviour, nor are the researcher a *passive* researcher. Alternatives such as the interpretive and the critical paradigms offer hope in rectifying the limitations of *positivist* research. But these approaches also come under criticism for being too subjective, too conflicting and too political. The interpretive and the critical methodologies may not be perfect but at least they have addressed the limitations of the mainstream approach. We have used Morgan's images of organization to demonstrate that although it is a step forward for accounting research to recognise both the "subjective" and the "objective" as valid concerns, it is a mistake to pose a dichotomy between the two or to suggest that there are two different kinds of researchers (objectivist and subjectivist) who appropriately focus on one realm of experience or another. To conclude, we would like to argue that our knowledge of accounting and organisations is constructed through social practice in which objective-subjective distinctions are not meaningful.

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