

# Accounting as Social Science: Some Implications for Teaching and Research\*

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## Introduction

It is now commonplace to suggest that accounting has moved on from a discussion of "techniques and procedures" (Hopwood, 1974) to a contextual basis: that is, the debate has moved from accounting as a closed-system which largely ignored the purposes, behavioural consequences, and behavioural antecedents of accounting information to a set of approaches which do recognise that accounting information is only of importance in a given context. This is of course entirely praiseworthy, and context cannot be overemphasised. At the same time, opening up accounting to the real world-of-affairs, recognising that it is social science and not a collection of abstract mathematical manipulations, also brings into play the very considerable methodological problems which have bedevilled social sciences generally and the parallel problems of professional property-in-knowledge, boundary-guarding and closed-mindedness which are unfortunately part of the social science scene. For there is a tendency in social science (and for all we know in other fields) for boundaries to be tightly drawn around disciplines. This manifests itself in two ways: first, in that the workers in one field ignore the findings of those in other fields, even when they might be of considerable importance to them and would appear to the outsider to be closely linked: and second, that fellow researchers from other disciplines who do attempt to cross the boundaries (there are some) are seen as poachers, and resisted.

The contextual approach to accounting has emphasised that it is not just linking with the social sciences: accounting *is itself* a social science, and thus it is interdisciplinary, breaking down the boundaries which convention has set up.

But, claiming that accounting is a social science is perhaps surprising and deserves some expansion. We would suggest that there are two kinds (or levels) of social science. First, there is the kind which tries to understand some aspect

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of society: this is exemplified by sociology, which takes as its purview all aspects of society, but particularly in the widest sense class structures and institution-societal relations: also by economics, which restricts its interest to those aspects of society concerned with productions and exchange of goods. Psychology, anthropology and politics are other examples. Second, there are social sciences which are concerned with the relations between people in society in a "secondary" sense. Accounting is about this: it is concerned with how certain technical matters (accounting principles and reports) *affect* people and the relations between them. The inputs to accounting are human actions, and the output of accounting information is likewise a human action. At every turn, in the contextual nature of accounting, one comes across human nature.

In this paper we shall first consider the problems the accounting researcher faces in his interdisciplinary researches; and then focus on one particular social science, sociology, and discuss a particular problem within that area and its implications for the accounting researcher.

### Social Science or Social Sciences?

Knowledge is knowledge is knowledge. It has been deemed sensible to break down into convenient boxes knowledge marked "natural science", "social science" and so on, and then create smaller boxes within each. In part, the way in which the division has been made is historical. For example it might be thought that psychology and psychiatry have a great deal in common - the one dealing with normal human behaviour and the other with deviant behaviour - but because the early psychologists were philosophers, and the early psychiatrists doctors, the two have developed in different ways and are inevitably organised into different "large boxes" so that interaction is very small. Also there has developed a very different ethos in regarding certain subjects, which have caused the divisions between them to be emphasised, with the result that "disciplines" grow further apart.

All this implies that the interdisciplinary researcher (and lets agree that such a creature is very useful) encounters three major problems:

- 1 antipathy of certain members of disciplines to discipline cross-fertilisation,
- 2 the different ethos regarding attitude - political, methodological and so on - towards the subject being studied, and

### 3 the different languages which have built up for different specialisations.

The first has been discussed already: let us consider the second and third in more detail.

#### **Ethos**

The "ethos" problem is in part historical, but is also grounded in the nature of the particular social science itself. As a result of the historical context of a science, traditions of research methods, and attitudes, etc. are passed from teacher to student, and hence become part of the saturation in the subject. In the end, this results in the practical impossibility of bridge building. A further aspect is that the very nature of the field conditions the approach scientists take towards it. For example, there is a strong behaviouralist trend in psychological research which in part, we suggest, is the result of the *ease*, in the laboratory context, of reducing research hypotheses to simple stimulus-response (S-R) experiments. Since the S-R technology is there (mazes and the like) there is a resulting tendency to see S-R as *the* approach to the science. Anthropologists, on the other hand, have been far less able to manipulate the variables they are concerned with, and in their methodologies are less behavioural. Similarly, the proximity of the professional accountant to the stock market has led to the belief among many accounting researchers that there is something of special importance in financial markets (as opposed to the factor markets for other participant groups such as workers - that is, labour markets) and hence has led to the considerable research into share price movements, financial gearing and dividend policies and related activities. The ease of availability of the data has led to the manipulation of it, without questioning its significance to the overall context of the organisation.

#### **Language**

The third problem is that of "different languages". By this we do not just refer to the use of specialised jargon. The problem goes much deeper, as was noted by Kuhn (1970) and applies both when there are different "schools" within one discipline, and when there are different disciplines approaching a problem.

Each approach builds up a language. This language does in part consist not only of newly coined technical terms to describe the particular events noted by

the researchers but also of day-to-day usage which, however, takes on a particular "slant". This can be extremely complex, and it is often unconscious. To take a particular example from the field of politics. To the non-Marxist the word "imperialism" implies colonial exploitation of any kind, with the result that in recent years it has been applied to the Soviet Union's domination of Eastern Europe. To the Marxist, however, the word has a specialised technical meaning concerning the tendency of capitalist states to colonise when faced with a lack of opportunity at home. It is a notion intimately linked with the dialectical materialist conception of historical development of capitalism. The problem this causes is that for each school of thought a web of secondary meanings builds up around the word, so that in the end communication between the two becomes impossible.

Here we mean "impossible" in its literal sense: because, since every language has such complexities of meaning attached to its terms and thus is value-laden - *there is no possible neutral language in which to translate and mediate*. A value-free language would be necessary but does not exist. This means that there can be no real understanding between scientists in different disciplines and of course inevitably has its implications for the accounting researcher.

In part this is because he himself has such a language, and in crossing disciplines comes across different languages which he can understand only to a lesser extent than the practitioners in that discipline. Similarly, when he compares ideas from two disciplines (for example, if he looks at the Weberian notion of power and compares it with that of the political scientist) for cross-fertilising to accounting research, he can never be certain to what extent the concepts of power are harmonious or contradictory.

The interdisciplinary researcher faces all these problems, but also one more which seems crucial. He is, inevitably, not a "neutral" interdisciplinarian: that is, it is extremely unlikely that he has a training in more than one discipline equally. Rather, he has been trained in one discipline (eg. accounting) and often only at the advanced stage of work will he explore the findings of other relevant disciplines. Also the very decision as to which discipline to look at then becomes problematic. With very little knowledge of other social sciences, how does he choose which is useful, interesting, relevant to him, best? To give the most obvious example here, does he look to psychology, to social psychology, or to sociology (or even anthropology) for this analytical framework? What criterion has he for ever knowing that he has made the right choice?

The result of all this is that he is either not aware of one particular problem which is crucial, or he trusts that it is not important to him and quietly ignores it. That is, the problem that even within one field of study there are - in the social sciences in particular - different views of how study in that field should be conducted.

### Several Paradigms

These are what Kuhn (1962) has called "paradigms" different approaches, different languages. Many social sciences are at the stage where there are competing paradigms. To cite a previous example again, psychology has its behaviourists and their opponents: in sociology the functionalists and their opponents: and, closer to home, in accounting a school (perhaps little-articulated but nevertheless pervasive) which appears to believe that all problems can be solved given sufficiently sophisticated mathematical techniques, and their opponents (among whose numbers we count ourselves).

Lest we be accused of an unreasonable criticism, a recent example may highlight our concerns. The research by the "Human Information Processing" school of researchers [see the American Accounting Association Committee Report 1978, -2 and Libby and Lewis (1977) for summaries] is seemingly well-respected. Yet it is essentially mechanical in orientation: the models used derive from cognitive psychology. No creativity in the decision-makers is allowed in the models considered: input is pumped in at one end and output analysed at the other. The perspective is reductionist in that the interactions of decision-makers and longitudinal interactions are ignored. There is, too, a presumption that the individual can be left to his own devices within the total organisation, and that problems will sort themselves out thereby (see Tinker, 1977). Our criticism is not so much the lacunae in this kind of approach, but the indifferences of such researchers to holistic problems of organisations, and hence indifference to the many other researchers in other areas who have pointed out these problems. Nowhere in the review articles referred to above (never mind the original research papers), is the problem mentioned or the partiality of the approach admitted.

As Hopwood has pointed out, there has been a gradual "opening-out" of accounting researchers' perspectives as a whole in the last few years, from the entirely closed-system approach through the individual-accounts approach to the total organisation approach (now well exemplified by Gordon and Miller 1976). But despite this, it would seem that the overwhelming amount of research still being carried out is based on psychology and social psychology (see for

example, Rockness 1977, Collins 1978, Ruland, 1978). We might usefully ask whether this might be because any appeal to sociology as a significant discipline for interdisciplinary research might be perceived as ideologically questionable; that is, it appears to be much easier to pretend that psychological research can be "value-free" than sociological research. Frightened by ideological implications, it is only perhaps to be expected that accountants will restrict their research to those disciplines where they can safely ignore possible political implications.

For example, a common and very useful concept to the sociologist over the years has been that of role and the allied concept of status. These have been distinguished as follows:

"When the social analyst refers to a social position which is definitely institutionalised (e.g. mother, physician) he is more likely to use the term 'status'. By contrast, he is more likely to use the term 'role' when referring to a social relation which is *less* institutionalised (e.g. peer relations in play group)." (Goode 1960).

Cicourel (1970) comments:

Thus statuses are defined as the class of roles which is institutionalised.

One immediate implication of this for accounting researchers concerns the results of accounting systems in organisations. One of the principal communications channels between superior and subordinate in an organisation is the budgetary system, whereby the subordinate is responsible to the superior for achieving targets set forth. The result of such an institutionalised system is an interaction between the two based on the roles set out for them: the one to criticise or praise the other, the other to respond as his role demands (see Lowe & Shaw 1968, 1970).

It seems clear, therefore, that the accounting system, if designed in this way, would have a reinforcing effect on the interrelationship between the two, continually being instrumental in redefining the relationship. A budget system is used by superiors to reinforce their managerial style: and the neutral budget will be perceived differently by different subordinates depending on the use made of it by the superior. Generally, then, the budget will affect the relative status of the participants in the interaction: and equally their relationship will affect the future budget set. Thus we have a complex interaction over time, which

continually affects both the level of the budget and the relationship perceived by each participant. But where is the research which considers the implication of this for the long-run structure of the organisation? Might we not suggest that it would be too politically sensitive to analyse the function of a budget in this way, so the research remains undone? (A more outrageous hypothesis is available: namely, that the reinforcement of hierarchy in the organisation is the principle function of the budget and the top management continues it at least as much for this reason as for the more explicit reasons to do with "planning", "motivation" and so on).

### Changing Paradigms : A Crucial Issue in Social Science Research

We now wish to move on to a more specific issue, and one which we feel is becoming more important as time goes by, the problem of *change*. Two facts are fairly well established: firstly, that the rate of change in society is accelerating (there is a great deal of literature, both "popular" and "scientific" to underline this point): second, that social science models, unlike those of the natural sciences, do not have change built into them as a specific analytical variable. We need only look at the changing labour relations atmosphere or the relative downgrading of the status of white-collar workers to recognise that there is a constant shifting of relationships between elements of an organisation. Thus we might suppose that the contextual characteristics considered by accounting researchers when investigating the function of accounting systems might also change. An example might again be helpful here. Hofstede (1967), in a work which has become accepted as a classic in its field, considered as part of his research the effect of participation in standard-setting on motivation to achieve the standards. For this, he used a scale (adapted from Likert) ranging from "decision taken by me/them without consultation" to "my/their opinion not asked; decision not explained to me/them" to measure participation. That is, the intertemporal problem was bypassed: answers were only solicited on the basis of the situation *at that time*. Now one might suppose that a changing situation might have changed or in some way affected the findings. Thus if three years previously there had been an unhappy experience with participation one might expect present participation to be less than welcome. Also, if the extent of participation was increasing, one might hypothesise that the attitude to the present level might be very different from that where the extent was decreasing. It should be emphasised that this is not intended as a criticism of Hofstede; rather as a suggested extension which might improve (or worsen!) his correlations. In other words, there is some significant information intrinsic in

the change variable which has not been included, and as a result of which the results must be treated with caution.

At this stage, then, it is being suggested that in contextual accounting research not only should the context as it is be considered alongside the specific accounting system variables as they are, but we should investigate the reasons why the contextual variables themselves arose. Only in this way can the context be understood sufficiently well to enable it to be discussed in the light of another variable such as the accounting system. Of course, it is quite likely that the dynamics of the accounting system themselves were part of the process which produced the existing context. The context should be better understood for other reasons too. For example, research in these areas has principally been in the USA, the UK and Holland (Hofstede 1967). To what extent are the cultures and institutional structures which influence human attitudes sufficiently similar to use the results of one of these studies as a predictor of what would be found in another country? Again, we do not know. But we might suppose that a different atmosphere in Dutch industry from that in the USA (for example, there might be less managerial labour mobility, and greater tolerance for suboptimal performance: we do not know) might make the results non-comparable. [See, for example, Turner and Lawrence (1965) who imply that job enrichment is only helpful in small-town plants, not city plants, even within the same country].

## Sociology

As an illustration of how the change problem has been approached in the social sciences, we now move on to outline the discussions which have taken place in another place in sociology over a ruling paradigm which has some inbuilt defects, and a suggested collection of new approaches which are challenging that paradigm. Before we do we should like to make an obvious disclaimer. We are not sociologists and we approach the two methodological views as outsiders, with what is inevitably a lack of great depth. We do so, however, to demonstrate a useful approach which we think does have promise for accounting research.

The "old" paradigm in sociology goes by the name of structural-functionalism; the new has, it appears, developed through different schools which are variously named the "phenomenological" approach, "ethnomethodology" and "symbolic interactionism". If the approach is itself subtle, the differences between the approaches are even more subtle, and irrelevant we think to our purpose here: we shall therefore follow Silverman's (1970) example and call them collectively



the "action" approach. This is an unfortunate label in some ways since one of the prime functionalists, Parsons, also claimed that his was an action approach (denied by his critics). We shall ignore this latter problem.

## Structural Functionalism

Functionalism appears to have arisen in anthropology, as a reaction against an evolutionary approach to the explanation of societal characteristics (Worsley 1970). The social scientist was faced with explaining social order:

Functionalism begins with Hobbes' problem of order and proceeds to ask some important and interesting questions. 'How is it...that society manages to work and to survive continual changes of personnel? How do people with different genetic make-ups and personality types learn to co-exist with one another and even to enter into more or less stable and predictable forms of relationship?

(Silverman 1970).

Rather than attempt to explain a social state in terms of the society's history, anthropologists such as Radcliffe-Brown suggested that an institution within a society could best be explained by its function in society:

The *function* of any recurrent activity...is the part it plays in the social life as a whole and therefore the contribution it makes to the maintenance of the structural continuity.

(Radcliffe-Brown 1952).

Thus "the function of a recurrent activity...is in terms of its contribution to the maintenance of this structure." (Worsley 1970).

Society is conceptualised as "a system of social relationships and clusters of such relationships (institutions)" (Filmer et al. 1972). Moreover, the units which make up society are no longer "people": they are norms, which build up clusters to become roles, which in turn build into institutions (Homans, 1964). In this way, the action of people is explained in terms of the norms which govern their behaviour, the consequent roles in which they are cast by society, and the institutions which are interpretable as the interaction of people acting their social roles. Thus, society as a whole is analysed as a complex system, in which the elements are kept in equilibrium by the forces of other elements of the system: "Action is a product of system properties" (Filmer et al. 1972).

Talcott Parsons, without doubt the most influential sociologist of the last two decades, considered that his own brand of functionalism had within it a theory of action:

The actor is articulated to the social system through processes of socialisation and social control. The former is treated by Parsons in terms of the internalisation of roles by the actor - that is, the internalisation of the appropriate normatively oriented expectations attached to locations within the organisational structure of the system.

(Filmer et al. 1972)

The appeal of such an approach is obvious. It is holistic, obedient to Durkheim's exhortation to the sociologist to avoid psychologism and reductionism:

Since their (social facts') essential characteristic consists in the power they possess of exerting, from outside, a pressure on individual consciousness, they do not derive from individual consciousness, and in consequence sociology is not a corollary of psychology.

(Durkheim 1927).

It is, moreover, pleasingly available to analysis research. Moreover, it allows the analyst to understand social action differently from the way in which it is interpreted (or at least explained) by the actors:

Malinowski...insisted that the native Trobriander's account of Trobriand society must be adequate, that the sociologist's account of institutions is a construction not available to the untutored awareness of the native informant.

(Macintyre 1967).

### **Some Criticisms of Structural Functionalism**

The functionalist approach, then, is concerned with a macro theory of social order. However, the influence of functionalist kinds of thought is more pervasive than this might imply. As Mouzelis (1975) points out, it treats human beings in a "passive, puppet-like manner." He continues:

For Parson's work, despite its "action" label, stresses the way in which the social system's core values and their institutionalisation into norms and roles shape an individual's activities through

socialisation, internalisation and social control. If one looks, for example, at the way in which conventional sociological theory studies such organisational roles as that of the foreman, the worker and the manager, the direction of influence is always from the "organisation" as a system to the individual - never the other way around.

This example illustrates that the functionalist viewpoint affects the way in which we view individuals and their behaviour. The viewpoint is all-pervasive, right down to the individual and his role. The very concept of "role" is taken as given: there is no explanation within the methodology for how the role came to exist in the first place, or how it was shaped in the precise way it was. Moreover, there is no concept of *change*: of how someone might change his role through effort, or through some kind of structural process in which others begin to perceive him differently. Role becomes a prison within which the real human being is trapped - and society is seen as a greater prison in which the prisoners act out the functions assigned to them by the system.

A very significant point can be gleaned from the above, namely that although the result of the approach was to take a social situation and ask "what is the nature of this social situation and what are the consequences of it?", it does not ask the primary question, how did the situation come about? (see, for example Homans 1964).

Two other criticisms are possible along these lines.

First, that the approach assumes equilibrium, and thus the method has no room for the explanation of *how change comes about* in a society. Let us be quite clear about this. There is no denial within the approach of the fact that society is dynamic: that transactions are taking place between people. But these people are "trams": they change only in accordance with the roles they occupy. This ignores the point brought out well in cybernetics that there is a concept of "change of change", that the direction in which movement is taking place might itself be altered, and that the alteration *might come from within*, through some conscious effort of an actor. (The systems approach is criticised by many authors as being synonymous with structural functionalism although we would argue that this is a basic misunderstanding of the totality of the systems approach. Principles such as equifinality allow for a kind of "consciousness", "free will" with and dynamic homeostasis). Thus we cannot explain change by a functionalist perspective.

Second, even though social norms may be internalised, they are not necessarily expressed in behaviour. A norm becomes in effect a conscience: a super-ego. But people do not always act in accordance with their consciences. As Wrong (1967) has pointed out, they may act and feel guilty afterwards. Thus in the last analysis a Parsonian approach cannot explain many actions.

A final criticism of the approach (and one which applies equally to its alternative) is that it is based on the myth of "value-free sociology": that it assumes that without predisposition the analyst can observe events and interpret them in some kind of objective manner. 'Today, all the powers of sociology, from Parsons to Lundberg, have entered into a tacit alliance to bind us to the dogma that "Thou shalt not commit a value judgement" especially as sociologists.' (Gouldner 1973).

### Accounting and the Equilibrical Assumption

The equilibrical assumption permeates disciplines other than sociology. It exists in economics, in approaches such as "equilibrium analysis", in the *ceteris paribus* assumption, and the implication that factors of production have common value systems. [But see Michael Aglietta (1979) and his careful analysis and critique in which he proposes that change and regulation replace equilibrium as the central concepts in economics theorising]. It exists also in accounting research. There is a fundamental assumption, in accounting research, that organisations are wholes, and that goal congruence is a desirable "norm" towards which we are striving. It is as a result of such a value system that we research bias in budgeting, for example, as a deviant action. We may come to the conclusion that it is inevitable, but that is not to deny that we see it as essentially disturbing to the natural and desirable order of things.

We would suggest, therefore, that any accounting teacher or researcher who does not wish to take an approach such as this should make his assumptions explicit. He should: state that he considers equilibrium to be "desirable", he should make explicit what he precisely implies by equilibrium; and he should be able to defend this rationale. In particular, he should be aware that his choice of equilibrical or non-equilibrical assumptions is in fact a political choice: because the acceptance of equilibrium is an acceptance of the status quo. We are not suggesting that the researcher has no right to support the status quo. Rather, we suggest that as a conscientious and honest academic seeking truth, he should face up to the reality of his assumptions and be prepared to defend them.

Let us now turn to the alternative approach of the sociologists (which is not necessarily the only alternative approach) and see in what way it seeks to solve the problems created by rigid structural functionalism.

## The Action Approach

We shall in general approach the action method through phenomenology, the philosophical school founded by Husserl. Schutz later used Husserl's ideas and modified them to create fresh methodology for sociology. We begin with Husserl's ideas in an inevitably simplified form and move as quickly as possible to their implications for social science.

Husserl starts from a similar point to Descartes, considering the "stream of experience of the thinking ego" (Filmer et al. 1972). Starting from consciousness, which he seems to reify, Husserl starts from rejection of science.

I am not the outcome or the meeting point of numerous causal agencies which determine my bodily or psychological make-up...I cannot shut myself up in the realm of science. All my knowledge of the world, even my scientific knowledge, is gained from my own particular point of view...The whole universe is built upon the world as directly experienced and if we want to subject science itself to rigorous scrutiny and arrive at a precise assessment of its meaning and scope, we must begin by re-awakening the basic experience of the world of which science is the second-order expression.

(Merleau-Ponty 1967).

The conscious, then, is paramount; it is seen as a relationship between a subject and object; and the notion of intentionality is an attempt to describe this relation.

The intentional consciousness is directed towards the "life-world": this is intersubjective- that is, as being in the life-world we are related, and share an inherent sociality of consciousness, experiencing the same world. This, say Schutz, suggests that this has two implications: that people take it for granted that if they changed places they would have the same experiences of the common world; and that for all practical purposes, we assume that "in spite of our unique biographical situations, the difference in our systems of relevances 'can be disregarded for the purpose in hand.'" (Filmer et al. 1972) and we interpret things in a similar manner.

Thus, the approach is very much concerned with the subjective experience of reality. It is concerned with the meaning which actors place on their situations: and through the interpretations of these meanings, the way in which reality comes about through the interaction of actors. Moreover, the reality of the world is continually reaffirmed through men's actions: "meanings are not only given, they are socially sustained" (Silverman 1970). When we go into situations with others, we respond not to their activities but to their presumed intentions.

The social objects...that people create not only have specific meanings to their founders, but more importantly, are sustained and changed by the manner in which programmes of action are interpreted by the present participants in the context of social science.

(Filmer et al. 1972).

In this way, reality is changed by the action of men. As people interact with one another they define a reality, and thus the reality comes into being; and since life consists of a whole complex series of interactions between people, the world is being constantly redefined through interactions, and thus is constantly being changed by them. In this way, too, the action approach claims to have explained the dynamics of society through the use of constructs involving real people with intentions and consciousnesses, rather than prisoners inside socially-conditioned roles. It should also be mentioned that there is a further definition which cannot be ignored: one's self-definition. This is itself continually redefined by interaction.

There might be a temptation to dismiss such an approach on the grounds that it is intuitive rather than scientific, and on the grounds that it is reductionist, abandoning the insights which have been gained through holistic interpretative methods. This is considered unjustified by its proponents. As Silverman says "(it) directs our attention less to unique experience, which one can never fully grasp, than to the *logic* that underlies social experience as a whole...It seeks to grasp not the idiosyncratic meaning of the other, but the emergent rules which actors negotiate in order to invest experience with meaning." (Filmer et al. 1972, p. 171). Thus, as he says, it is not so much a commonsense sociology as a sociology of commonsense.

A further answer to the change of reductionism is given by Wagner (1964):

Reductionist theories explain the behaviour of parts in terms of their individual biological or psychological make-up...social action theories...are concerned with explanations in terms of interpersonal human action.

It should be said that such action approaches do have critics. In particular two criticisms should be briefly mentioned. The first is that the process is in the end unscientific because it is concerned only with the interpretations of reality by actors rather than the realities themselves. Thus, it might be argued that we cannot have any kind of "reality" to analyse and test because it is ultimately unknowable by the method and in constant flux. A second criticism from Allen (1975) suggests that there are two problems which phenomenologists cannot answer: the first is that they are concerned only with the subjective interpretation of reality whereas *there is* an objective reality which, interpreted or not, will affect the actors: and his second point is that the approach avoids the issue of "how do interpretations of the world actually occur?"; that is, what is it that governs how an actor will understand his world and interpret the life-world before him? It might also be said from this point of view that the approach is trite: that it is concerned too much with what people construct of their reality and not enough with the underlying reality itself. If this is what Allen is saying then the criticism cannot it seems to us hold water: for the approach specifically defines that "objective reality" as being the product of social interactions, so that "objective reality" is simply a product of social action. Social action, of course, is precisely what the approach seeks to understand.

### The Implications for Accounting Teachers and Researchers

An accounting system exists within a contextual framework; it exists by courtesy of that framework, to serve its information needs. The accounting system is only of value so long as it affects human behaviour. No accounting information should be produced which does not in some way affect human behaviour, and it is the kind of behaviour which is produced and which is desired which should form the criterion for good accounting information. It is equally true that accounting information is itself the result of human action.

We now suggest that some of the implications of the kind of approach implied by the action theorists was demonstrated in the illustrations given earlier in this

paper on the deficiencies of present accounting research methodology. The context in which accounting systems operate have been assumed to be static and in equilibrium; and although in small "bursts" theorists have accepted that "accounting affects people and people affect accounts" the longitudinal implications of this continued interaction have been largely ignored.

Accounting is often called the "language of business", although such a phrase is often considered too trite to repeat in academic treatises. But this is as true as it is trite, and in this we get a clue to the profound importance of these issues. Being a language, accounting is a medium which actors use in their transactions to *define reality*. In a key passage Berger and Luckmann said:

The common language available is grounded in everyday life and keeps pointing back to it even as I employ it to interpret experiences in finite provinces of meaning. Typically therefore I "distort" the reality of the latter as soon as I begin to use the common language in interpreting them, that is I "translate" the non-everyday experiences back into the paramount reality of everyday life.

From this we can see that language is a limited tool; that it cannot express the totality of experience, and the imperfections both in the richness of the language itself and in the use of it by actors cause the language to be a cause of the interpretation of interactions and thus *itself*. This means that, since accounting information is used in just the same way as a true language to express a point of view or to act as an intermediary in interpersonal negotiation, or to express the user's meaning, and so on, so the language of accounting itself comes to affect the reality of the situation and thus, ultimately, the reality of the total organisation. To paraphrase Allen's ideas: there is an "objective" set of accounting information, which is a set of figures on a piece or pieces of paper; but there is also a "social" set of accounting figures, which are the same numerals but used in defining a situation in such a way that they become part of the interaction process.

The implication of this, then, is that there is an essentially *dynamic* aspect to the use of accounting information which has not yet been articulated by researchers: in effect, the way in which the "social" accounting set defines the reality of the organisation through human action.



## Conclusion

We have suggested in this paper that there has been a lack of awareness on the part of accounting researchers of the wider implications of contextual frameworks. In particular, there has been a tendency to start from accounting and "move outwards" just far enough to claim to be able to understand some contextual links of cause-and-effect. We are suggesting here that this is essentially approaching the problem from the wrong direction: that the problem is not so much a justification of the accountant's role and an enhancement of his understanding of the context in which he works (so as to make some kind of marginal improvement in his work), but as an understanding of the total organisational and societal problems of which the accounting systems is a part. In other words, we should move *inwards* to develop ideas for redesign rather than taking the myopic view that accounting is a kind of essential force in itself which can be improved by incremental but limited jumps.

In conclusion, in considering the accounting system's role for negotiation of sociological variables in the organisation, our concern is not with the accounting system *per se* but with *the total organisational system as an institution of society*. Our ultimate aim in systems design must not be to create some kind of optimum accounting system in itself, but rather one which develops criteria within the context in which it operates. It must never be forgotten that the sole purpose for an accounting system is its usefulness to its users: and hence the research should concentrate on understanding those users in a holistic sense with the accounting system as a significant but limited variable rather than any kind of converse. No doubt the intention of accounting researchers often may have been as we describe, but unless the explicit methodology is reconsidered, we cannot expect the output of the research to be similarly desirable.

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