

Accounting Historians Journal

Volume 18

Issue 1 June 1991

Article 1

1991

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Recommended Citation

Covaleski, Mark A. and Dirsmith, Mark William (1991) "Maintaining accounting as the paramount interest in accounting research: Re-examining the contributions of D.R. Scott," *Accounting Historians Journal*: Vol. 18 : Iss. 1 , Article 1.
Available at: https://egrove.olemiss.edu/aah_journal/vol18/iss1/1

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The Accounting Historians Journal
Vol. 18, No. 1
June 1991

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MAINTAINING ACCOUNTING AS THE PARAMOUNT INTEREST IN ACCOUNTING RESEARCH: RE-EXAMINING THE CONTRIBUTIONS OF DR SCOTT

Abstract: Cushing's [1989]-recent analysis of Kuhn's [1970] characterization of the state of crisis within a discipline's research agenda suggests that the accounting discipline is showing symptoms of such a crisis. In this paper, DR Scott's [1931] classical work *The Cultural Significance of Accounts* is developed in terms of it being one of the earlier and more significant efforts to recognize a pending crisis within the accounting research arena. Scott's work is defined as not only being a precursor to identifying the crisis in accounting research, but also as providing a meaningful basis for addressing the significant issues embedded within the contemporary research crisis. The intellectual underpinnings of DR Scott's work are traced to that of Max Weber, Thorstein Veblen, and other scholars concerned with examining the changing status of society and economic organizations. It is argued that it is this critical appraisal of the relationship between economic organizations and society which drives Scott's concern for the fundamental issues at stake for accounting research.

The authors thank the University of Wisconsin-Madison Industrial Research Program and Price Waterhouse Foundation for their financial support. Earlier versions of this paper were presented to and benefitted from presentation and constructive comments in the organizational and accounting seminars at the University of Wisconsin-Madison, the Pennsylvania State University, Queen's University, the University of Connecticut, and the Institute for Informatik & Okonomistyring at the Copenhagen School of Economics and Business Administration. We particularly wish to thank Stan Biggs, Anthony Hopwood, John Meyer, Jeff Michelman, Anne Miner, and Mayer Zald for comments pertaining to earlier versions of this paper. The authors also wish to thank two anonymous reviewers for their constructive and insightful comments towards the improvement of this paper.

Drawing on the landmark *The Structure of Scientific Revolutions*, Cushing [1989] used Kuhn's [1970] characterization of the state of crisis within a discipline's research agenda to suggest that accounting is showing symptoms of such a crisis. One symptom which Cushing alluded to is the "role of expectations," or in Kuhn's terms, "the awareness of anomaly, i.e., with the recognition that nature has somehow violated the paradigm-induced expectations that govern normal science" [1970, pp. 52-53]. The anomaly is initially seen as an artifact of imperfect research methods which, if not resolved, can "eventually plunge the discipline into a state of crisis" [Cushing, 1989, p. 20]. At this point, all issues are re-examined including the mainstream paradigm to be scrutinized through use of alternative paradigms; the identification of different means for conducting research; and abandonment of science altogether, amongst other possibilities. Cushing has accorded special prominence to this stage of crisis, suggesting that while accounting researchers have not deserted science altogether, they have nevertheless largely abandoned the traditional concerns of accounting to embrace theoretical constructs derived from what are thought to be the more rigorous scientific disciplines (e.g., economics, psychology, etc.) with which the accounting phenomena are studied.

The purpose of this paper is to extend some of the themes raised in Cushing's critique of Kuhn, with particular reference to DR Scott's [1931] classic work, *The Cultural Significance of Accounts*. Scott's work was one of the earlier and more significant efforts to recognize a pending crisis within the accounting research area. First to be addressed is Cushing's important distinction between the first state of a crisis — where the symptoms are seen as frustrations with the problem-solving process; fidelity to the paradigm itself is maintained — versus the second stage — where more profound issues concerning the discipline itself are raised. Cushing observed that the accounting discipline has gone through, and continues to experience, this first stage of crisis, with the legacy of such first-order concerns being expressed in the recent scholarly work that has questioned the status, role and effectiveness of accounting information in contemporary organizations [see, for example, Kaplan, 1983, 1984; Johnson and Kaplan, 1987; Patell, 1987]. The next step is to identify the issues at stake in the second stage of the crisis, or wherein second-order concerns are invoked [Popper, 1966; Christenson, 1983]. Here, the mainstream paradigm itself is questioned, as particularly evidenced in the early work of DR Scott.

From this base which recognizes the character of first and second order concerns in accounting research, the next section moves in a different direction than Cushing's critique. While Cushing identified a robust array of *contemporary* issues surrounding these stages of the research crisis, this paper directs attention to examining *historical* concerns expressed in the classical work of DR Scott. Here, Scott's work is defined as not only being a precursor to identifying the crisis in accounting research, but also as providing a meaningful basis for addressing the significant issues embedded within the *contemporary* research crisis. The intellectual underpinnings of Scott's work are traced to that of Max Weber [1947], Thorstein Veblen [1923], and other scholars concerned with examining the changing status of society and economic organizations. It is this critical appraisal of the relationship between economic organizations and society which drives Scott's concern for the fundamental issues at stake for accounting research. The final section of the paper identifies a number of contemporary issues to be addressed by accounting researchers that are motivated by both the thoughts embedded in Scott's classical work and the concerns expressed by Cushing that researchers direct their attention to examining the fundamental issues that distinguish accounting from other disciplines.

FIRST AND SECOND ORDER CONCERNS IN ACCOUNTING RESEARCH

Recent field-based accounting research focusing upon successful organizations has sought to reveal their various structures and processes — particularly as they relate to the role of accounting information — in an effort to develop accounting systems having better representational faithfulness thus helping make organizations more effective. For example, Johnson and Kaplan observed that:

Corporate management accounting systems are inadequate for today's environment. In this time of rapid technological change, vigorous global and domestic competition, and enormously expanding information processing capabilities, management accounting systems are not providing useful, timely information for the process control, product costing, and performance evaluation activities of managers [1987, p. xi].

Consistent with the first-order concern as to improving accounting so that it may be developed in solving an organization's

technical problems [Popper, 1966; Christenson, 1983], extant case study research [e.g., Patell, 1987; Kaplan and Cooper, 1987] has sought to study changes in accounting practices accompanying the implementation of new manufacturing techniques. Topics addressed in this new case study research tradition are such issues as the association of just-in-time (JIT) manufacturing with changes in accounting practices; the role of cost accounting in product design, process control, and quality assurance; and the relevancy of variable and fixed cost distinctions in management decision making. Importantly, these field studies represent first-order concerns focused on revealing an objective, physical reality, albeit a complex and dynamic one, both in terms of isolating accounting systems that faithfully represent this reality and conducting research designed to map this reality, and identify and align appropriate accounting systems.

While this outcome suggests that research should not only be concerned with studying accounting but also product design, process control, etc., *per se*, its focus remains solely on understanding an objective and physical reality. This first-order concern does not question the accounting paradigm itself; it merely seeks to encapsulate such anomalies and rapid technological revolution. Instead, such a perspective urges a close scrutiny of organizational activity so that the accounting systems adopted accurately reflect the complex conditions confronting today's organizations. Consequently, accounting information is used as a technical device for coping with an objective world, rationally fostering efficiency, order and stability [see for example, Magee, 1988; Hilton, et al., 1988; Niehaus, 1989; Penno, 1990]. Thus, the role of researchers and practitioners arising in this analysis is to discover or invent accounting systems that best reflects underlying economic reality by more rigorously addressing anomalies.

Organizations are, of course, not only reflections of a physical and objective reality — they are also manifestations of myriad social forces. The first-order concern of studying accounting as one form of technology and its relationship to other technologies as an economic interpretation of events is, in Scott's view, inherently limited because the:

Economic interpretation of history . . . implies a unity of culture. If a process of development or evolution is assumed, the theory becomes one relative to the technique of that process. It runs to the effect that methods of production and distribution are continually in the process of development, whereas the institutional superstructure of

society tends to be conservative and to perpetuate itself . . . [T]he social sciences . . . have been concerned with abstractions dealing with a different aspect of a unified cultural organization [1931, pp. 26 & 27].

This assumption as to the development of methods of production within a unified cultural organization and “host” society implies an egalitarian nature of organizations and society where the distribution of power and rewards are inevitable consequences of the application of these methods of production. This depiction of such a benevolent and neutral host society (in Scott’s terms, an image of a conservative, self-perpetuating society) where the major concern for accounting is in terms of its role with fostering efficiency within the development of methods of production ignores the critical topic to be investigated — the role of accounting between internal organizational structures, ideologies, and processes and the society within which they exist. As Scott [1931, p. 27] poignantly argued, methods of economic production are themselves “. . . a cultural matter and not an outside cultural determinant.” Thus accounting, control and the methods of production, must be seen in terms of the nature and priorities of the “host” society rather than as consequences of particular methods of production.

On this point, Schutz [1967], albeit from a much different perspective, argued that social experience can only be understood with respect to the meanings attached to it by the social actors themselves. Therefore, it becomes important that research attention be directed at probing the “lived experience” of social actors, by having them reflect on their experiences and actions and attribute meaning to them. This approach focuses on language, sense-making and reflexivity by actors, and on understanding a socially constructed reality. Rather than view the experience and interpretation of individual actors as isolated and idiosyncratic — or in Scott’s [1931, p. 127] terms, research that depicts the human experience as “. . . summed up in certain abstract principles that a much larger volume of economic products has resulted” — the actors are seen as social and intersubjective in the sense that they also ascribe meaning to the actions of others in making their own experiences intelligible. Thus, socially constructed meanings and norms are born, thereby forming an emergent, stable — albeit temporarily — social world that becomes institutionalized, taken for granted, and later to be confronted by the individual. This is in stark contrast to the dominant, first-order concern and its focus

on developing various accounting methods and techniques to foster efficient production.

It follows that accounting practices may be seen as temporarily stable, institutionalized social constructs that simultaneously shape and are used by individuals in attributing meaning to organizational actions [Schutz, 1967; Bernstein, 1976; Van Maanen, 1979; Burrell and Morgan, 1979; Chua, 1986]. The importance of such a perspective is suggested by Scott:

Man's much vaunted control over nature can be expressed more aptly by putting man *inside the process* and describing the situation in terms of control over his actions. . . . He is *not outside the sphere of causal determination*. . . . The necessity of keeping man within the social process has been made a basis for distinguishing the social sciences from the physical sciences [1931, pp. 127 & 128, emphasis added].

Scott [1931, p. 133] went on to suggest that the development of accounting ". . . must be provided for within the process of cultural change. . . ." thereby emphasizing the importance of such issues as the social creation of accounting, how alternative sets of meaning are attributed to it, and the presence and influence of competing interest groups within organizations and society who differentially deploy accounting to serve these interests. Scott [1931, p. 264], for example, called attention to accounting being complicit in the creation of organizational manager's reality, both in terms of determining the goals of management as well as the means to achieving these goals, stating "Accounting and statistical methods are serving as vehicles of the current cultural reorganization because of their limitation of expression to objective terms" [see also Ijiri, 1967, pp. 158-159]. As Scott suggested,

The solvent in which these institutes are fused and molded into such unity as they possess, is not a physical environment, *but a common way of thinking* [1931, p. 29; emphasis added].

Similarly, drawing upon Bernstein [1976], Chua [1986] identified the contributions of a social-action perspective in terms of the research questions generated from such a perspective. Consistent with Scott's concerns as to the role of accounting information in society and organizations, Chua suggested that the type of research issues raised by this perspective include: how is sense of social order produced and reproduced through accounting information in everyday life; how does accounting information become

part of the deeply embedded rules that structure the social and organizational world; and how is the importance of accounting information sustained and modified? In short, a critical element of a social-action perspective is that it relates the major features of organizations, in the current case accounting, to broader developments in society, especially the process of rationalization, "... the growing precision and explicitness in the principles governing social organization" [Albrow, 1970. p. 43]. The social issue of formal rationality thus transcends organizational boundaries to include social action both internal and external to the organization.

In summary, as March recently observed in a plenary speech before the American Accounting Association:

These components of decisions and decision processes are not unfortunate manifestations of an irrational culture. They are important aspects of *the way organizations develop the common culture and vision* that become primary mechanisms for effective action, control and innovation. As a result, information strategies are as much strategies for managing, interpreting and creating visions as they are strategies for clarifying decisions. And if this sometimes seems perverse, it may be well to remind ourselves that human life is, in many ways, less a collection of choices than a mosaic of interpretations. It *involves both discovering reality and constructing it* [March, 1987, pp. 38-40; emphasis added].

Rather than reflecting a first-order concern of solving the problem of better aligning accounting with new manufacturing technologies, it can consequently be argued that research should be focused on the second-order concern of studying social actors involved with using accounting to attribute meaning to organizational actions [Popper, 1966, Christenson, 1983].

On this point, Hopwood [1990a; 1990b] has argued that accounting is centrally implicated in the institutional frameworks, language, and the patterns of power and influence that characterize contemporary organizations. The power of accounting derives from its ability to move beyond merely facilitating the operation of pre-given and relatively unproblematic forms of economic management, such that accounting categories take on a visible, rule-like status in social thought and action, thus transcending even social and political considerations. It follows that research interest in accounting should not be conceived as purely a technical one, but also stands for much broader issued by which patterns of power and influence are developed and maintained as they con-

cern the nexus linking the organization with society. As Scott stated:

The most significant thing in current institutional development relative to the adjustment of economic interests is not a shifting of responsibility from economic to governmental machinery. It is rather a shifting of responsibility to accounting processes of adjustment and an organization of economic control about accounts. *So pervasive is this tendency that it promises a leading role for accounts in the process of institutional re-construction* [1931, pp. 236 & 237; emphasis added].

THE INTELLECTUAL BASIS FOR DR SCOTT'S WORK

The underpinnings of Scott's [1931] perspective on the social and organizational role of accounting information are rooted in his observations as to events in the early 1900s, or the "Progressive Era." Initially seen as progressive, this reform era ostensibly sought to expunge the overt exercise of power by big business in governmental affairs by adopting rational administration practices, to include accounting, as applied by experts. Subsequently, this era was reinterpreted as a triumph of conservatism in the sense that these practices and experts actively preserved the basic social, political and economic relations essential to a capitalist society [see, for example, Kolko, 1963; Larson, 1977].

"Progressivism" may be seen as involving a concerted effort to preserve the status quo as to existing power and social relationships, in which the general welfare of the American society was best served by satisfying the concrete needs of business. More specifically, Kolko argued:

It is business control over politics (and by "business" I mean the major economic interests) rather than political regulation of the economy that is the significant phenomenon of the Progressive Era. Such domination was direct and indirect, but significant only insofar as it provided means for achieving a greater end — political capitalism. *Political capitalism is the utilization of political outlets to attain conditions of stability, predictability, and security — to attain rationalization in the economy. . . .* I do not give to *rationalization* its frequent definition as the improvement of efficiency, output, or internal organization of the economy and the larger political and social spheres in a manner that will allow corporations to function in a predictable and secure environment permitting reasonable profits over the long run. [1963, p. 3, emphasis added].

Reflected in this view is at once a merging and prioritization of the economic and the political, in which stability and predictability are engendered by applying the realm of rational calculation to not only economic but also political endeavor. Kolko further suggested that the merging of *legitimization* as a form of economic decision-making *and* politics — an ideological shift symbolized by the trappings of rationality — involved making political centralization concomitant to the centralization and stabilization of economic production. The progressive movement, therefore, sheds light not so much on the *content* of public policy, but rather on the *nature* of the resulting political structure and the *types* of human interactions peculiar to this political structure [Hays, 1959; Wiebe, 1962, 1967]. For Kolko, organizational control over politics was indeed embedded in and facilitated by the rationality exported to government, and its subsequent, institutionally-mandated use to legitimate government intervention to society. These expressions of legitimacy served as a seemingly apolitical means for controlling society without specific reference to political motives or morality: they were objective and the value of their use self-evident. The implications of such interaction and the manner in which these legitimizing actions supported a political structure operating within the immediate interests of powerful groups, was suggested by Searle in the following:

A variant on the cult of the scientific expert was the cult of the businessman. The distinction between commercial and political activity was blurred in much of this propaganda, and vague calls for more businessmen in government often leave one uncertain whether the writer actually wanted to introduce industrialists into the public service, or merely ensure that capable, efficient, “business-like” politicians, rather than rhetoricians, controlled the destinies of the nation. In either case, the ethics and methods of business were being put forward as an ideal by which the conduct of public policy should be guided [1971, p. 86].

Similar to Scott’s [1931] theorizing, political rationalization vis-a-vis economic rationalization became *the* means of attaining both order in the economic sphere and security in the political arena. It followed that accounting practices evolved in a manner more than just to formulate and legitimize economic actions, but also to preserve the status quo vis-à-vis power of specific business and political actors. As Scott argued, rationalized administrative policies and practices did not emerge as a consequence of wide-

spread concern for operational efficiency, but as an artifact of the power nexus linking economic and political spheres of influence. Scott stated:

It might well be pleaded that even if accounting control supplants market control, it is not to be expected that a theory of accounting control should be developed temporarily with the fact of accounting control. The theory of market control developed much later than the fact of market control. Hence it might well be concluded that as yet we cannot undertake to discuss the development of a theory of accounting control even granting that from an institutional stand-point accounting control is becoming a fact [1931, p. 241].

Scott's intellectual heritage can be traced to Thorstein Veblen [1923] who did much to rekindle interest in an "institutional" approach to economic problems — i.e., a perspective which emphasizes the importance of examining the workings of an economy's basic institutions. Veblen was concerned with the limitation of the neo-classical model and the ability of this model to provide insight on the crucial social and organizational problems. In particular, Veblen's research agenda focused upon the dynamic factors in economic life because he felt that the neo-classical model was almost totally oblivious to the analysis of change. It is this analysis of change, particularly the impact of the changing social and organizational forces at the turn-of-the-century, and the role that accounting played within these changing forces, which motivated Scott's intellectual perspective. Consistent with Veblen's critique that economic generalizations were systems of rationalizations for the going system of economic power, Scott stated that theories of control — whether it be market control or control embedded in accounting — develop much later than their practical application, thus serving to rationalize systems of power. As both Veblen and Scott argued, the history of neo-classical economics has taken for granted the very things that most needed proving: the role of economic or accounting information in the creation and legitimization of existing social and organizational structures, ideologies, and processes.

The classical work of Max Weber [1947, 1958] in the late nineteenth century provides a framework to examine these various concerns by both Scott and Veblen for the manner in which power is embedded in rationality, particularly as events and relationships formed at the turn-of-the-century. Weber discussed multiple rationalities that have the potential for conflict and contradiction

[Kalberg, 1980; Higgins and Clegg, 1988]. In its elementary formulation, *formal rationality* refers to the capacity to control the world through calculation. Here rationality is a consequence of empirical knowledge, and knowledge of the relations between means and ends. Formal rationality is applied to organizations to establish “objective” decision-making criteria for gaining precision, certainty and predictability [Brubaker, 1984, p. 11]. *Substantive rationality*, or interest-based rationality in contrast, is concerned, not with formal *means*, but with ultimate *ends* to which formal means may be put. This is an evaluative concept denoting the furthering of ends of specific social interest groups [Weber, 1968, p. 499]. This involves the intellectual elaboration and deliberate sublimation to ultimate ends. In this sense, rationality is a *result* of taking a consistent and unified stance toward the end of a group [Brubaker, 1984, p. 11]. This refers to substantiating and systemizing meaning patterns that define interest groups.

The combination of both formal and substantive rationality provides the framework for understanding the character of interest groups inside and outside the organization [Scott, 1931]. Importantly, power and politics no longer remain a force outside the direct interests of the actors involved. Weber saw the critical issue to be the politics of rationality, emphasizing that no acceptable understanding of any formal feature of organizations could be achieved unless it proceeded from the realization that organizations are structures of control and domination. The richness of Weber’s distinction between forms of rationality rests on the identification of *tension* between formal rationality, i.e., the instrumental form of “correct calculation” that links means to ends, and substantive rationality that expresses the ends to which this “correct calculation” is to be put. This inherent tension is ascribed to exist because formal rationality can be obtained only under certain specific substantive conditions. In turn, these substantive conditions, which exist to support formal rationality, are always fundamentally in conflict with the interest and values of groups subscribing to alternative forms of substantive rationality. Weber’s concern for this antagonism pertained to the possibility that the means to decision making, or accounting information, would impact the ends of decision making, i.e., the claim to rationality inherent in the belief that accounting information would become a *legitimism (an ideology) in-of-itself*. The formal rationality of problem-solving can make issues that are inherently political — that is, concerned with values, interests and choices of priorities — seem to be merely technical matters that are solvable by seemingly ra-

tional means. In short, Weber characterized organizations and society as the objectification or depersonalization of the structure of power and authority in *both* the economic and the political realms [Brubaker, 1984].

Thus, Weber's work supports the heritage of institutional economics embedded in the work of Veblen and Scott where the major concern was the interface between the economic problem-solving processes and the political system within organizations and society. Furthermore, Weber's notion of multiple and potentially contradictory forms of rationality, similarly corroborate the basic tenets of Scott's depiction of accounting information as a constitutive manifestation of political and decision-making rationalities in organizations. Similarly, Veblen felt that technocracy is not just the application of technical methods to the solution of defined problems, but a pervading ethos, a world-view which subsumes aesthetics, religion and customary thought to the rationalistic mode. Therefore, a common thread between Weber, Veblen, and Scott is their depiction of rational, quantitative information such as accounting when they define this information as serving *simultaneously* as providing an *instrumental solution* within the social, political and managerial decision process and, secondly and more importantly, as a *political exchange* by apparently depoliticizing control of the work performed by organizations.

THE IMPLICATIONS TO BE DRAWN FROM SCOTT'S WORK

The quintessence of culture and politics, for Scott, was the construction and reconstruction of social, political, and organizational accounting. Furthermore, this politicality is not just waiting to be activated in special situations, such as in the more readily identified, political dimensions of organizational life. Instead, these logics of action, or politicality, are continually mobilized in the ongoing events, or specific processes and their interrelations of the organization where these ongoing events are, in effect, constituted in struggles which may be represented discursively as diverse ways of being rational. These logics are embedded in the very events, processes and relationships which these logics are merely to passively and faithfully represent.

This political role of accounting is evident in Wildavsky's [1975, 1987] ongoing work that has long argued that research concerning the formation of political preferences involves not only the study of how people try to get what they want through politi-

cal activity, but also the study of why people want what they want. As Wildavsky [1987, p. 3] observed, "Preferences come from the most ubiquitous human activity: living with other people." The shared values legitimating social relations serve to both be the source of individual preferences and, more importantly, to create values for the social milieu itself which are then applied to interpreting objects and events on both social and individual levels. The major choice made by people, therefore, is the form of culture — the shared values legitimating social practices — they adopt. Individuals exert power over each other by institutionalizing their moral judgments and justifying their interpersonal relationships. What varies is the form and extent of the manipulation of power. Ideological constraint among preferences, then is not created by exogenous forces, but through social interaction, making the study of institutions central to understanding the role of accounting in organizations and by individuals. The purposes institutions, in turn, create are expressed by their social practices which serve as a way of constituting power. Wildavsky [1987, p. 17] summarized this view when he observed "that in political activity the end (telos) is not pursued, but lies in the activity itself." As Wildavsky argued:

Put plainly, people decide for or against existing authority. They construct their culture in the process of decision-making. Their continuing reinforcement, modification and rejection of existing power relationships teaches them what to prefer. . . . Preferences in regard to political objects are not external to political life; quite the contrary, they constitute the very internal essence, the quintessence of politics: the construction and reconstruction of our lives together [1987, p. 5].

Consistent with this theme, accounting systems can be viewed as complicit in the social construction of highly rationalized myths, representing both an effort by society to define for organizations what is appropriate, *and* an organizational exercise directed at legitimating it to its external constituents by demonstrating a conformity to institutionalized rules, thereby encouraging society's continued support. Regarding this dual role, Scott observed that:

Accounts are tending, in a narrow sense, to become an application of statistical methods to the problems of business control. *In a broader sense*, they are becoming the application of statistical methods to the adjustment of

conflicting economic interests [1931, p. 237, emphasis ours].

Mechanisms for organizational control are seen as arising out of the inherently political and conflictual nature of organizational and social life. Accounting is at least partly determined by a broader social realm seen as being widely used and as socially expected. Decision-making and control now became a more elaborate, procedurally-oriented process, involving measurement and prediction, and also involving an increasing reliance upon a professional cadre who could develop and manipulate information, thus providing the techniques for shaping the course of events to reach predictable if not stable outcomes [see also Abbott, 1988].

An important component of this political perspective is embedded in Hickson's [1987] notion of the "rules of the game" which provide the origin to determine what can and cannot be decided, as well as how it may ultimately be decided. Hickson reasoned that the elite maintain a grip of what is going on by developing, depending and altering the rules of the game which are, in turn, expressed in the constitution and structure of the organization itself. According to Hickson [1987, p. 174] ". . . those who have power to do so set it up on a legal basis with basic resources that frame their intentions on what should and should not be done." Consequently, the rules of the game provide a frame of reference for identifying the underlying logic or rationality of the patterning of organizational actions [Karpik, 1978; Clegg and Dunkerley, 1980]. This emphasis on power, politics and the framing of social and organizational interaction through rational information is evident in Scott's observation:

The current situation is pluralistic in the sense that opposing economic and social groups hold to radically different beliefs and do not recognize a common allegiance to one of fundamental authority. A solution must follow the rule of law that an adjudication must be based upon a real and not an assumed conflict of interests. . . . The history of accounting development discloses a growth of accounting functions, an increasing dependence of business administration upon accounts, and the absorption of accounting technique into the body of social machinery through which conflicting economic interests are adjusted [1931, pp. 159, 205].

Similarly, for Hickson, accounting information — serving as the rules of the game — provides the *covert*, underlying logic or rationality embedded in the power and politics that frame the

organization, thus minimizing both the perceived complexity of the decision-making and the need for overtly political actions. These objectified rules of the game form a critical component of the covert or "non-decision" aspects of power which provide the taken-for-granted values and managerial language. Hickson further argued that such specialist disciplines as accounting develop the rules of the game to provide this legal framework, thus gaining influence by representing a decision-set of interests in the organizational coalition of internal and external interests which sustain the organization. Zald [1970; p. 253] argued that rationalistic economic information such as accounting not only serves to represent the state of various aspects of the productive exchange system, but also is ". . . developed by organizational elites and powerful external authorities to channel the flow of resources within the organization." Zald [1970; p. 252] went on to stress that accounting systems are critical connecting tissues of problem-solving and politics, created for, and largely used by, influence-wielders. The character of the overt decision-making process is important, but the covert, non-decision processes, i.e., the power that frames the organization, matters even more.

Edelman [1977] extended this thesis with a more specific concern as to the nature of power relationships embedded in the "objects and rituals of truth" expressed in daily life through use of appropriate language, myths and symbols. Edelman emphasized that the potential for active coercion always lies behind extant norms of acceptable discourse and behavior. Viewed as a form of language, such quantitative data as accounting information are selectively deployed by the state, not to reflect underlying economic conditions, but to create public values, acquiescence, and support. Thus, "consent of the governed" comes about not from the conscious acceptance of rules of procedure, but as acquiescing to and taking for granted an accepted language, thus at once creating and supporting a hierarchical relationship between the governed and the state. Although this language is cloaked in the appearance of objectivity and neutrality, it is ultimately directed toward establishing and maintaining hierarchies of authority and status, carrying with it a moral as opposed to economic order. Similarly, Burns concluded:

Rule systems, as important as social technologies, become resources and stakes in social interaction and the strategic structuring of social life. Thus, they cannot be viewed as simply "neutral" or "technical means" of realiz-

ing certain purposes. . . [They constitute] a power resource which social agents utilize in their struggles and negotiations over alternative structural forms and development of social systems serving their interests [1986, pp. 28-29].

SUMMARY

Emerging views of accounting and organizations, as established in the intellectual foundation of Scott's work, take issue with the assumption of objective reality and the passive, merely representational faithfulness claims of accounting. Scott critiques the traditional and still orthodox perspective of accounting in the following:

They [social scientists] appear to think of social phenomena as retaining their present characteristics, that is, as remaining constant, while man learns to control them. They thereby put man outside of society. They do not seem to appreciate that an understanding of social phenomena running in objective terms would, if it became general, constitute or involve a fundamental change of social phenomena. Such an illusion is corrected by including man in the causal process [1931, p. 131].

According to this second-order concern, the implementation of such apparently rational mechanisms as accounting is one manner by which the social world flows through organizations and pervasively influences them. Theorists have begun to recognize accounting as a socially constructed phenomenon rather than as a technically rational function driven by and serving the internal operations of organizations. Furthermore, such a perspective recognizes that once an accounting system is implemented, what it accounts for shapes the organizational members' view of what is important and, more fundamentally, even what constitutes reality. Accounting is seen as being implicated in the social construction of reality rather than as being passively reflective of it. As Scott prophetically observed:

Emphasis upon the influence of the machine process should not be carried to the point of making it the exclusive origin or cause of the new bent in business management. While the machine process undoubtedly is responsible in part for the corporation's dominant role in modern business, it would be a mistake to ascribe the vogue of the corporation altogether to technological influences. . . . The argument here is concerned with a change

of discipline whose influence upon institutionalized habits of thought is a slow but patient and unhurried process [1931, pp. 148 & 149; emphasis added].

The theme advanced is consistent with Scott's [1931] perspective on accounting which argues that the exercise of influence on social action is transformed in a subtle, but important, way. The objects and rituals of truth, as represented in the rules of the game, or the formal rationality of accounting information, represent normal, accepted power relations in organizations and society that these practices *produce* social reality and determine the social action that takes place [Veblen, 1923; Weber, 1947]. The organization, as an arena, serves as a locus of decision-making where individuals and groups attempt to dominate through coalitions engaged in negotiations to force their own ends upon the purposes of the organization [Karpik, 1978]. These coalitions of power are revealed in the various forms of strategic purpose, i.e., logics of action, that they invoke. It is important to examine these decisions to study both power and the manner in which accounting is deployed. Accounting, as a logic of action, represents individuals and groups, and is developed, deployed and modified from either within or without the organizational arena [Scott, 1931], to serve differing interests that are struggling to mobilize the resources and direction of the organization, as revealed in decision-making processes governed by rules of the game which represent their interests.

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