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**Citation for published version:**

Lapsley, I 2021, 'Debate: Politicians' use of accounting information - the myth of rationality', *Public Money and Management*. <https://doi.org/10.1080/09540962.2021.1976945>

**Digital Object Identifier (DOI):**

[10.1080/09540962.2021.1976945](https://doi.org/10.1080/09540962.2021.1976945)

**Link:**

[Link to publication record in Edinburgh Research Explorer](#)

**Document Version:**

Publisher's PDF, also known as Version of record

**Published In:**

Public Money and Management

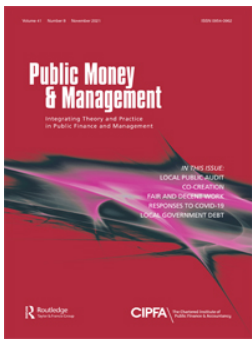
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To cite this article: Irvine Lapsley (2021): Debate: Politicians` use of accounting information—the myth of rationality, Public Money & Management, DOI: [10.1080/09540962.2021.1976945](https://doi.org/10.1080/09540962.2021.1976945)

To link to this article: <https://doi.org/10.1080/09540962.2021.1976945>



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Published online: 16 Sep 2021.



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## Debate: Politicians' use of accounting information—the myth of rationality

Irvine Lapsley

IPSAR, Accounting and Finance Group, University of Edinburgh Business School, UK

The study of politicians' use of accounting information has been heavily influenced by the development of rational models of how accounting information is used. This rationality is often constructed by accountants talking to accountants. In the UK, the Corporate Report (ASSC, 1975) introduced the idea of user needs. This study prompted many research projects which sought to study users' needs. This was a programme based on the idea of rationality: individuals in or outside organizations had plans and specified objectives and evaluated alternative means of achieving these objectives. This is a very particular interpretation of human behaviour. An alternative interpretation is that irrationality is widespread in society (Sutherland, 2007). So decisions may be informed by emotion, habit, intuition or even superstition. Indeed, many of the early attempts at studying the use of accounting information found puzzling results: the inability to determine a hierarchy of users and results which conflicted with the basic presumption of rationality. One of my favourite stories of this era was from a member of a research team which was investigating private and institutional investors. He interviewed a lady who loved receiving her annual reports and accounts so she could make Christmas cards!

### An unknown world?

This section examines two early studies which have not been widely reported on, one in central government and one on local government. Their findings have been replicated in many subsequent publications. Essentially, both these early studies report that public sector financial information is complex, it is too difficult to understand and only a limited number of politicians engage with this information.

Likierman and Vass (1984) found that Members of Parliament (MPs) made limited use of financial information available. The following observations were made by MPs:

- 'I admit that few people understand what is going on' (op. cit, p. 8).
- 'I've not knowingly used any of the existing public expenditure documents' (op. cit, p. 11).
- '... documents can languish in my briefcase for months, unread' (op. cit, p. 32).
- 'I regret that the debate is so poorly attended. It makes absurd our claim to be guardians of the public purse when almost all aspects of government are scrutinised by 20 members out of more than 600' (op. cit., p. 32).

'It is beyond the wit of men to understand it all, and it is certainly a forlorn hope to expect all MPs or the man-in-the-street to comprehend them'.

The Collins et al. (1991) study of local government included 53 elected politicians within four case study settings. Most politicians (83%) preferred verbal briefings from their Finance Officers. In tests of understanding only 19% of elected politicians understood the distinction between capital and revenue expenditure; only 23% of elected politicians understood the use of reserves and provisions; only 26% understood the allocation of central administrative expenses; only 6–13% of elected officials understood central government controls. Predominantly, the politicians in this study preferred narrative reports.

### Political immersion?

A superb articulation of the impact of NPM practices on the use of accounting information has been made by Liguori et al. (2012). They argue that in NPM, the primacy of politics gives way to the primacy of management, whereby the principles and tools of management are centre stage. NPM is achieved through the implementation of managerial and accounting tools, often based on managerial needs and influenced by economic and managerial rationality. Accounting tools and processes move decisions from incremental budget allocations to costs and revenues, assets and liabilities, definition of goals in terms of outputs, efficiency and effectiveness. Accounting tools become fundamental.

A contrasting perspective on how politicians use accounting and financial information is in Ezzamel et al. (2014). This study found two main groups within political representatives. The first group was politicians without any previous knowledge or experience who showed little understanding or interest in financial information. However, Ezzamel et al. (2014) found a smaller second group of political users of accounting information. While most politicians in this study exhibited disinterest and lack of understanding, there is evidence of a limited number of politicians using accounting with some degree of expertise. The case for a wholesale adoption of the rationality of NPM by politicians remains open.

### Resistance and rejection

A case by Nyland, Ahlgren and Lapsley (2020) is based on a large Norwegian Health Authority in which ambulance services had been outsourced for years, as part of an NPM

agenda. The Health Authority decision to insource was politically motivated by opponents of NPM. The process of delivering the political agenda was enacted by the exclusion of accounting information from decisions on the future services. This case shows a story of how a political intervention by NPM opponents was successful. The non-use of accounting by politicians resulted in a disregard of NPM practices. This fundamental shift from political acceptance to political hostility and anger became a strategy for the rejection of the NPM-type information.

A further example of the rejection of accounting information is provided by Holmgren Holmgren Caicedo et al. (2019). In this study, a Swedish state agency removed all management accounting practices at the operational level. Accounting practices were replaced by a leadership model. This is a shift from a punitive management model to one in which workers at the operational level can offer leadership. The NPM model has always been associated with heavy controls because of its low trust presumption. In Sweden, a country which values consensus in all walks of life, trust-based management is an emergent alternative to hard NPM based on calculative practices.

## Conclusion

This article has questioned the continuation of a research tradition in the study of politicians' use of accounting which presumes a high degree of rationality in the construction and use of accounting numbers. For politicians, the Liguori et al. (2012) paper sustains this perception. Early studies depict scenes of disconnection in which politicians do not comprehend or act on accounting information. There is a persistent reporting of small numbers of politicians who engage with the calculative practice, but this is on the margins of accounting use

(Collins et al., 1991; Ezzamel et al., 2014). More recently, studies have emerged which have rejected accounting practices. This includes politicians who simply refused to act on accounting information (Nyland et al., 2020). Also, the Holmgren Caicedo et al. (2019) study reveals an end for hard NPM and a move to a gentler world based on trust-based management. There is a need to study intuition, ingenuity and emotions (the rejection of accounting by angry politicians) and trust in the use of accounting information by politicians.

## Disclosure statement

No potential conflict of interest was reported by the author(s).

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