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The socializing effects of accounting in flood recovery

Alessandro Lai ^{a,*}, Giulia Leoni ^b, Riccardo Stacchezzini ^a^a Business Administration Department, University of Verona, Italy^b Economic and Business Sciences Department, University of Cagliari, Italy

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ABSTRACT

Natural disasters require authorities in charge of recovery, to be accountable to all those involved in the process, including victims. Accounting systems can be used to track and account for the fair and transparent management of disaster specific funds, giving visibility to the recovery process and its outcomes. However previous studies suggest that the process of accounting, with its individualizing effects, may create “distance” between the accountant and the accountee, thereby undermining accountability.

This paper investigates the social aspects of the accounting system used by authorities in charge of the recovery from the devastating Italian flood of November 2010. We found that accounting procedures activated after this disaster not only gave visibility to flood damages and recovery actions, but also favored a sense of inter-dependency between all of the players involved. Accounting fostered dialogue, mutual understanding, trust and solidarity among victims, who played a crucial role in enabling the overall accountability process. Our paper provides evidence of the socializing effects of accounting in natural disaster contexts, thereby opening up an interesting area for further research in the streams of critical accounting.

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1. Introduction

Floods are a worldwide phenomenon, causing death, injury and the destruction of houses and buildings. The international database (EM-DAT) generated by the Centre for Research on the Epidemiology of Disasters (CRED) reports that in the last two decades (1990–2011) 2833 floods have occurred, with most being in Asia, America and Europe (Table 1). Such disasters have reportedly killed 200,000 people and affected 2.7 billion. These floods also resulted in huge damages to infrastructure including roads, buildings, bridges and riverbanks; they closed businesses and halted farming activity; and they made people homeless without access to essential commodities. Recovery and reconstruction activities are therefore crucial for people, businesses, cities and the local economy, and they certainly create significant expense for a country's government. The economic consequences of floods worldwide are significant, with the total estimated damage caused by floods reported as more than US\$650 billion (EM-DAT, 1990–2011). It is therefore a relevant issue both for the sovereign states affected by such a disaster and those managing and monitoring the expenses associated with the recovery.

Italy is subject to frequent floods and is just one of the many countries with a history of flooding. In Europe Italy ranks fourth for flood frequency with 24 big floods occurring in the last 20 years, behind Russia, Romania and France; but it ranks

* Corresponding author. Tel.: +39 045 8028574; fax: +39 045 8028488.

E-mail address: alessandro.lai@univr.it (A. Lai).

Table 1

Frequency, consequences and estimated damages of flood events in the World (1990–2011).

Continent	Number	Deaths	People affected	Estimated damages US\$ (,000)
America	557	40,997	47,300,376	78,088,080
Europe	397	2182	8,197,577	91,164,364
Australia and New Zealand	52	43,179	55,497,953	169,252,444
Asia	1166	100,230	2,611,039,692	309,077,739
Africa	661	16,576	43,232,011	4,885,768
World	2833	203,164	2,765,267,609	652,468,395

Source: EM-DAT.

Table 2

Frequency, consequences and estimated damages of the top ten flooded countries in Europe, ordered for frequency (1990–2011).

Country	Floods	Deaths	Affected people	Estimated damages US\$ (,000)
Russia	48	566	2,174,557	2,520,570
Romania	38	419	387,252	1,925,190
France	30	132	61,737	5,528,350
Italy	24	202	81,930	20,473,300
United Kingdom	23	43	382,725	16,153,230
Greece	18	42	14,188	1,203,359
Germany	14	50	536,708	13,653,600
Bulgaria	13	52	13,508	458,000
Hungary	13	10	181,508	881,400
Spain	13	54	12,856	1,152,885
Total Europe	395	2177	8,197,582	90,342,264

Source: EM-DAT.

first for estimated damage totaling US\$20 billion (Table 2). The economic relevance of floods has prompted our study of the Veneto flood, which occurred on the night of Halloween 2010. On that night and in just few hours, water flooded 140 square kilometers of one of the most productive and rich areas of northern Italy. After three days underwater, a state of emergency was declared, and 262 municipalities of the Region of Veneto were then faced with a dramatic and challenging flood recovery and reconstruction process. Citizens, businesses and local government of the flood affected municipalities were in need of immediate intervention and assistance.

It is only recently that the topic of accounting in natural disasters has received attention in the critical accounting literature, with the role of accounting in the post-disaster recovery processes being investigated in contexts of earthquakes, hurricanes, bushfires and drought (Sargiacomo et al., 2014; Baker, 2014; Taylor et al., 2014; Walker, 2014, respectively). Flood recovery represents a significant issue for governments, given the enormous expenses involved and the literature indicates that accounting can be used as a tool for successfully managing expensive emergencies. However, investigations in the context of floods have not been reported.

Focusing on accounting as a social practice (Miller, 1994) this paper investigates the social aspects of accounting in the 2010 Veneto flood recovery. It conceptualizes accounting as a tool that favors the governing of individuals, groups and organizations (Miller and Rose, 1990; Carnegie and Napier, 1996). Our aim was to explain how, during the recovery from the flood disaster, the use of accounting systems and calculative practices allowed for accountability to display not only individualizing effects but also socializing potential. Given the crucial role expected for accounting in post-disaster reconstructions (Warren, 2007; Labadie, 2008), we focused on accounting effects in the context of accountability because the critical accounting literature reports that calculative practices may create a separation between the accountant and accountee, undermining the accountant's responsibility (Roberts, 1991, 1996; Messner, 2009; Joannides, 2012; McKernan, 2012). According to seminal critical contributions on accounting and accountability (Roberts and Scapens, 1985; Ahrens, 1996; Kirk and Mouritsen, 1996; Munro, 1996), we have adopted the view of accountability as a *process*. In particular, we concentrated on the ways in which participants were engaged in the calculative practices and the impact this involvement had on creating understanding and facilitating accountability. This was possible because all the people engaged in the flood recovery process were also involved in estimating and calculating the damage, and this process required collaboration in a social setting. In particular, we investigate the extent to which identified victims were involved in the damage estimation process by officers in charge of the recovery associated with the 2010 Veneto floods. Our investigation focused on assessing whether the adopted calculative practices enabled interaction and dialogue between individuals and institutions. We then interpreted what that meant in terms of accountability on the part of those in charge of the recovery. In doing so, we explored the social and institutional context (Hopwood, 1983), where accounting was implemented as a social practice (Miller, 1994) to understand how accounting intertwined with contextual conditions to produce individualizing and socializing accountability effects.

We adopted qualitative and narrative techniques, combined with document analysis and direct observation of victims engaged in calculative practices. In this paper, accounting refers to all of the calculative practices used at the local level, both

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