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Accounting and happiness

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ABSTRACT

This paper begins with the observation that happiness is the primary goal of human endeavour. One critical element of human endeavour is business, leading to the proposition the primary objective of business is to contribute to happiness, with profit being a means towards this end. This central idea linking business and the pursuit of happiness is used to critique the capability of accounting to contribute to lofty objectives leading to the central question if the goal of business should be the pursuit of human happiness, can accounting contribute to this goal?

The notion of happiness is explored by comparing hedonism with Aristotle's eudaimonism, leading to a comparison between the conceptual underpinnings of eudaimonistic happiness and the Buddhist concept of nirvana. The shaky conceptual ground on which accounting is built is exposed by its opposition to the fundamental nature of reality as described by the four seals of Dharma which describe the central truths of Buddhist philosophy. The critique of accounting is performed across the seven themes of truth, time, dualism, objectivism, interconnectedness, morality and measurability. The paper concludes by identifying the equivalent philosophical assumptions which underpin both critical accounting and Buddhism, confirming the relevance of a Buddhist critique to accounting.

1. Introduction

Accounting has developed into a measurement science enabling performance to be evaluated toward the assumed organisational objective of profit maximisation. Despite critique from some within the profession, accounting is considered as *the* language of business (Evans, 2004); the *mother tongue of capitalism* (Davison, 2004, p. 476); and an essential tool in the pursuit of optimal financial performance.

Although within business and accounting there is still widespread acceptance of the assumption that the primary objective of business and the corporation's fundamental *reason for being* is to earn profit, a strong critique of this position is found within the *sustainability accounting* literature, where much has been written about accounting for an organisation's performance towards the multidimensional objective of sustainability. Accounting research establishing sustainability as the primary objective of business has led to reporting frameworks such as the *Global Reporting Initiative*, which provides a diverse array of sustainability indicators to facilitate an assessment of the triple bottom line of environmental, social and economic performance.

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However there is legitimate concern that sustainability reporting has been captured by corporate interests and recast in a form supporting the *status quo* of profit before all else, contributing to the failure of the social and environmental accounting project to achieve a clearly positive net outcome for either society or the natural environment (Gray, Dillard, & Spence, 2009; Milne, Ball, & Gray, 2008).

Within economic theory it is also firmly established that profit maximisation is the primary objective of business. Whilst there is critique of this assumption, see for example Hicks (1935), Sen (1977) and Pirson (2010), the strongest conceptual challenge to the legitimacy of profit maximisation as the primary objective of business can be found within stakeholder theory literature. The basic tenant of stakeholder theory is that business organisations must meet the needs of multiple stakeholders (Jones, Wicks, & Freeman, 2002), where shareholders are one of many stakeholder groups who may hold competing or conflicting interests in organisational performance.

Within the corporate social responsibility discourse some broadening of business objectives has been achieved whereby social and environmental objectives are combined with economic objectives to produce a multidimensional set of business objectives under the banner of *social responsibility* or *sustainability*. How the various elements of multidimensional sustainability are ranked against each other or balanced where they represent competing interests, is not clear. This flexibility tends to lead to interpretations which suit the preferred agenda (Milne, Kearins, & Walton, 2006), whether that is economic, environmental or social.

This research builds on the assertion by DesJardins (2007) that the primary goal of business is to contribute to social well-being by producing goods and services that help people live happy and meaningful lives; with the role of profit being a means to this end. DesJardins uses an analogy to explain the role of profit in business; comparing the purpose of breathing to the business objective of earning profit. Whilst breathing is essential for life, it is not the major purpose for which we live. Breath and the life it sustains is a means to the higher objective of achieving something meaningful.

DesJardins suggests profit is essential to business as it provides the means to financial viability and the continuation of the business; however profit is not the primary goal which, according to DesJardins is confusing the means with the end; profit as the lifeblood (or breath) of business is the means to business contributing to the higher social goal of a happy and meaningful life.

There is historical support for DesJardins' view as the original corporations were created to provide essential infrastructure and engage in domestic and international trade to serve the public good (Seavoy, 1978; Kelly, 2001).

> At its origin in Massachusetts the corporation was conceived as an agency of government, endowed with public attributes, exclusive privileges, and political power, and designed to serve a social function for the state (Handlin & Handlin, 1945, p 23).

The primary goal of these early corporations was to meet vital human needs and the business corporation was seen as an effective legal vehicle for achieving this goal.

The aim of this paper is not to discuss the diverse range of economic objectives which business pursue, or the consequential social and environmental impacts of business, or whether the primary objective of business *should* be economic or social. Instead this paper accepts the assertion that the primary goal of human endeavour is to achieve happiness, with business being a critical component which should contribute to, or at least not conflict with this primary goal. The profit versus happiness dichotomy, although simplistic, reflects a divergence between underlying objectives of business, leading to a discussion of the role of accounting given the assumption that profit is only a means towards the primary end of happiness.

Furthermore there is no intent to provide a conceptualisation of what an *accounting for happiness* might look like; however brief examples of attempts to measure happiness are provided to inform the critique as to whether accounting is capable of contributing to a lofty objective such as happiness. This leads to the question central to this research which is *if the goal of business should be the pursuit of human happiness can accounting contribute to this goal?*

The paper proceeds with a comparison of the hedonism and eudaimonism schools of happiness research followed by a brief discussion of Bhutan's *Gross National Happiness* project. This leads to a discussion of the Buddhist view of happiness and the conceptual link between Aristotle's eudaimonism and the Buddhist concept of *nirvana*. The distinguishing principles of Buddhism, referred to as the *four seals of Dharma* provide the conceptual foundation for challenging the capability of accounting to contribute to happiness.

2. Happiness research

Happiness research can be broadly classified into the two schools of *hedonism* or *eudaimonism*; although there is considerable overlap between these philosophical views regarding what happiness is and how it should be measured.

2.1. Hedonism

The hedonic view is that happiness is about feeling pleasure and avoiding pain (Morgan & Farsides, 2009), equating happiness with a continuous (hedonic) flow of pleasure or pain experiences. This tradition has its origins in Bentham's utilitarianism where positive net utility, which can be interpreted as a general state of happiness, is achieved if pleasurable experiences outweigh painful ones (Thiroux & Krasemann, 2011).