



ELSEVIER

Contents lists available at [ScienceDirect](http://www.sciencedirect.com)

Critical Perspectives on Accounting

journal homepage: www.elsevier.com/locate/cpa

Lobbying on accounting standard setting in the parliamentary environment of Germany

Sebastian Hoffmann^{a,*}, Henning Zülch^{b,1}^a Department of Accounting and Auditing, HHL Leipzig Graduate School of Management, Jahnallee 59, 04109 Leipzig, Germany^b Chair of Accounting and Auditing, HHL Leipzig Graduate School of Management, Jahnallee 59, 04109 Leipzig, Germany

ARTICLE INFO

Article history:

Received 16 July 2010

Received in revised form 2 April 2014

Accepted 24 April 2014

Available online 9 May 2014

Keywords:

Public interest

Critical

Accounting standard setting

Accounting regulation

Lobbying

German GAAP

ABSTRACT

This paper employs an expertise framework to analyze the case of lobbying on the modernization of German accounting regulation between 2007 and 2009. The parliamentary context of accounting standard setting in Germany provides a unique opportunity for an examination of lobbyists' and parliamentarians' use of rhetoric in the form of arguments and myths in the presence of an expertise gap between both parties. Lobbyists successfully follow rhetoric strategies of providing knowledge and demonstrating expertise to parliamentarians in the form of using a mixed approach of conceptual and self-referential arguments when expressing a neutral opinion. Apart from their argumentative rhetoric, lobbyists also create myths that transfer knowledge in a more subtle way by employing signifiers that are disentangled from the underlying message to be communicated. Parliamentarians respond by using self-referential arguments in cases where they support the regulatory proposals and enrich their arguments by continuing and amplifying the myths created by lobbyists. Parliamentarians' adoption of these strategies demonstrates the effectiveness of the transfer of knowledge and provides evidence of the strategic exploitation of the expertise gap by lobbyists.

© 2014 Elsevier Ltd. All rights reserved.

1. Introduction

The accounting literature has argued that accounting standard setting processes work similarly in privately and publicly organized systems because both processes are political (Botzem and Quack, 2006; Königgruber, 2010). In this paper, we argue that as soon as parliaments become involved, one considerable difference occurs. While private accounting standard setting bodies such as the British Accounting Standards Board (ASB), the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) employ technically experienced people, often former accountants or those that have similar qualifications, publicly organized systems involve parliaments whose members may be considered to be laypeople with regard to accounting knowledge. This difference in skills results in a mismatch of expertise between the standard setting individuals in a parliamentary and those in a privately organized process. Applying Collins and Evans' (2007) framework of expertise,² parliamentarians are not expected to possess specialist tacit knowledge in accounting

* Corresponding author. Tel.: +49 03 41 98 51 70 8.

E-mail addresses: sebastian.hoffmann@hhl.de (S. Hoffmann), henning.zuelch@hhl.de (H. Zülch).¹ Tel.: +49 0 3 41 98 51 70 1.² Collins and Evans (2007) distinguish two forms of specialist expertise, ubiquitous and specialist tacit knowledge. Ubiquitous tacit knowledge comprises "beer-mat knowledge", popular understanding and primary source knowledge, all of which may be acquired by being instructed or reading. The two forms of specialist tacit knowledge, interactional expertise and contributory expertise, can only be acquired through training and experience.

because the semantic specifics of accounting language (Devine, 1985) presuppose learning through application. Only specialist (tacit) knowledge would enable parliamentarians to critically reflect upon the information provided by technical experts or expert interest groups such as preparers of financial statements, auditors or accountants, who all possess accounting knowledge in the form of contributory, i.e. the highest level of, expertise.

One might expect parliamentarians and the government to employ technical experts in order to create specialist tacit knowledge that compensates for the lack of expertise at the individual level and allow for informed debate with technical constituent experts. However, Burns (1999) argues that parliaments and governments will always be subject to external expertise, in particular on highly complex and technical issues. Parliamentarians, “most of whom are ‘generalists’ (and are expected to be ‘general representatives’ [...])” (Burns, 1999: 174), have to decide on issues and subjects that often are of highly specialized and very technical nature. They are faced with an increase in complexity and dynamic when it comes to decision-making that is beyond their individual and the government’s institutional capabilities. “Contemporary realities are all too complex” (Burns, 1999: 174), such that no democratic state can afford to maintain in-depth technical expertise for all subject areas and “the elected representatives find it impossible [...] to acquire the minimal technical knowledge entailed in the variety of problem areas [...] with which they deal” (Burns, 1999: 179).

In a privately organized standard setting system employing only technical experts, interest groups and standard setting decision-makers share similar expertise, while in public systems that involve a parliament as the decision-making body, the standard setter per se has less expertise than the interest groups. This divergence of expertise explains why parliaments as non-expert standard setting bodies are in need of external knowledge when working on accounting regulation, which is a highly technical matter (Botzem, 2012). The required expertise will be provided by external interest groups, which enables lobbying activities (Königsgruber, 2013). In this context, we expect interest groups to anticipate the difference in expertise. Since rhetoric is an important tool for lobbying on accounting standards (Young, 1995), we understand interest groups’ rhetoric, as expressed in publicly available written statements sent to legislative bodies, as a means of communicating their regulatory preferences to parliamentarians without conveying the impression of having a direct influence on the final regulatory decisions, thus ensuring the effectiveness of their communication. Owing to being publicly available and addressed to official governmental bodies, those statements are treated as being written from a representative’s logic, employing a specific rhetoric (Czarniawska, 2001). Owing to the focus on differences in expertise, our approach differs from other analyses of rhetoric in written standard setting documents that assess rhetoric in terms of persuasion and silencing (Young, 2003; Masocha and Weetman, 2007). We posit that interest groups strive to influence parliamentarians through two rhetoric devices. On the one hand, they provide knowledge about accounting concepts and the potential consequences of regulatory actions in the form of an argumentative rhetoric. On the other hand, they are transferring knowledge in the form of myths that hide the communication of specific preferences in language.

In line with Collins and Evans (2007), our understanding of expertise and knowledge is multidimensional and does not follow one particular epistemological position. Certain forms of expertise (or knowledge) may be acquired, for instance, by reading documents or by being verbally instructed, while others may only be grasped through experience. According to this view, expertise is not to be seen as a static concept and knowledge may be transmitted in different ways. In the context of a verbal interaction between different groups, the transmission may take place either overtly by expressing preferences directly related to regulatory proposals and supporting them with adequate arguments (that is through reading or being told) or covertly by telling stories, using symbols and constructing myths (that is through experiencing). The mythological view of the exchange of knowledge between constituents and parliamentarians may provide insights into the rhetoric of lobbying in accounting standard setting beyond the conventional treatment of arguments as supporting devices in the overt transmission of knowledge.

In a first step, we assess the argumentative rhetoric following Jupe’s (2000) analytical framework, which classifies the rhetoric of arguments as self-referential, conceptual and the use of both types of arguments. A similar distinction to a lobbyist’s rhetoric is made by Stenka and Taylor (2010) who, like Jupe (2000), examine the UK standard setting body. These studies allow for a comparison of the German case with lobbying on accounting standard setting in the UK. Classifying arguments into categories has two main limitations. First, arguments are classified into predetermined categories that do not capture the complexity of lobbying activities in accounting standard setting. Second, given their representative function, one may doubt that the views presented and supported by arguments represent the sender’s true preferences (MacArthur, 1988; Tutticci et al., 1994).

In a second step, and to supplement the previous analysis, we focus on the rhetorical device of myths and thus extend the analysis by including another interpretative perspective (Chua, 1986). We refer to Barthes’ (1972) theory on mythologies, which argues that speech is used to create myths. A myth in Barthes’ sense is “a system of communication, that is a message” (Barthes, 1972: 109), which is “defined by [...] the way in which it utters this message” (Barthes, 1972: 109). The myth itself is a sign or symbol to speak about or represents an object to be signified. The object is signified by a signifier, together with whom it forms a linguistic symbiosis in the form of observable language or speech. One therefore needs to identify a signifier and an object to be signified in order to identify the usage of a myth. “It is this constant game of hide-and-seek between the meaning and the form which defines myth” (Barthes, 1972: 118). Since myths are a highly political instrument (Barthes, 1972: 142), it seems to be appropriate to apply Barthes’ theory to lobbying research in the context of accounting standard setting in a parliamentary environment. Written statements cannot be seen as a neutral device for communicating facts or transferring knowledge but rather they need to be treated as a manipulative and representative tool transmitting hidden messages to the recipient as an “appropriate instrument for the ideological inversion” (Barthes, 1972: 142) of a formal

Download English Version:

<https://daneshyari.com/en/article/1001438>

Download Persian Version:

<https://daneshyari.com/article/1001438>

[Daneshyari.com](https://daneshyari.com)