

Responding to expanding accountability regimes by re-presenting organizational context[☆]

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Abstract

Accounting information systems (AIS) provide information needed to manage, control, and evaluate organizational activities. As the corporate accountability regimes expand into such areas as social and environmental responsibility, these information systems must also expand in order to meet the requisite information needs. Adequately addressing the emerging information needs requires that the focus move beyond the customary preoccupation with the technical aspects of AIS design, implementation, and use in order to incorporate a broader conceptualization of organizational context. An initial step in designing more salient AIS is to recognize the social forces and related conflicts present within work organizations that relate to issues within the purview of the expanded accountability regimes. I propose that organizations be viewed through the lens of social theory as a way to expand what has traditionally been a narrow, exclusive, and instrumental perspective. Re-presenting organizational context using alternative social theory-based perspectives opens the conventional, taken-for-granted scope and functions of AIS to examination and critique, providing space for change. I demonstrate how alternative perspectives can provide a basis for revealing the assumptions, conflicts, and ideologies that underlie conventional systems applications, facilitating more inclusive designs that incorporate a greater range of values, interests, and objectives. I use three disparate social theories to illustrate possibilities following from alternative organizational representations. From labor process theory, we gain an understanding of forces underlying representations of work by organizations operating within the context of market capitalism. Latour's accumulation cycle provides a description of the embedded processes whereby information is collected, processed, and applied to maintain organizational control. A variant of postmodern thinking reveals hegemonic contextual assumptions and constraints that underlie prevailing organizational representations. A more comprehensive understanding of organizational context increases the likelihood that AIS will provide the information

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necessary to support the more inclusive accountability regimes arising from an expanding notion of acting in the public interest.

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1. Introduction

As accountability regimes become more inclusive, we can no longer take for granted the efficacy of traditional organizational structures and metrics. Not only are increasing complexity and competitive pressures motivating change within organizations, so is the heightened societal demand for responsible action. An enhanced responsibility set necessarily calls forth enhanced accountability criteria, and both require timely and relevant information. As the primary information system within business organizations, accounting information systems (AIS) must attend to these expanded information requirements. Not only is management calling for expanded capabilities, so are powerful external constituencies who perceived accounting systems to provide salient and credible information (Gray and Bebbington, 2001). Adequately addressing these emerging information needs involves moving beyond the customary preoccupation with the technical aspects of accounting information systems.¹

Accounting information systems represent organizational realities by constructing, after the fact, systematically constituted images of organizational functioning and performance. Organizational management involves the cognitive representation and strategic manipulation of the context and processes of an economic entity. Future actions follow from the conceptualization and representation of systemic relationships. These cognitive representations are constructed and modified using feedback that takes the form of information depicting resource stocks and flows. This feedback is itself couched in abstract and meaningful symbolic forms that express translations of the content and processes of the actual work organization. Such organizational representations are enabled and constrained by the underlying frame or model upon which they are based. The frame provides a structure² and set of “variables,” and together they produce a representation. This frame is as important for what it excludes as what it includes, because latent in the exclusions are possibilities for alternative representations. For example, if corporate social responsibility elements and relationships are excluded from the AIS, then representations of these considerations will not be explicitly included in management’s information set.

The capabilities of AIS directly shape the management of organizations, and under their influence, managers will tend to make decisions that produce, and reproduce, certain kinds of organizational realities instead of others (Brown et al., 2005; Dillard and Yuthas, 2006). As currently construed, AIS are the merger of a particular technique and technology. The technique is the accounting and auditing methods and procedures by which certain transactions/events are recognized, recorded, summarized, and displayed, and the computer based information systems constitute the technology through which the technique is implemented. The traditional base upon which AIS are constructed represents the organization through the lens of neoclassical economic theory with maximizing shareholder value as its primary objective.

¹ Examples of this can be seen in the AIS textbooks, e.g., Gelinis and Dull (2007); Hurt (2008) as well as in the literature. For example, most of the work reviewed in Arnold and Sutton (2002) can be so characterized.

² By structure, I mean the network of interrelationships that connect the individual nodes (“variables”).

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