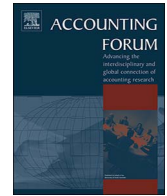


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Accountability, corruption and social and environment accounting: Micro-political processes of change

Glen Lehman^a, Elizabeth Morton^{b,*}

^a Accounting, School of Commerce, University of South Australia, 37-44 North Terrace, Adelaide, 5001, Australia

^b Accounting, School of Accounting, RMIT University, 445 Swanston Street, Melbourne, Victoria, 3000, Australia

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ABSTRACT

Corruption is a universal concern that can impact the quality of life of citizens. Of relevance to the issue of corruption, is the free-market assumption that market power solves issues of inequality and the power of corporations. Within the context of social and environmental accounting, where corporations are focused upon as agents of change, this paper explores the ability of a civil society framework to resist corruption. Simply put, rather than being limited by perspectives from managerial quarters – an organisation-centric approach – this essay provides an evaluative framework that breaks free from the morass and instead embraces civil society.

Our entire picture of the world has to be altered even though the [theory] changes only by a little bit. This is a very peculiar thing about philosophy... Even a very small effect sometimes requires profound changes in our ideas (Feynman, 1963: 1–2).

1. Introduction¹

‘Corruption is universal’ and a worldwide concern – its impact cannot be understated (Myint, 2000: 33; Sikka & Lehman, 2015). Corruption can be described as the misuse of public power by elected politicians or appointed civil servants for private gain. It is an obstacle to economic development with potentially significant consequences (Myint, 2000). From democratic and non-governmental organisational research, problems of corruption can impact on the ‘present day street credibility’ of organisations (Holloway (1997: 2)). More generally though, corruption can vary from being a rare occurrence, to widespread or systematic, to well-organised or chaotic: with the economic consequences potentially devastating (Myint, 2000). It can relate to demand-side or supply-side, with debatable problems and solutions (for example, Fiedler & Lehman, 1995; Neu, Everett, & Rahaman, 2015; Sikka & Lehman, 2015). More specifically, corruption can impact on the quality of life of citizens (Sikka & Lehman, 2015).

Of specific concern, is the point raised by Kaufman (1997), who highlights the trepidation over market liberalisation and privatisation increasing corruption. For example, Kaufman (1997) described a situation where:

...In more recent times a revisionist view has held that corruption may not be inconsistent with development and at times may even foster it. In the late 1970s, Nathaniel Leff of Columbia University argued, for example, that “corruption may introduce an element of competition into what is otherwise a comfortably monopolistic industry [and] payment of the highest bribes [becomes] one of the principal criteria for allocation....Hence, a tendency toward efficiency is introduced into the system.” Likewise economist Francis Lui, in a 1985 issue of the Journal of Political Economy, asserted that ‘bribing strategies...minimize

* Corresponding author.

E-mail addresses: Glen.Lehman@unisa.edu.au (G. Lehman), Elizabeth.morton@rmit.edu.au (E. Morton).

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the average value of the time costs of the queue [and the official] ... could choose to speed up the service when bribery is allowed' (Kaufman, 1997: 114-5).

Despite this concern over corruption, within such a context, Kaufman (1997: 129) concludes that "civil society is likely to be a major ally in resisting corruption". Civil society research focusses on creating meaningful social bonds in the spirit of commonality and community purposiveness. This essay is placed within the context concerned with whether corruption is endemic to free-market approaches to the management of civil society. Underpinning much accounting work is the free-market assumption that market power solves issues of inequality and the power of corporations. We place our argument within the supposition that accounting and accountability research explore how market reforms fail to lead to desired social outcomes.

In particular, this essay focuses on accounting in respect to the technologies of social and environmental accounting research (SEAR) that have been constructed to focus on corporations as an agent of change, and where corruption and its connections with free-market technologies, such as SEAR, have offered limited theoretical framing. SEAR, for the most part, has fixated on internal corporate practices, which are limited by perspectives from managerial quarters. Therefore, the dominant business case of SEAR focuses on *behaviours* and *practices* in recent times, where the *role* that corporations play in society remains organisation-centric. As Masquefa, Gallhofer and Haslam (2017) note, it is important to theorise processes of change. Within this context, can corporations act as a mechanism to reduce corruption? How will corruption be moderated and addressed? What role should the state perform? What are the connections between civil society, corporations and the state?

Overall, we agree SEAR has achieved much over the last few decades (Parker, 2011a; Parker, 2011b), however, more needs to be done (Owen, 2008; Deegan, 2016). Failure to keep pace with developments in the literature on corruption and political philosophy means that we ignore issues of recognition, pluralism, the demands of the Other, and the further erosion of community. As illustrated by the case of Brexit and contemporary U.S. policy, these failures mean that SEAR may not keep pace with the information demands of community, policy makers and other stakeholders. Such perspectives can be considered aligned with Hopwood (2007), who described how accounting in general has become something else to what it was: reflective of the increasingly complex commercial and institutional world.

This paper provides an evaluative framework that embraces civil society, therefore offering a broader framing as means to resist corruption. Recent accounting research focusses on foundational principles that assume humanity has the ability to control unforeseen circumstances through free-markets, deregulation and privatisation. Civil society research usefully connects with SEAR settings that aim to implement alternative paradigms. The aim of the evaluative framework in civil society research is to set out the preconditions necessary to address and explore the limitations of free-market regimes.

The remainder of this paper is structured in three sections, and then follows with the concluding remarks. Firstly, Section 2 introduces the basic framework to understand corruption and civil society. Then, Section 3 examines connections between free-market environmental reforms, globalisation, corruption and SEAR. This is followed by Section 4, which offers a framework to understand micro-political processes of change with a view to challenging corruption and uncivil free-market research. Section 5 concludes this paper.

2. Corruption and the civil society

In this paper, civil society research is extended to address corruption and unjust practices. The argument challenges neoliberal assumptions that no government is the best government. That is, neoliberalism supports market relations as guiding civil society.² In contrast to neo-liberalism, the civil society perspective focuses on developing commonality, inter-personal relations and a sense of community belonging. Using Taylor's development of the concept of civil society, it is possible to build on these economic foundations (Taylor, 1975; Taylor, 1977). He argues from his Hegelian standpoint that, the move from the economic to the political regulatory sphere requires intrinsic social modes of co-ordination to bring people together.

The argument presented here is built on communitarian and interpretivist reforms that can be traced back to Hegel's work on reconciliation and civil society. It will be remembered that Hegel developed thinking about the social dimensions of civil society. This is to be contrasted with those economic approaches, including SEAR that focus on financial relationships at the expense of the common bonds that make up a society. Taylor is firmly of the view that a civil society is not built on economic and regulatory systems alone. Accordingly, he provides the following useful outline of what a civil society means:

1. In a minimal sense, civil society exists where there are free associations, not under tutelage of state power.
2. In a stronger sense, civil society exists only where society as a whole can structure itself and co-ordinate its actions through such associations which are free of state tutelage.
3. As an alternative or supplement to the second sense, we can speak of civil society wherever the ensemble of associations can significantly determine or deflect the course of state policy (Taylor, 1990: 98).

² However, that is not to say that governments themselves cannot be corrupt. We do not infer that there is a dichotomy of government intervention and neoliberalism. Instead, the focus is to contrast between the status quo (which includes neoliberalism and potentially corrupt governments) and a civil society approach to corruption. Putting this into perspective, we can consider Kaufman (1997) once more, who noted a correlation between a county's level of development and corruption. In particular, Kaufman (1997: 117) noted that "determinants of corruption in developing countries are manifold and complex. Institutions (including the rule of law), civil liberties, governance, and economic policies, as well as other specifics about the country, do matter". Such a consideration therefore adds weight to the notion presented in this paper in respect to a civil society perspective.

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