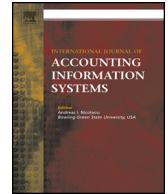




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Dialogic framing of accounting information systems in social and environmental accounting domains: Lessons from, and for, microfinance☆

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ABSTRACT

The successful design, application and evaluation of accounting information systems (AIS) in social and environmental accounting (SEA) domains increasingly requires that stakeholder interests be addressed. Because various stakeholders have competing interests, new thinking about how these can be accommodated is needed. Brown (2009) proposes a dialogic framework following from agonistic democracy, which takes the position that when consensus is not possible, progress can be facilitated through ongoing commitment to accounting processes that represent and accommodate competing perspectives. Previous work in AIS (Blackburn et al., 2014; Dillard and Yuthas, 2013) builds on Brown's work to develop a theoretical perspective useful in the AIS-SEA context that takes pluralism seriously. We extend this line of research by exploring developments in the microfinance industry and illustrate how the agonistic accounting principles can be useful in considering AIS-SEA design, implementation and evaluation as well as the initiation of innovation and change in the industry. Microfinance provides an example of an antagonistic context where the social mission/values come into unambiguous conflict with the economic objectives of microfinance institutions. Agonistics suggests that such conflict, if acknowledged and facilitated, has the potential for fostering innovative responses and reducing the likelihood of one perspective dominating the others. Relating accomplishments in this field to the principles of dialogic accounting demonstrates how this perspective can be incorporated into the design and use of systems that address social and environmental objectives as well as economic ones. We explore both accomplishments and shortcomings in achievement of pluralistic systems in the microfinance domain.

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1. Introduction

Brown et al. (2005) postulate a growing need to expand the scope of accounting information systems (AIS) to support decision making that encompasses not only economic sustainability but also social and environmental sustainability. The successful design, implementation and evaluation of AIS in social¹ and environmental accounting (SEA) domains entails taking pluralism seriously—

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¹ In the SEA literature (e.g., see Gray et al., 2014), social accounting has been used as a collective that includes economic, social and environmental accounting. For a social system to be sustainable, it must operate within a sustainable natural system, and it must contain a sustainable economic system.

that is, recognizing that multiple objectives and stakeholders need to be explicitly involved at all levels. Various stakeholders, who have competing and at times mutually exclusive objectives predicated on incompatible interests, make contradictory information and accountability demands of accounting systems. Brown (2009) proposes a dialogic framework, built largely upon the political philosophy of agonistic democracy. The framework takes the position that when consensus is not possible, progress can be made through ongoing commitment to pluralist engagement that facilitates dialogue and debate which respects the various competing perspectives. The goal is not immutable consensus, but understanding, learning, and progress.

Agonistics² provides a useful theoretical grounding for taking a pluralistic approach within an accounting context because it allows for conceptualizing the opening up and broadening out of accounting and accountability systems to address multiple and competing interests.³ This perspective enables researchers and practitioners to move beyond the presumption that there is one best way to represent economic reality and allows for accounting systems that can accommodate multiple alternatives. In previous work (Blackburn et al., 2014; Dillard and Yuthas, 2013), a dialogical framework is proposed as a theoretical perspective useful in the design, application and evaluation of pluralistic AIS-SEA.⁴ We extend this line of research by considering a case study that can help clarify the basic agonistic theoretical perspective and demonstrate how the key elements of the framework might be enacted both from the perspective of design and critique. The case study we have chosen is the microfinance industry. In recent years, the industry has exerted considerable effort in developing systems based on legitimate evaluation/certification criteria that are consistent with their stated social and economic objectives. In doing so, the industry has grappled with issues of developing inclusive information systems that facilitate managing these organizations. In addition, these systems attempt to evaluate the efficacy of the institutions in accomplishing their social objective(s). Social indicators addressing the interests of stakeholders with varying information requirements and conflicting social issues are central to the information systems and networks being developed.

The dialogic framework we use to explore accounting systems in microfinance is built upon the original work of Brown (2009). Brown seeks to develop an approach to accounting that respects the differing interests and needs of stakeholders, addresses the role of power in privileging some interests over others, and acknowledges the impossibility of consensus around monologic accounting systems. Agonistic democracy and dialogics provide a theoretical foundation for her work. Brown's framework provides a set of eight principles, presented in Table 1, that can be useful in creating accounting systems that "take pluralism seriously" and can accommodate diverse perspectives and interests. The eight principles recognize that when multiple perspectives exist in accounting contexts, there is a tendency to privilege monetary calculations developed by and for experts, and to treat them as if they are objective representations. Her principles help to establish participatory processes in which differing values are exposed and accepted, efforts are made to neutralize power, and systems are accessible to nonexperts. The framework further acknowledges that systems continually evolve and helps to avoid simply replacing a capital-oriented system with another monolithic system. Brown's framework recognizes the need for theory based research and development that reflects a more expansive and pluralistic domain in overcoming the traditional, economics-dominated AIS thinking.

Brown's (2009) critical dialogic principles provide a useful lens through which to view the efforts to develop an industry-wide information/best practices exchange. One of the primary tenets underlying these principles is the presence of irresolvable differences among the various interested groups. Agonistics refers to this state as radical negativity (Mouffe, 2013). The microfinance industry is perhaps one of the more unambiguous illustrations of a market oriented domain confronting the contradictory and competing objectives of social welfare (alleviating poverty) and economic returns (financial sustainability via market engagement). In addition, the microfinance industry is an interesting case study because of its size, diversity, relative level of maturity, social mission, and the recognized need for inclusive management and accounting systems. Engaging in this social enterprise involves moving beyond the traditional information set associated with AIS. The recognized set of relevant stakeholders is expanded beyond the owner/shareholder model, and the relevant performance criteria include more than growth and return on financial capital.

The focus of our research program is to facilitate dialogue and debate regarding the design of systems. The ultimate objective is to consider the design, application and evaluation of AIS-SEA that support inclusive performance management, accounting and accountability systems with relevant, timely, and accurate information. "... [T]he responsibility of the AIS designer, implementer, and user (is) to explicitly consider the implications of his or her actions on society and its members. To adequately do so, the dialogue must expand beyond the one-dimensional lens of neoclassical economics embracing a richer and more comprehensive frame" (Dillard, 2008:25). The microfinance industry and microfinance institutions (MFIs) have to contend with both explicit social and economic objectives.

As discussed more fully in Section 2, traditional AIS design focuses primarily on "relevant" economic transactions so defined by neoclassical economic theory, omitting other social and environmental considerations.⁵ For example, current systems do not adequately address basic information needs associated with the United Nations' Global Compact⁶ principles for responsible business in such areas as human rights, collective bargaining, forced and child labor, and discriminatory labor practices. Further, traditional AISs do not directly promote environmental responsibility through incorporating externalities such as toxic gas emissions, species

² Agonistics is a term used by Mouffe (2013) to refer to her work in political philosophy. See Laclau and Mouffe (1985/2001), Mouffe (1995, 2000, 2005, 2013). In accounting, See Mouck (1995) and Brown (2009).

³ For accounting applications see Brown and Dillard (2013a,b,c, 2014, 2015a,b), Brown et al. (2015), Dillard and Brown (2012, 2014, 2015), Dillard and Roslender (2011), Vinnari and Dillard (2016).

⁴ We use this extended abbreviation to maintain consistency with the prior research and to emphasize the need for comprehensive accounting information and accountability systems.

⁵ For a more extensive discussion and examples see Brown et al. (2005), Dillard (2008), Dillard and Yuthas (2013) and Blackburn et al. (2014).

⁶ www.unglobalcompact.org.

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