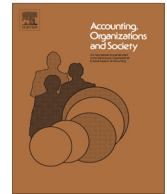




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Earthquakes, exceptional government and extraordinary accounting



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ABSTRACT

This study examines how a particular set of calculative practices and classification systems helped to guide the emergency responses to the 2009 earthquake in Abruzzo, Italy. Accounting classifications worked in tandem with scientific classifications to define the seismic event as a site for exceptional governance, to demarcate the temporal and spatial boundaries, and to guide the immediate and subsequent healthcare-related humanitarian responses. Accounting classification schemes were borrowed and built by the local health authorities as the federal government made the provision of disaster relief funding contingent on the identification of additional and traceable earthquake-related expenditures. The analysis also shows the maneuvers that occurred around the accounting classifications as public healthcare providers attempted to use the classifications to solve day-to-day health treatment funding problems and the federal government tried to exert control at a distance. The analysis provided both contributes to our understanding of the governance of these exceptional events and brings to the fore the challenges associated with such humanitarian responses.

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Introduction

A severe earthquake rated 5.9 on the Richter scale struck the region of Abruzzo in central Italy on April 6th 2009, killing more than 300 people. This paper examines how a particular set of calculative practices and classification systems (Bowker & Star, 1999; Foucault, 1979, 1991; Miller, 2001) helped to guide the emergency responses. Accounting classifications worked in tandem with scientific classifications to define the seismic event as a site for exceptional governance, to demarcate the temporal and spatial boundaries, and to guide the immediate and subsequent healthcare-related humanitarian responses. Accounting classification schemes were borrowed and built by the local health authorities as the federal government made the provision of disaster relief funding

contingent on the identification of additional and traceable earthquake-related expenditures. The analysis also shows the maneuvers that occurred around the accounting classifications as public healthcare providers attempted to use the classifications to solve day-to-day health treatment funding problems and the federal government tried to exert control at a distance. A combination of oral testimonies¹ as well as primary and secondary archival sources provide the data for the study.

The current study seeks to understand how accounting practices, including the classificatory schemes that are integral to them, are used in these moments when an immediate health-related humanitarian response is needed, and when that response does not fit within existing classificatory schemes. Previous research, for example, has tended to focus on settings where accounting is used to

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¹ Details of the interviews are provided in the list of references. Respondents were informed of questions in advance of interviews.

both change and govern routine and day-to-day healthcare activities (cf. Kurunmäki, 2004; Llewellyn & Northcott, 2005; Preston, Chua, & Neu, 1997; Rahaman, Neu, & Everett, 2010). The current study, in contrast, focuses on healthcare systems during a moment of humanitarian crisis. Such settings are characterized by an immediate perceived necessity to act, and a need to eventually phase out and terminate the intervention. These moments of intervention create a space of action that potentially overlaps with extant healthcare provision, where existing classificatory schemes and accounting practices are sometimes borrowed and modified to deal with the immediate emergency, as well as the aftermath. The current study attempts to shed new light on the emergence and deployment of what is described here as extraordinary accounting: that is, a set of calculative technologies that co-exist alongside and at times overlap with ordinary accounting practices.

The focus of the current study complements and extends the taken-for-granted ways that accounting standard setters and financial statement users think about the reporting of infrequent and unusual events (Bramwell, 2014). For standard setters, the accounting treatment of such events has historically attempted to distinguish between accounting transactions that are ‘normal’ versus those that are not, focusing on where these two groups of transactions will appear within the financial statements.² The current study complements these understandings as well as previous research (Beattie et al., 1994) by illustrating the strategic aspects of such classification decisions in this case because the classification decision potentially impacts on the flow of financial resources from governments to the affected regions. These pre-classification decisions are important in that they influence whether an event will be deemed to be a natural disaster and, hence, whether financial resources will flow from governments to the affected region and thus need to be accounted for. In these ways, the analysis draws attention to the sequence of classifications and the associated practices that lie behind the out-of-the-ordinary items that finally appear in a set of financial statements.³

The paper is organized as follows. Section ‘Classifying natural disasters’ outlines the role of particular classificatory devices in defining and demarcating the existence, severity, and consequences of natural disasters. Section ‘Governing natural disasters’ outlines the theoretical framing which informs the analysis, focusing on accounting, government and classification. The concept of exceptionalism is introduced, together with the suggestion

that accounting may be implicated in the construction and quantification of states of exceptional government for the population’s healthcare, in this case following a natural disaster. Section ‘The organization, funding, government and ordinary accounting of Abruzzo healthcare’ offers a brief overview of the Italian National Health Service, its funding model, and how healthcare was organized in the Abruzzo Region prior to the seismic disaster. Section ‘Exceptional government and extraordinary accounting’ discusses the launching of exceptional government in the context of the humanitarian crisis caused by the earthquake, as well as the rise of novel classifications, lists and rudimentary accounting practices. Section ‘The operational program’ then examine how these exceptional classificatory schemes and the associated accounting practices worked across time and space. Finally, Section ‘Conclusion’ discusses the insights of the study and offers suggestions for further research.

Classifying natural disasters

Natural disasters, as their name suggests, are adverse natural events that occur relatively infrequently throughout the developed and developing worlds (Fassin & Pandolfi, 2010). In recent years, these events have apparently become more numerous, as climate change and global warming exacerbate the frequency and severity of these natural occurrences. Undoubtedly, the proliferation of social media channels has contributed to the visibility of such events as rich photo and video images are available almost instantaneously from the far reaches of the globe. For example, video footage of flooding in the Philippines and avalanches in Nepal can now be consumed in real time on YouTube and elsewhere.

While social media helps make visible adverse natural events, it is a series of interrelated classification processes that influences *if* and *how* local governments and the international community responds. The first set of classifications pertains to the scale of the natural event. These classifications are premised on scientific measurements, and are typically accepted by both the scientific community and the governments and international organizations that use the classifications to frame action. For example, earthquakes are usually measured and classified according to the Mercalli or the Richter Scale. The Richter Magnitude Scale assigns individual seismic shocks to categories, ranging from micro earthquakes (measuring less than ‘two’ on the scale) to massive disasters (measuring more than ‘ten’ on the scale). The Mercalli Scale spans from 1 (a ‘micro’ earthquake), to 10–12 (a ‘massive’ earthquake) (Lee, Jennings, Kisslinger, & Kanamori, 2002; Richter, 1935). Likewise hurricanes are measured by the Saffir-Simpson 1–5 scale (Simpson, 1974) whereas volcanic eruptions are observed by the Volcanic Explosivity 0–8 Index (Newhall & Self, 1982).

Such classification of adverse natural events is the starting point for a classification of the social and economic consequences by governments and others. In Italy, for example, the legislation draws on international classificatory schemes to categorize natural disasters (art.2, Law

² In July 2014, FASB released an exposure draft that proposes to remove the category of extraordinary items since stakeholders have complained that “the concept of extraordinary items causes uncertainty because it is unclear when an item should be considered both unusual and infrequent” (Bramwell, 2014). For example, in 2005, FASB declared that Hurricane Katrina was not “infrequent in nature and unusual in occurrence” (<http://www.accountingweb.com/topic/cfo/accounting-purposes-katrina-considered-ordinary>) whereas the eruption of the volcano Mount St. Helens in 1980 was (Bramwell, 2014). The exposure draft proposals are similar to IFRS (IAS 1 87) which does not allow the use of an extraordinary item category (http://annualreporting.info/ifrs_standards/ias-1-87-extraordinary-items-other-comprehensive-income-section).

³ Arguably similar sequences of classifications exist within IFRS, especially with respect to future site restoration costs (cf. CPA 2013, p. 31).

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