



Institutionalisation of control and accounting for bonded labour in colonial plantations: A historical analysis[☆]

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ABSTRACT

This paper offers a historical analysis of control and accounting for bonded labour relations in the 19th century colonial plantations in British Ceylon. The case illustrates the institutional evolution of colonial accountability and control systems, and the forms of accounting embedded therein. The notion of historical institutionalism is used to illuminate (1) how control systems were constructed in a path-dependent manner, (2) what particular accounting practices were institutionalised and (3) what roles they played in such circumstances. As the case reports, accounting practices in this context tended to be idiosyncratic due to historically specific and path-dependent material circumstances.

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1. Introduction

There have been few historical studies examining the evolution of colonial accountability and control structures within less developed countries. Most studies tend to treat historical factors as 'background' materials in an analysis of control and accountability issues. The purpose of this paper is to bring those 'background' materials to the foreground and to offer a broader perspective on how control and accountability structures developed in a colonial context. The paper reports on a historical case to illustrate control and accounting for bonded labour relations in the 19th century colonial plantations in British Ceylon (now Sri Lanka). It focuses on the management's reliance on a particular form of bonded labour relations and accountability structures which prevailed in most tea plantations in British Ceylon. The case illustrates that these labour relations and accountability structures were the combined outcome of both feudal and imperial political and administrative mechanisms. The case reports that accounting practices in this context were idiosyncratic.

The notion of historical institutionalism (Skocpol, 1995; Campbell, 1997; Immergut, 1998; Lecours, 2000) is used to illuminate this case. According to historical institutionalism, control and accountability structures evolve under path-dependent and historically specific circumstances to frame power relations and human actions within and beyond economic enterprises.

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In this paper, using colonial political economy of British Ceylon and historical institutionalism as a general frame of reference, two related themes are examined: (1) the institutional evolution of colonial control and accountability systems, and (2) the forms of accounting embedded therein.

The paper thus proceeds to present the framework of historical institutionalism, then outlines the historical case, and concludes with a theoretical postscript. First, the framework is presented, using the work by Campbell (1997), Skocpol (1995), Immergut (1998) and Lecours (2000). Second, the historical case is presented in three main episodes: (1) the formation of British Ceylon plantations, (2) the evolution of their accountability relations and control structures into a system of bonded labour, and (3) the cognitive–cultural dimensions of control structures, especially the processes of institutional paternalism where the accounting functions in a different way. In this, we emphasise how a specific accounting practice known as the “*Thundu system*” was mobilised to reproduce bonded labour relations, while a historically contingent and path-dependent institutionalisation process was articulated by a series of material circumstances that colonial capital encountered. Finally, the theoretical postscript provides implications and conclusions.

2. Historical institutionalism

Historical institutionalism has developed in institutional political economy frameworks such as of Campbell (1997), Skocpol (1995), Immergut (1998) and Lecours (2000). Relying on the historical materialism of Marx and the comparative institutional theory of Weber (Campbell, 1997), it focuses on structural properties which developed in historical circumstances, articulates how social structures evolve and explores how those structures constrain and enable human actions. According to historical institutionalism, historically constructed social structures shape institutional capacities, opportunity structures and the distribution of power with which actors perceive and pursue their interests. Rather than taking for granted that cognitive–cultural frames¹ alone shape human actions, historical institutionalists argue that evolutionary processes of control and accountability structures should be theorised as an endogenous part of macro-political policy formation and institution building (Campbell, 1997, p. 23). Human actions are thus said to be instrumental, constrained and enable by objective and material circumstances and driven by the logic of consequentiality—their goals and incentives tend to be determined by the objective institutional positions of actors (Campbell, 1997, p. 32). It has also been argued that the actions enabled (and constrained) by structural frames would bear more agential potential towards manipulating the structures. Without taking these dynamic relations between structural properties and human action, the analysis of the emergence and evolution of control and accountability structure would only be partial and incomplete (Hopper and Armstrong, 1991; Wickramasinghe and Hopper, 2005).

Historical institutionalists tend to bring to the fore the state–society and state–economy relationships and define important research problems accordingly (Skocpol, 1995, p. 103). In particular, they explore the political processes that endogenise various external institutions within organisations. Institutions are thus a set of relationships that persists over time although they are inherently conflictual and tension-laden. Taking rather a realist perspective, historical institutionalists view these institutions as “actual patterns of communication and activity, rather than seeing them primarily as general values, norms, ideas, or official rules”. Their primary interest is in “studying political processes and outcomes” and they see these as “brought about, usually without intentional foresight and control, by actors whose goals and capacities and conflicts with one another are grounded in institutions” (Skocpol, 1995, p. 105). Seen from these perspectives, accountability and control systems are intermingled with both these processes and outcomes, so the nature and effects of these systems can be captured when those political processes and their outcomes are systemically explored.

It is known that historical institutionalists conceive history as a form of (political) theory rather than a set of data which explains the processes of institutional development. Consequently, they articulate institutional developments by emphasising historical contingencies and irregularities (Immergut, 1998; Lecours, 2000). In other words, institutions form and evolve in historical complexities and the resultant patterns of relationships between actors and existing institutions. Historical institutionalists argue that political outcomes are path-dependent: once institutions are created, they would persist on their own and may generate processes which are unforeseen by the actors associated with those institutions (Lecours, 2000, p. 517). To illustrate these path-dependent patterns of institutional evolution, historical institutionalists draw their attention to schemes of territorial, ethnic and other distributive dimensions of power, political party systems and structures, electoral rules and procedures and constitutional provisions. As Skocpol (1995, p. 105) shows, such historical complexities are categorised into four types of processes: (1) the establishment and transformation of political institutions through which politicians pursue policy initiatives in relation to micro-economic enterprises, (2) the effects of political institutions and procedures on the identities, goals and capacities of social groups, (3) the fit (or lack thereof) between the goals and capacities

¹ Accounting researchers often tend to concentrate on the discursive formation of cultural–cognitive frames and how such frames encode and enact human actions within organisational settings (e.g. Covalleski and Dirsmith, 1983; Covalleski et al., 1993, 2003; Bhimani, 1999; Brignall and Modell, 2000; Dambrin et al., 2007; Dirsmith et al., 1997; Tsamenyi et al., 2006; Dillard et al., 2004; Scapens, 1994; Burns and Scapens, 2000; Lukka, 2007; Seal, 2006; Seal et al., 2004; Soin et al., 2002). Most alternative frameworks of institutionalism in accounting tend to explain system stability, especially in micro-settings within which human actions and institutions ritualistically interact (e.g. Burns and Scapens, 2000). As Dillard et al. (2004, p. 511) show, their analyses are confined to the duality between actions and institutions, which is often understood as “sedimentary processes represented in routine practices that have become embedded within the ongoing daily activity of organizational life”. Institutional change is thus understood only within the cognitive–phenomenological relationships between institutions and human actions, rather than giving reference to macro categories such as polity, economy and society.

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