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NOTES ON CRITICAL ACCOUNTING LITERATURE - SOME INNER CONTRADICTIONS, DIVERSITIES, THE NEED FOR PERSPECTIVE CHOICES IN ORGANISATIONAL ANALYSIS

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Abstract

This paper has several aims. First, it is a propaedeutic paper concerned with thinking and understanding the critical accounting literature. Secondly, it examines some inner contradictions in philosophical assumptions, the problematic 'knowledge claim' and diversities of perspectives that have been advanced in the critical accounting literature. Thirdly, a prescriptive understanding of the nature of organisational 'culture' and its transition processes in order to focus on the necessity of perspective choices is advanced. Fourthly, it is argued that the concepts of 'organisational change' and 'change in a (pedagogic) discipline' are not parallel. This view ultimately leads us to argue, from a 'research student perspective', that it is not possible to start a major research study in a vacuum: it is necessary to examine the history of existing thought and theories of a discipline in order to focus on a research interest and as well as determine the choice of the most appropriate research framework. Finally, an example of an evaluation is cited following a Habermasian critical approach in order to show some possible accounting interventions and research propositions in the area of (management) accounting and control systems research in a micro-organisational context.

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The call for a more self-reflexive and contextualised accounting literature, which recognises the interconnections between society, history, organisations, accounting theory and practice is a recent phenomenon. The search for a practical (pragmatic) understanding of the actual functioning of accounting in organisations as well as its social implications, has in fact emerged as accounting researchers have begun to challenge the 'positivistic' notion of theory testing in accounting. The positivists' mathematical models are limited to a few variables and statistical tests constrained by the available data and are non-reflective in understanding modern organisational and societal problems. Thus, it is not surprising that accounting researchers have come to realise "how little we know about the actual functioning of accounting systems in organisations" (Hopwood [1979, p.145, cf. 1978, 1983, 1986], Burchell et al. [1980], also quoted in Laughlin [1987, p.479] and Laughlin and Lowe [1990, p.15]).

It is widely accepted that the significance of accounting bears no special connotation without the existence of organisations. In other words, neither accounting nor organisations have a significant independent existence; rather, they are complementary and this in turn has social ramifications (Hopwood [1978, 1983, 1985, 1986]; Burchell et al. [1980]; Loft [1985]; Neimark and Tinker [1986]; Chua [1986]; Cooper and Hopper [1987]; Laughlin [1987]). Many actors other than accountants play a significant role within an organisation (Chua and Degeling [1989]). Consequently, it is being increasingly realised that the information that is produced from an accounting enterprise cannot be viewed as value-free or neutral but as value-laden. This suggests that neither accounting nor organisations can be isolated from the social contexts in which they exist (Hopwood [1983]). Thus, the traditional view that accounting is no more than a technical phenomenon is being resisted. It is argued instead that accounting has wider social ramifications. In this sense it becomes necessary in the accounting research arena, to consider a broader framework or type of work that should ultimately provide a richer methodological guide-line in enhancing our understanding of how accounting works in practice. This necessity has led accounting researchers to advocate a more diverse range of theoretical and practical issues than in the past and
which can be denoted as the critical accounting movement. In the following section attention will be drawn to these issues in order to reflect on the general features of this new (critical accounting) movement.

The Critical Accounting Movement

The label 'critical accounting movement' is the preferred terminology of MacIntosh [1988]; others labels have included 'critical accounting literature' (Neimark and Tinker [1986]), and 'critical studies' (Cooper and Hopper [1987]; Laughlin, Hopper and Miller [1989]). Laughlin [1987] uses the term 'critical theory' to mean 'critical social theory', especially German critical theory. Some others also use the term 'critical theory' to mean French critical theory.

These terminological differences may mean different things to different accounting theorists/researchers. If the expression 'critical studies' is used in accounting as the general nomenclature of this progressive movement, it is possible to question the ultimate concern of 'critical studies' in accounting? In this regard, beside the primary objective, that is, to challenge 'positivists' epistemology, Cooper and Hopper [1987, p.411] argue that it is a concern to access the significance of accounting both as a set of everyday practices and as a series of theoretical discourses central to studies in accounting. A second concern, they posit, is that "critical studies in accounting (are) frequently concerned to explicate a theory of interests in understanding accounting practice and theory" (p.411). This is supported by Laughlin, Hopper and Miller [1989] who argue, that the notion of critical studies has taken such a form in order "to identify and document the role that sectional interests play in accounting". In an introduction to a recently published anthology of 'critical papers' Cooper & Hopper [1990] state that "critical accounting arose both as an expression of attempts by scholars within accounting to apply fresh, typically nonfunctionalist, theoretical insights into the effects of accounting within organisations and society" (p.1).

Since the early 1980s the critical accounting literature has been advancing with a diverse range of expression as to the theoretical underpining necessary to understanding and relating accounting theory to practice. One of the main features of this movement has been that 'theoretical considerations have loomed large' in developing accounting theory, characterised by a theoretical openness and an awareness of developments in other
relevant disciplines (Hopwood & Bromwich [1984, p.150]). Cooper and Hopper [1990] articulate that "critical accounting is critical of conventional accounting theory and practice and, through critical social science theory, it seeks to explain how the current state of accounting has come about".

Until recently it has been well accepted by critical accounting researchers that an understanding of the significance of accounting and its development requires an examination of its social context. In endeavours to examine such a context some critical accounting researchers have gone deeper into the various fields of social sciences, including the sociology of knowledge, and philosophy of science. In so doing, a diverse range of theoretical and methodological underpinning has been brought into the accounting research arena in order to investigate how accounting is related to society, politics and organizational functioning. However, it also becomes apparent that there is an incoherence regarding the 'state of knowledge claim' (i.e. the methodological issues). In other words, "although there is common agreement amongst them (i.e., critical accounting researchers) in their rejection of 'functionalist' (in the terminology of Burrell and Morgan [1979] classifications) thinking, it would be wrong to see the alternative approaches which they advance as some homogeneous set" (Laughlin and Lowe [1990, p.35]). A wide range of alternative theoretical approaches has been advanced and examined in order to enhance understanding and a summary is given below:


(b) those who rely on political economy (including Marxian) approaches (cf. Cooper [1980], Tinker [1980], Cooper & Sherer [1984], Neimark & Tinker [1986], Willmot [1986], Armstrong [1987], Hopper et al. [1987]);

(c) those who propound the merits of Habermasian critical theory (cf. Laughlin [1984, 1987, 1988, 1990a], MacIntosh [1990], Broadbent et al. [1990], Chua and Degeling [1990]);

(d) those who utilize Foucauldian approach (cf. Burchell et al. [1985], Hopwood [1987], Loft [1985], Miller & O'leary [1987], Hoskin & Macve [1988], Chua & Degeling [1990], Hopper et al. [1990]);

(e) those who utilize Giddens's structuration theory (cf. Roberts and Scapens [1985], Capps et al [1989]);

(f) those who utilizes Clegg's concept of power analysis (cf. Booth [1988]),
(g) those who utilize Gramsci's concept of hegemony (cf. Lehman & Tinker [1985], Richardson [1987]); and
(h) those informed by the thinking of Derrida's deconstructionism (cf. Tinker & Neimark [1987], Arington & Francis [1989], MacIntosh [1990]).

Although there exist dissimilarities amongst these diverse perspectives, a common feature of authors of this movement is that they share a common feeling for accounting research in that it needs to be considered within a broader societal context, and that the development of theory needs to be considered open and refutable. Whereas mainstream 'positivists' rarely accept such an evaluation, that is the 'criticism(s) of their own tradition' (Chua [1986, p.626]). Schutz ([1973, p.130]) refers to them (positivists) as an unquestioned tradition. Gaffikin [1989] argues that research of the positivist's tradition is commonly advanced as a 'paradigm knowledge-yielding enterprise'. It is sometimes argued that research from the positivists' perspective is seeking answers only to the research questions the researchers construct. In general, the performance of answers is judged on the basis of the generality of theory from complex issues into a traceable representation, and this is the basis of accolade and acceptance of a particular research endeavour (Chowdhury [1986]).

The central theme of this paper is not to provide an exclusive coverage of the critiques of 'positivism' as that has been covered in several papers in the critical accounting literature (cf. Lowe, Puxty and Laughlin [1983], Sterling [1990], Gaffikin [1987, 1988, 1989], Hunt and Hogler [1988]). Rather, attention is drawn to the critical accounting movement and its thrust towards understanding the problematic 'knowledge claim'. Researchers of this (latter) movement have expressed their understanding and feeling (at least implicitly) that accounting research needs to be considered within a broader societal context, and theory development needs to be open and refutable. Although the details of each individual perspective of the movement have so far not yet been discussed, it cannot be assumed that they offer the same conclusions. It can be argued that these diversities have created dysfunctions in the accounting research arena in that they result in incoherence and diversity about the 'knowledge claim'.

Such consequences have created tensility among academics (researchers) some of whom argue against the view that accounting research is a 'multi-paradigm' discipline (cf. Cooper [1983], Hopper and Powell [1985] who followed Burrell and Morgan [1979]). This argument has been favoured by Chua [1986] also. She argues that alluding to accounting research as "multi-paradigm" or having "mutually-exclusive" perspectives
creates a deficiency in accounting theorising. Instead, she argues, different "world views" should be classified better "with reference to (the) underlying (philosophical) assumptions about knowledge, the empirical phenomena under study, and the relationship between theory and the practical world of human affairs" (p.603). By developing such a classification of assumptions she divides 'mainstream accounting thought' into groups with two alternate world-views, such as interpretive and critical. With such an appreciation, she argues, a tradition of rich research insight would emerge.

A different view has been posited by Laughlin and Lowe [1990] who argue that "despite the view of people like Giddens and Foucault, whose ideas have been adopted by some of the new wave of accounting thinkers, who maintain that the opposites can be held in dynamic balance making the choice unnecessary and counterproductive, we (Laughlin and Lowe) would maintain that the key dimensions highlighted in the Burrell and Morgan's framework are mutually exclusive, where choices are necessary in the formulation of any approach to research into accounting systems design" (p.36). They argue that the different perspectives (as listed above) are, somehow or other, well suited to the three categories of Burrell and Morgan's [1979] classification of social theories which excepted 'functionalist' paradigm. (For reference Burrell and Morgan's [1979] representation of the four paradigms of social theory is reproduced in Figure - 1.) Laughlin and Lowe further argue that critical accounting researchers have a common understanding that field study in accounting is emergent and also recognise the need for the rejection of the 'functionalist' paradigm.

Figure 1 (about here)

It is Laughlin and Lowe [1990] who claim that this choice of perspective is necessary but they do not then clarify why it may be so. Therefore, in order to clarify further this appreciation - that is, whether the 'choice of perspective is necessary or not' - the following explanation is suggested: if it is assumed that the above perspectives (a-h) can explain a particular phenomenon or object domain (x) with the same expected achievable results then, logically, any choice is not necessary for it is expected that the same results can be achieved irrespective of the perspective chosen. Thus, despite their theoretical differences, it does not matter which perspective is chosen. However, if it is assumed that different 'truths' (say k-r) are respectively suitable for corresponding (a-h) perspectives, then a 'choice is necessary'. Or, it can be argued that if any perspective can explain better all the 'truths' or is suitable for explaining diverse 'truths' (accounting), one may choose such a perspective (which is yet to be discovered in the accounting research
It is worth stressing what was suggested earlier, that neither accounting nor organisations exist (in any significant manner) independently, that is, accounting exists for organisations and organisations for accounting. Therefore, any ramifications of accounting (social or political) must be considered in relation to organisations and any meaningful ramifications can only be expanded if the organisational analysis of accounting is a part of the primary research agenda.

A researcher wanting to embark on a study of an organisational analysis of accounting may question the likely task for him/her before embarking on such an analysis? What perspective should be adopted? Since organisational analysis is considered to be a major part of the research agenda, an understanding of an organisational 'culture' would be useful in enhancing understanding choice of perspective. Here, like Habermas (1987, p.138) the meaning of 'culture' is taken to be: "the stock of knowledge from which participants in communication supply themselves with interpretations as they come to an understanding about something in the world". In the following section attention will be drawn to how such an organisational 'culture' may evolve.

Organisational Culture & Transition Process

It can be argued that an organisational 'culture' (i.e. stock of knowledge) at a particular point of time is an amalgam of both visible and invisible knowledge (as shown in Figure - 2). How the 'invisible' can become a part of the stock of knowledge may be confusing to some but is illustrated by the agenda which the management of organisation in question always keeps for 'what is not', such as the future possibilities, hidden meanings and unseen realities which are invisible to the organisational actor(s) at a particular point of time. At the same time, in a dynamic, changing environment it is possible that what is visible now may become invisible at some subsequent point of time (that is, either existing systems become obsolete or more complex). Thus, the addition of 'what is not now' (invisible knowledge) to 'what is now' (i.e. visible knowledge) makes the organisational knowledge complete. In other words, an impetus for change in an organisational context lies with the balancing of the 'visible' and 'invisible' sets of knowledge. In addition, it can be argued that the management of the organisation in question uses both sets of knowledge for the purposes of its system maintenance as well as for its social integration.
The dichotomies between the 'technical' and 'non-technical' classification is intentionally avoided here, as it is often a debatable issue and difficult to isolate either classification in any general sense without consideration of a specific context. Note also that the details of organisational transformation processes in an input-output sense is eschewed (for such a discussion see Otley and Berry [1980], Lowe and Machin [1983], Wilson & Chua [1988]). In order to clarify the need for perspective choices for different 'truths' (accounting) that may arise in an organisational analysis, a taxonomic classification of visible and invisible in which both 'technical' and 'non-technical' are moulded (embedded) is developed. At this stage, this classification is rather arbitrary as well as speculative.

Figure 2 (about here).

The elements in the box of visible knowledge may be numerous. For simplicity, a limited set of such knowledge is broadly categorised under the notion 'visible' such as existing systems in use (i.e information in use), labour, work (purposive rational actions), communicative knowledge (interaction - symbolic interaction and communicative action), societal issues and history. Similarly, the invisible box can embrace numerous unknown/unseen 'truths' which are often latent. The elements in this box include future possibilities (new work possibilities), communicative knowledge (interaction - symbolic interaction and communicative action), societal issues and history. From Figure-2, it is apparent that at Time 1 in both boxes certain elements are common such as communicative knowledge, societal issues and history. A reason for this is that at particular point of time these 'truths' can never become totally transparent (Habermas [1987]). They are, by nature, changing and developing through time.

Like societal issues and communicative knowledge, history is also considered as an amalgam of both visible and invisible sets of knowledge. It is visible for there are some existing histories about previous activities and relations as they are known now (which can be seen as 'instrumentalistic' by nature at the time). It is invisible because there is a need for constantly 'reworking', 'reinterpreting' (Birkett [1989]).

Through particular management practices, which are shown in between the two time dimensions of Figure-2 as transition processes, a utilization of a particular type of change processes or design archetype or so via an interpretive scheme may take place (cf. Laughlin [1990a]). It is through these processes that the organisational culture is evolving. The nature of such a change in an organisational culture can be seen as
'continuous' and 'aorganisational' (Boland [1990]). It is 'aorganisational' in that the organisational participants (actors) always keep their work situation at their back as a resource for action oriented to mutual understanding (Habermas [1987]). Generally, it is the strategic management (or steering media) of an organisation which activates the processes of transition known as management practices.

Two important suggestions can be made (hypotheses formulated) in order to focus on the direction in which the organisational culture changes over time. First, as good practice for the purpose of 'survival,' the steering media of the organisation may review their existing visible knowledge base, that is, re-visiting 'what they know about themselves and what they are doing'. In so doing, there may occur a change in existing systems or a greater visibility of the nature of the existing knowledge base for those elements, such as communicative knowledge, societal issues and history, which enhances the organisation's adaptive capacity as, what Cooper [1881, 1983] sees as a tidying up process rather than one which will muddle things. At the same time, it can be argued, that when the steering media of an organisation wants to balance the existing systems or increase their adaptive capacity in the uncertain environmental and societal complexities, it is possible that instead of having more visibility some elements (say communicative knowledge) may become more invisible (as shown by the line in Figure-2).

Secondly, at the same time, it can be argued that "not all unseens can be fully seen or made visible or meaningfully understood at a particular point of time". Thus, there emerges a continual necessity for more learning. It is through these learning processes which the organisational culture (knowledge), recurrently evolving and rationalising (rather temporarily), can be comprehended.

If these insights are correct, an important question can then arise as to how to deal with the choice of perspective in an organisational analysis. It would seem that if a researcher(s) wants to know only the 'visible knowledge' that the organisational actors know at a particular point of time (say at Time 1 of Figure 2), he/she may need the perspective that would facilitate explicating 'what they are now' (which, remember, is 'aorganisational' by nature); it is a question of knowing the organisational phenomena. In so doing, it is to be noted that the researcher is not an actor. This raises a question of acting and knowing and this is seen as problematic by social scientists*. From the viewpoint of a researcher, something which is as yet to be uncovered is how such an interpretation can be made possible; an interpretation which reflects a dependable representation of what the organisation (the management) in question sees as the visible
knowledge at hand at a particular point of time. It is also a question of whether such knowledge is available in a written (Wilson & Chua [1988]) or any other form, at least, for (say) communicative knowledge. Secondly, any attempt to comprehend, in order to linguistify, the 'invisible set of knowledge' for a particular action, say communicative action or so, may need a perspective which should facilitate explicating what that knowledge is now not. It is important to bear in mind that such an explication cannot be conducted in a value-free and neutral way. If done successfully it would certainly enhance the predictive capacity of any real action situation. Thirdly, if we are to know the transition processes of how change in an organisational setting has been occurring, considering both visible and invisible knowledge, may need a formulation different from other approaches. Finally (at least), any judgement regarding 'what is good practice' and 'what is bad practice' may take a different strand.

On the other hand, it cannot be assumed that accounting research can only be dealt with within an organisational (micro) analysis. It may embrace some other area such as a broader organisational analysis (i.e., industry analysis), an international comparison, or political and social discourses. It may be that such a discourse based on critical accounting research needs different formulations. Thus, if these possibilities (though not exhaustive) arise, then, as mentioned earlier, a choice in formulating any approach to research is necessary. Although this line of argument supports pluralism, as is argued by Cooper and Hopper [1990], it seems to provide a workable premise for critical accounting researchers (including students). In a respect these explanations appear somewhat speculative and normative and seem to suggests that a researcher may venture to start his/her major research by thinking along this line - until some commonality of understanding is achieved.

It cannot be assumed that matching perspective(s) in the course of knowing and linguistifying these (above) possibilities in an organisational setting can be achieved in any definitive way. Much of this matching depends to a large extent on the researcher's care in formulating the approach to the researching of such realities. It also depends on several other aspects, such as gaining access to the organisation(s) and a deep understanding of the context as well as on the researcher's ability to maintain such a difficult role.
From the above discussion, an argument can be made that the different scenarios (as mentioned above), about determining a 'problematic knowledge claim' for different possible realities, do not, in any sense, depend on a strict adherence to a methodology. Rather, it is very much dependent on a wide variety of arguments and (better) silences, at least, for interrelating the framework(s) and formulating the approach to research.

In the previous discussion attention has been drawn to a prescriptive understanding of how organisational 'culture' and its transition processes may (in a broad sense) evolve. Some arguments in the form of questions, especially for the necessity of perspective choices have been advanced. A reason for such a prescriptive focus is to clarify the problematic 'knowledge claim' in understanding the uncertain relationships of the nature of organisational 'culture' and its transition processes. Merely understanding these 'cultural' processes does not necessarily mean that a change in accounting knowledge will occur. Rather, it occurs when additions are made to existing theory or throughout the development of a new theory.

Organisational Change and Change in a Discipline

Whether the concept of 'organisational change' can be considered parallel to that of 'change in a (pedagogic) discipline' that is to come is questionable. For example, particular organisational knowledge (say change processes), which are unknown to a researcher before any investigation takes place, cannot convey the total knowledge that exists in the discipline in which the researcher is working (such as accounting). An organisational analysis or analysis of any context provides a basis for substantiating the existing knowledge of the discipline. Of ultimate concern, from a research point of view, is the enhancement to the existing knowledge of the discipline by adding new insights (research outcomes) from an unknown context. These new insights may bring new forms of visibility, such as new meanings, new ways of doing things, generating new thinking, etc., which will enhance change in context as well as filling in the gap between the theory and practice. Increasing 'linguistification' (Habermas [1984, 1987]) of the varieties (multiplicities) from contexts and filtering them through writing history may be a possible way of changing a discipline or a way of thinking about the discipline, say accounting.

From the viewpoint of a 'research student perspective' an important point is that a researcher (the student) cannot start his/her work in a vacuum. Thus, before choosing a perspective or perspectives, the researcher (research student perspective) needs to bring
the history (of existing theories and thought) of the discipline with special reference to
the wing (particular arm of the discipline) and its sub-branches in order to focus his/her
research interests. In other words, this is what Gaffikin [1984] argues when he says that
"any successful theory must be able to count for past research/theoretical activity within
that discipline" (p.8). It follows that in order to enhance the knowledge of the existing
(management) accounting thought and theories, a field study needs to be undertaken. In
order to substantiate the empirical ground the related existing theories and thought need
to be evaluated, a research interest needs to be addressed and a perspective (or
perspectives) needs to be chosen. (Of course, it is not an easy task to resolve, at least at
this stage, which perspective one should choose, as, for the beginner, it seems to be
somewhat arbitrary!).

In accounting there exits 'two dominant wings', which have achieved attention in the
development of theory - financial accounting and management accounting. Within these
wings there exists some other sub-branches. Although sections overlap in practice,
without an understanding of the boundary connotation between these two major wings, it
may be that a field study in accounting would be unmanageable. This suggests that in
reality every researcher needs a workable definition or (at least) connotation of the wing
or sub-branches in which to conduct field studies. But it is important to remember that in
the social sciences (say accounting) it is worth looking for connotative meaning rather
than a general meaning. Thus, to some, there may be confusion about the possibility of
subjects overlapping: some subjects that may appear to more correctly belong in other
sub-branches of the discipline. It seems that this long debate can only be overcome if the
researcher(s) reflects on this issue while undertaking the field study.

It is stressed that this propaedeutic paper does not intended to draw a historical review of
the evolution of the existing theories and thought (of a wing or discipline) for a specific
research project. But, it proclaims that it provides a framework for a 'research student
perspective' in that the researcher (the student) needs to address the existing thoughts and
theories in order to overcome any limitations in the conventional. However, an example
of how such an evaluation can be made possible in order to focus on the perspective(s)
choices, at least initially for a framework, is given below.

**An Example:** The consideration of the notion of 'rationality' in theorizing accounting
effects on economic and social life is a recent phenomenon. Although it has a long
retrospection in the German tradition of critical social theory (cf. Max Weber [1958],
recently appeared in accounting research. Such an eclecticism has helped accounting researchers to question the conventional wisdom and theories of their discipline. For example, a realisation has occurred concerning the manner in which in traditional accounting research the question of 'rationality' is one-sided, where "society is seen as being comprised of independent, freely contracting individuals, whose initial endowments are irrelevant to the contracted outcomes, and conflict is viewed individualistically, asocially and as an equilibrating process" (Neimark and Tinker [1986, p.369]) has been dealt with. Such a traditional view has ignored the social and historical origins of the structural relations and institutional forms of human society that characterize contemporary capitalism (Neimark and Tinker [1986]). In other words, it ignores the socio-historical perspective.

In response to the limitations of traditional thinking some accounting researchers have called for a more self-reflexive and contextualised accounting literature (as mentioned earlier), which recognizes the interrelationships between society, accounting theory and practice, and incorporates inter-organizational and social conflict (cf. Hopwood [1979, 1983, 1986]; Tinker [1980, 1975]; Hoogvelt & Tinker, [1978]; Burchell et al., [1980]; Cooper & Sherer, [1984], Neimark & Tinker [1986], Laughlin [1987,1988], Tinker and Lowe [1984], Cooper & Hopper [1987], Broadbent et al. [1990]).

Neimark and Tinker [1986] explain how the traditional accounting theories have undermined the potentiality of incorporating the socio-historic elements that need much attention for explaining occidental modernisation. Though they base their analysis on Marx's account of modernisation, it would have strengthened their analysis if they had considered Habermas' natural extension of Marx's account in understanding 'modernity'. However, their strong criticism of orthodox (traditional) research can be taken as a basis for further understanding how accounting sociality can be related and expanded. In fact, their (eg. Neimark and Tinker [1986]) discussion were centred on uncovering the limitations of the conventional models of management control systems (MCS) over the social construction of MCS, where management accounting systems (MAS) are parts of the former.

They identify six major limitations of the traditional theories (such as transaction cost theories, contingency theories, agency theories and the inducement contribution model) that dealt with elaborating 'management control systems'. The limitations, they (Neimark and Tinker [1986]) put forward, are: (i) it does not consider the socio-historical perspective; (ii) it frequently ignores socially deserving processes of feedback
mechanisms; (iii) "it fails to acknowledge the extent to which the organization is part of and constitutes its environment, as well as the extent to which the environment permeates the organisation's internal structure and social relations". In other words, "it views the organisation and its environment as separate entities"; (iv) the environment is incompletely articulated, such as (a) individuals are viewed as atomistic beings not belonging to a structure of social relations, that is, of part of the wider society, (b) social conflict is seen as an equilibrating process that takes the form of market competition, (c) neglects the possibility of fair exchanges which may have inevitable features, (d) the reliance on marginalist economics; (v) it undermines the performance as non-problematic - implicitly it assumes "what is good for the capitalist is good for the worker, the local community and nation", and they thereby ignore the social costs imposed on society by corporate innovations; (vi) finally, the orthodox model is grounded in a "positivistic epistemology which itself understated the social status of their theories" (pp. 370-77).

To Habermas, any theory that claims to be a theory of society (in sociological sense) will encounter the problem of employing a concept of rationality, which always has a normative content at three levels (Habermas [1984]). These levels, Habermas [1984] argues, "can avoid neither the metatheoretical question concerning the rationality implications of its (sociology) guiding concepts of action nor the methodological question concerning the rationality implications of gaining access to its object domain through an understanding of meaning; nor, finally, can it avoid the empirical-theoretical question concerning the sense, if any, in which the modernisation of societies can be described as rationalization" (p .x1). Accounting is no different.

From this viewpoint, at least theoretically, Habermas has extended our understanding that 'neither everything is good nor can it be discarded'. Using Habermas's critical approach some accounting researchers (cf. Laughlin [1984, 1987, 1988, 1990a], Broadbent et.al. [1990], Chua and Degeling [1990]) have reflected its potentiality both in methodological and theoretical developments towards the organisational analysis of accounting and the analysis of societal developments. It is true that Habermas has advanced his thesis through a consideration of diverse range of issues. However, to enter into the debate of how a Habermasian critical thought is relevant to understand our accounting and a future research project, the following two sections are directed to this end. In the first section, it is intended to focus on some aspects of Habermas's main thesis regarding the explanation of 'communicative action', 'rationality' and 'modernity', as much of the recent debate
amongst the contemporary sociologists is centred on this issue. In the second section, attention is drawn to Habermas's thesis of the relations between systems and lifeworld and its interrelationships.

1. Some Aspects of Habermas's Critical Approach in Understanding Modernity and Likely Accounting Intervention

A central theme in Habermas's work is the thesis that a societal development, be it from either a broad societal or a micro organisational viewpoint, is traceable to the increasing linguistic skills of the societal participants. It is through developing these discursive skills, Habermas maintains, that "society has progressed from the mythical through to the modern". The process of increasing such a skill, according to Habermas, has an evolutionary effect. That is, it is through the evolutionary process that any action can be either implemented or understood in an organisational as well as in societal context, but not with the strong (objective/panoptic view) metaphorical understanding of, what Habermas calls, 'scientism'.

Another appreciation of Habermas's thesis lies in the theme that his theory of communicative action is not a metatheory, but rather what he sees as "the beginning of a social theory that is concerned to validate its own standards". Habermas accomplishes this by shifting his attention to the paradigm of language, that is, not as a 'syntactic' or 'semantic' analysis, but as 'language-in-use or speech'. This latter concept, that is - language-in-use or speech, according to Habermas, can be used for 'comprehensibility', 'truth', 'rightness', and 'sincerity' rather than as a tool for creating universal validity claims.

In particular, Habermas develops these concepts in his two volume work *The Theory of Communicative Action* (as translated by T. McCarthy in 1984 and 1987 respectively). The titles are indicative of the focus of each volume; the first is subtitled *The Reason and Rationalisation of Society*, the second, *System and Lifeworld: A Critique of Functionalist Reason*. 
Throughout these volumes, one of Habermas's principal preoccupations is seen in the form of a question, namely, "whether and in what respects modernisation of western capitalism can be viewed as rationalization?". Assessment of 'modernity' is one of the pivotal considerations that has been central in much of Habermas's recent work. For him, "the real challenge lies in conceptualizing 'modernity' in a way which neither overlaps its costs, nor uncritically celebrates it in the way that mainstream social science has advanced" (White [1990, p.91]). (Habermas's humanist thinking, in the terminology of Burrell and Morgan [1979], is a call for a 'just and free life' - a far reaching goal). This viewpoint has dominated concept and theory formation not only in modern sociology but also in the related fields of social sciences including the critical accounting literature.

Through sustaining a continuous line of thought Habermas demonstrates, in the above volumes, three interrelated concerns which he considers theoretical reconstructions over the ideas of 'classical' social theorists (Eg. Marx, Max Weber, Durkheim, Mead, Lukacs, Horkeimer, Adorno, and Talcott Parsons) on the subject of communicative action and 'modernity'. These concerns are neatly summarised by T.McCarthy as:

1. to develop a concept of rationality that is no longer tied to, and limited by, the subjectivistic and individualistic premises of modern philosophy and social theory;

2. to develop two-level concept of society that integrates the lifeworld and system paradigms; and,

3. to sketch out, against this background, a critical theory of modernity which analyzes and accounts for its pathologies in a way that suggests a redirection rather than an abandonment of the project of enlightenment.[1984, p.vi]
Habermas argues that "the notion of lifeworld [Lebenswelt] must be introduced in order to link action theory more convincingly with rationalization processes. This means understanding not just how particular actions might be judged as rational, but how the rationality potential made available in modern culture is 'fed into' particular actions making possible a 'rational conduct of life' in general". He thinks the introduction of this idea of the 'lifeworld' was necessary as it is a complement of the concept of 'communicative action'. According to Habermas, "it (lifeworld) links that concept firmly to the concept of society; and by directing attention to the 'context-forming horizon' of social action, it takes (us) another step away from the subjectivistic biases of modern social theory. Moreover, it makes it possible to construe rationalization primarily as a transformation of implicitly known, taken-for-granted structures of the lifeworld rather than of explicitly known, conscious orientations of action" (McCarthy, [1984]). Habermas further argues that "the object domain of social inquiry is symbolically prestructured, antecedently constituted by the interpretive activities of its members, the social scientists can gain access to social objects only via interpretive understanding (Sinnverstehen) - be these 'objects' social action themselves, their sedimentations in texts, traditions, cultural artifacts and the like, or such organized configurations as institutions, systems, and structures".

The process of coming to an understanding in specific situations, must take place against the horizon of a lifeworld. Habermas maintains, it is from the viewpoint of understanding-oriented action that the lifeworld "stores the interpretive work of preceding generations" and, thus, functions as a "conservative counterweight to the risk of disagreement that arises with every actual process of reaching an understanding". In fact, borrowing from phenomenological studies, Habermas draws attention to a culturalistic concept of 'lifeworld'. He argues that it is the cultural patterns of interpretation, evaluation, and expression that serve as resources for the achievement of mutual understanding by participants who wants to negotiate a common definition of a situation to arrive at a consensus regarding something in the world. Such an interpreted action situation, Habermas [1987] argues, circumscribes "a thematically opened up range of action alternatives, that is, of conditions and means for carrying out plans. Everything that appears as a restriction on corresponding action initiatives belongs to the situation" (p.134).

It is the actor, according to Habermas, who always keeps the lifeworld at his back as a resource for action oriented to mutual understanding. Any restrictions (problems/
resistance) that circumstances place on the pursuit of an actor's plans also appears to the actor as elements of the situation. Such a view of cultural patterns of interpretation, evaluation and expression of action situation, Habermas maintains, does not fall under formal world-concepts, that is, by means of which participants come to an understanding about their situation. If the actors cannot grasp the action situation from the cultural patterns and language, it is then in need of the "repair work of translators, interpreters, and therapists" (as Habermas calls it). That is, where their research endeavours emerge. Habermas spent quite some time and energy and devoted space in his early writings, especially in Theory and Practice (see Habermas [1974, pp.1-41]; see also the discussion in Held [1980], Thompson [1981], Geuss [1981] and Roderick [1986]) to describing how such endeavours can be accomplished. It is through his 'discursive processes', which is broadly defined as the 'ideal speech situation' (see Laughlin [1987] for a summary of these processes), that both the researcher and researched (actors) are lifted out the problematic situation and are headed towards gaining 'consensus' and then, selection for implementation. However, Habermas's discursive framework is not problem free in respect of its practicalities, such as 'gaining access' (for more see Laughlin [1987]). (Thus, it may be necessary to turn to this issue again when determining its potentiality for a project while undertaking the practical level of analysis.)

Within Habermas's theoretical framework, the question of symbolic reproduction is the same as the question of how the lifeworld is reproduced. That is, of how communicative action generates on-going patterns of social relations and the integration of individuals into them. This becomes interesting as a principle of "sociation". That is, after removing the problems each agent's own critical capacities are increasingly integrated into the on-going reproduction of the lifeworld. Accommodation of a new experience to the stock of "the unproblematic" creates a new dimension, or what Habermas called the "second order" rationalisation. Thus, he introduced the new concept of 'rationalised lifeworld' rather then simply the 'lifeworld'. Habermas's main argument in developing such a concept of rationality is to give more attention to the experience of achieving mutual understanding that is free from coercion. If this is carried through at a reflective level, Habermas believes, it will open up the ground to gain intersubjective recognition for criticizable validity claims, which will ultimately help in identifying and correcting mistakes, that is, of learning from them. That is, by reflecting the reason to act rationally, it can ultimately constitute a domain of 'self-reflective' or 'critical knowledge' (Bottomore, [1984, p.57]. A result, according to Habermas, Held [1980, p.255]) argues, will be the enhancement of autonomy. Thus, Habermas [1987b, p.117] argues that man
(sic), 'for if he is indeed an autonomous and fully responsible being', 'cannot escape the conclusion that he is the author of crimes, and he, then, can distinguish between 'transcendental man' and 'empirical man'. In this way, Habermas thinks, of how to create a "second order" dimension of societal developments including micro-organizational change.

After examining a wide range of the organisational change literature, Laughlin [1990a] has further examined how Habermas's framework fits into the theoretical development of organizational change. The basic premises of such discursive argumentation, according to Laughlin, requires a conceptualization of an organisation as "an amalgam of 'interpretive schemes', 'design archetypes' and 'sub-systems'" [1990a]. He argues that "... organisations contain certain tangible elements about which intersubjective agreement is possible (e.g. the phenomena that call for instance buildings, workers, machines, finance and accounting systems and the behaviour and nature of these elements) and two less tangible dimensions which gives direction, meaning, significance, nature and interconnection to these more visible elements and about which intersubjective agreement is very difficult. This less tangible part ... (has two progressive) invisible parts: a design archetype and interpretive schemes" (pp.4-5).6

It is this 'less tangible' (i.e., what Habermas called transcendental reality) part of the 'designing' literature, be it accounting systems design or any other systems design, that is problematical (difficult to grasp). For the tangible part it is a matter of 'making things visible' (Swieringa and Weick [1987], Hopwood [1990]), such as including identification of costs and timely collection of information (Kaplan [1984], Johnson and Kaplan [1987]), and (even) 'initiating and sustaining a forceful (purposive rational) action' (cf. Swieringa and Weick [1987]). On the other hand, this is not to suggest that this (tangible part) would not 'loom large' (cf. Hopper, MacIntosh and N.V. School [1990, p.5]). It is important to realise that these (parts) are context dependent. Habermas maintains that they (and understanding them) do (does) not fall under the formal world-concepts (as mentioned earlier). But, for the 'less tangible parts', it is the participants who come to an understanding of their action situation through the cultural patterns of interpretation, evaluation and expression. Understanding these cultural patterns may have greater potentiality in understanding the 'change' processes at both the micro-organisational and societal levels.

According to Laughlin [1990a], "(the) organisational change (at micro-level) can only be understood by tracing the process, track or pathway a disturbance/kick/jolt (that) takes
through an organisation". With this in mind, after examining the organisational development (OD) theories, Laughlin [1990a] put forward four pathways as alternative processual models of organisational 'transition' and 'transformation' - 'rebuttal', 'reorientation', 'colonisation', and 'evolution'. Laughlin argues that the former two categories are 'first order changes' and the latter two are 'second order changes'. He suggests that this dichotomy between 'first order' and 'second order' change is aligned with Habermas's thought. Thus, he put forward an argument that "the above three models or pathways (e.g. 'rebuttal', 'reorientation' and 'colonisation') of change can be seen as progressive forms of colonisation in a Habermasian sense (Laughlin [1990a]). Change of a 'rebuttal' nature is clearly a weak form of colonisation since it is of a first order (morphostatic) nature and makes little impression on the life of the organisation. Change of a 'reorientation' nature is a stronger form of colonisation as it involves changing the organisation even if it is in a first order (morphostatic) sense. As with 'rebuttal' type changes 'reorientation' change is steered and guided by the interpretive schemes of the organisation even though there is greater intrusion into the internal life of the organisation. Change of a 'colonisation' nature, on the other hand, is a complete form of colonisation being a second order (morphogenetic) change forced upon the organisation but in an autopoietic sense." (p.21)

The final type of change elaborated by Laughlin [1990a] is that of change through 'evolution'. Such a change involves, major shifts in the interpretive schema. That is, the organisational participants freely and without coercion choose it to have occurred through a discursive process between themselves (actors). Similarly, in a case of a broad societal development such a change is traceable, according to Habermas, to the increasing linguistic skills of the societal participants. In other words, to Habermas this appreciation has an evolutionary effect; what Laughlin [1990a] and others (cf. Smith [1982]) have denoted as the change of 'evolution'.

As mentioned earlier, Habermas has advanced his thesis through a consideration of a diverse range of issues. However, it is not intended to summarise his thesis or do justice to all of his thought in this paper. In any case, we are interested to see the potentiality of his framework in order to reflect a micro-organizational (including the less visible) understanding (as shown in figure 2). This, of course, does not divert us from the consideration of a Habermasian approach for other possibilities such as accounting based political and social discourses.

Habermas maintains an epistemological totality, so that it does not overlap the thoughts
of his predecessors. This brings Habermas's attention back to previous social theorists including George Habert Mead who advanced the conceptual genesis of 'self and society' as an individualistic model of social action. He did not totally reject the account of Mead but rather put forward an argument against him - that "individuation processes are simultaneously socialization processes (and conversely), that motivations and repertoires of behaviour are symbolically restructured in the course of identity formation, that individual intentions and interests, desires and feelings are not essentially private but tied to language and culture and thus inherently susceptible of interpretation, discussion and change" (McCarthy [1984, p.xx]). Thus, Habermas goes on to argue that Mead's account does not give adequate consideration to the external factors that may influence the actual course of action; Mead does not give the functional aspects play equal to the structural aspects; he (Mead) generally neglects the constraints that issue from the material reproduction of society and reach right into the action orientations of sociated individuals.

According to Habermas, "individuals cannot 'step out' from their lifeworlds nor can they objectify them in a supreme act of reflection". It is "in the form of 'language' and 'culture' that this reservoir (culturally transmitted and linguistically organised stock of interpretive patterns) of implicit knowledge supplies actors with unproblematic background convictions upon which they draw in the negotiation of common definitions of situations" (McCarthy [1984, p.xxiv]). Consider an example of a section/unit manager of a large decentralised organisation. Hypothetically, can we give pragmatic answers to such a question as to how this individual performs his/her tasks? In other words, how he/she sociates with others in order to perform his/her tasks? Is he/she gaining control over his task by enforcing (introducing) 'loss of meaning' or 'loss of freedom'? This certainly raises an empirical question.

To develop a more adequate framework Habermas returns to the communicative practice of everyday life, the medium of symbolic representation. Habermas [1987] argues, "(i)n coming to an understanding with one another about their situation, participants in communication stand in a cultural tradition which they use and at the same time renew; in coordinating their actions via intersubjective recognition of criticizable validity claims, they rely on memberships in social groups and at the same time reinforce the integration of the latter; through participating in interaction with competent reference persons, growing children internalize the value orientations of their social groups and acquire generalized capabilities for action . . . Under the functional aspect of reaching
understanding communicative action serves the transmission and renewal of cultural knowledge; under the aspects of coordinating action, it serves social integration and the establishment of group solidarity; under the aspect of socialization, it serves the formation of personal identities." [p.208]

This is a reason why Habermas sees that "to the different structural components of the lifeworld (culture, society, personality) there correspond reproduction processes (cultural reproduction, social integration, socialization) based on different aspects of communicative action (understanding, coordination, sociation), which are rooted in structural components speech acts (propositional, illocutionary, expressive)" (White [1990]). These structural correspondences permit communicative action to perform its different functions and to serve as a suitable medium for the symbolic reproduction of the life world. When these functions are interfered with, according to Habermas, there arise disturbances in the reproduction process and corresponding crisis manifestations – such as "loss of meaning, withdrawal of legitimation, confusion of orientations, anomie, destabilization of collective identities, alienation, psychopathologies, breakdown in tradition, withdrawal of motivation".

The key to Habermas's theoretical reconstruction of his predecessors theories is the distinction between lifeworld and system, which he presents as a distinction between two fundamentally different ways of approaching the study of society. Conversely, he also tries to integrate this two-level concept of society in order to gain a complete understanding about modernization. Thus, he argues that the existing approaches are typically "selective" and "one-sided".

Different thinkers have focused on the 'lifeworld' as a cultural storehouse, or as a source of expectations about the ordering of social relations, or as a milieu out of which individual competences for speech and action are formed. Habermas, on the other hand, wants to emphasize the fact that part of what constitutes a rationalized lifeworld is its "structural differentiation" of precisely these three dimensions: culture, society and personality. To Habermas, culture means "the stock of knowledge from which participants in communication supply themselves with interpretations as they come to an understanding about something in the world". He uses the term society to mean "the legitimate orders through which participants regulate their membership in social groups and thereby secure solidarity". By personality he understands "the competences that make a subject capable of speaking and acting, that put him in a position to take part in a process of reaching understanding and thereby to assert his own identity" [1987, p.138].
It is worth mentioning that the existence of Habermas's notion of a rationalized lifeworld, as argued by White [1990, p.102], does not mean that all communicative action will make equal use of its potential (see for example Colignon and Covaleski [1988] - for purposive rational communicative action).

Habermas seeks to develop a multidimensional concept of lifeworld through which, he believes, the lifeworld is symbolically reproduced. If his argument is correct the hypothetico-deductive (H-D) method cannot reflect such a complex (strategically oriented) reality. How such reproductive processes are reified in the case of a locale (at the micro organisational level) is an interesting proposition worthy of a future research project.

A more debatable question can arise from the conjunction of the idea of the lifeworld with that of a rationalisation process. It is a crucial question; according to Habermas, it refers to the system of validity claims about the formal structure of the lifeworld which is of increasing concern at the conscious disposal of modern subjects (humankind). Habermas is not blind to this. This may be the reason why White [1990, p.103] sees that Habermas's account of viewing lifeworld phenomena possesses characteristics which fall into a 'weak' category, rather a 'strong' view (which traces its roots to Gadamer and Heidegger) as far as methodology is concerned. For Habermas the lifeworld is never rendered totally transparent. Rather, it is 'co-given' in the flow of experience as a certain, familiar ground of every situationally determined interpretation. Thus, according to Habermas, it becomes a learning process, that is associated with modernity, that allows for the reproduction of the lifeworld in a more conscious way and becomes constitutive and enabling though it has limits in its "weak" sense. This has a further alignment from Laughlin [1990b] who suggests Habermas's account is of 'middle range thinking', neither 'weak' nor 'strong'.

Habermas draws new insights into the rationalisation processes by going back to Max Weber, Durkheim, Mead, Marx, Talcott Parsons. He has done this by evaluating the concepts of 'division of labour', 'individuation' theory, theory of value, action and system theory of the latter. Habermas argues that consideration of either of these concepts individually would lead to a one-sided analysis of modernity. This one-sidedness does not conceptualize such a dilemma, according to Habermas, that is, the 'loss of meaning' and the 'loss of freedom'; which has the counterfactual possibilities for organising social action differently. In order to open up the conceptual space for such lines of thought "one has to make two major theoretical shifts. On the one hand, the theory of
communicative action has to be integrated with an account of the lifeworld; and, on the other, the action-theoretical frame of analysis has to be supplemented with a systemstheoretical frame" (White [1990, p.97]).

Habermas does this by advancing a two-stage theory of society. In so doing, Habermas advances new insights into how the 'pathologies' of a rationalized society can be adequately illuminated. With the analysis of these 'pathologies', Habermas maintains, it is possible to see the syndromes of including the "colonization of the lifeworld" and "cultural impoverishment" in contemporary capitalist society. At this stage, we are not sure about how such an analysis could be conducted although Habermas has advanced a 'practical hypothesis'. As a first step towards reinterpreting the syndromes of structural differentiation or tracing the pathway of change processes (as Laughlin [1990a] suggests) one may carry the analysis of the 'sacred' and this might ultimately generate constraints on the rationalization of action. This will, then, lead to reify Habermas's hypothesis that "linguistification of the sacred facilitates rationalization process of the 'lifeworld'".

According to Habermas, social integration presents itself as part of the symbolic reproduction of the lifeworld which depends not only on the reproduction of membership (or solidarities) but also on cultural traditions and socialization processes. In contrast, functional integration amounts to a material reproduction of the lifeworld that can be conceived as system maintenance. Habermas argues that the transition from one problem area to another is tied to a change of methodological attitude and the conceptual apparatus. As a result of his long demonstration, especially in respect of his theory of communicative action, it seems possible to intuitively outline the methodology that Habermas is suggesting but when it comes to pin-pointing any micro aspects it becomes difficult, though not impossible, to abstract its thrust. So it may be this reason that Habermas's framework, despite his being a researcher of the highest level, is still considered as unpractical on the pragmatic/empirical level - 'much has to be thought through' [Broadbent et al, 1990].

Some accounting researchers (cf. Boland and Pondy [1983, 1986], Hopwood [1983], Covaleski, Dirsmith and Jablonsky [1985], Covaleski and Dirsmith [1986, 1988]) have concentrated on demonstrating that accounting plays an important role in the 'symbolic reproduction process', be it in organisational or societal aspects. In addition, accounting is also viewed as an 'instrument' through which a mapping task of material reproduction is fulfilled, as for example through the formulation of budgets and the institutionalisation of rules. But it is Marx who was struggling with the problem of how to understand the
interconnection between the processes of material and their symbolic reproduction. Habermas, like Marx, is especially interested in the impact of the imperatives of material reproduction on everyday life as well as the role ideology plays in how these imperatives are understood (White, 1990). Thus, in order to grasp the systemic structure of modern life, Habermas suggests, it is necessary to consider not only the 'critic of instrumental reason', but also the 'critique of functionalistic reason'. This can be achieved only when a system perspective is integrated with a communicative model of action. From the resulting viewpoint, White argues, "the key notion of reification can then be reinterpreted as 'deformation of lifeworld' which are 'systemically induced'" (1990, p.104).

"When Habermas speaks of functionalist reason, he is speaking of rationality as conceptualized within systems theory. A system becomes more rational as its complexity increases; that is, as its range of adaptation to environmental changes is enhanced" (White, 1990, p.104). Although the same line of thought has been advanced in contemporary contingency theory of management accounting, at least theoretically, theorists have so far only adapted the H-D method ('positivistic' method of cause-effect calculation) for empirical investigation and are restricted by its limitations, as mentioned earlier (cf. Neimark and Tinker 1986, pp. 370-77). It is also argued that relationships so far found from adaptation of the H-D method are shown to be 'weak' and the conclusions are fragmentary (Dent 1990, Otley 1989). Questions such as what is to be adapted and how it is to be adapted, only provided some panoptic generalizations which are empirically unacceptable. The methodological restrictions of such a method (H-D method) of testing theory undermines the processes by which a 'rationalized lifeworld' [(organizational) culture, society, and personality] is symbolically reproduced. 7

In the differentiated structures of a rationalized lifeworld, Habermas sees that the actions increasingly need to be coordinated by consensual agreement (say including 'management by exception' or 'participatory budgeting' at the inter-organisational systems level) rather than by normative prescriptions only. With this progressive shift in the way actions are associated there is, however, according to Habermas, a corresponding increase in the potential for 'dissensus' and 'instability'. Habermas was not blind about the modern structure of consciousness in that he recognizes the objectivating attitude of the modern subjects towards both the social as well as the natural world. Thus, he certainly realizes that such an objectivating (strategic) orientation, which has links with money and power, makes the action coordination either increasingly cut off or 'uncoupled' from 'lifeworld
context' (where the processes of understanding are always embedded). For example, "the extensive use of short-term financial calculations to appraise managerial performance is deemed to have directed managerial attention away from fundamental value-creating activities, motivating instead opportunistic behaviours will (have) less permanent benefits, both in marketplace and in corporate finance offices" (Dent [1990, p.3]). Such a 'colonisation' in organisational practices may lead to more and more social consequences in the long run (such as including corporate failures). Thus, Habermas [1987] sees that "the emergence of a rationalized lifeworld not only sets free the 'rationality potential of communicative action', but it is also a necessary condition for a new level of system differentiation, characterized by the development of a capitalist economy and modern form of administration" [p.341].

Here, the crucial question again is that of how to grasp the integration of both the material and the symbolic reproduction in an organisational context. Habermas suggested one solution would be to incorporate the 'internalists' and the 'externalists' points of view, that is, broadening the internal perspective to incorporate an observer's external point of view [White, 1990]. This shift of methodological attitude, at least, according to Habermas, will limit the objectivating attitude on the lifeworld. Although it seems a difficult task to follow through the identification of the processual change in an empirical setting, as a rule of thumb, it is possible to proceed with Habermas's 'middle range thinking' for a descriptive understanding of the subject matter under consideration. A reason of such an appreciation is that, according to Habermas, "the lifeworld can never be fully transparent" for such orientations; rather, it is a learning process. It may be a reason why Broadbent et al.[1990] argue that 'Habermas does only provide the framework', from which they have developed a 'balance' model for discussing the financial and administrative changes in the National Health Services (NHS) of the UK. More recently Chua and Degeling [1990] employ Habermas's framework in a case analysis of the US health care industry.

The above mentioned research efforts have demonstrated that Habermas's framework provides some guide in thinking, theorising, and investigating accounting as a social phenomena. Yet, not enough has been done and much more work is needed in order to substantiate Habermas's framework in an empirical setting. This is the motivation for a proposed study - to undertake a research project on a locale with especial attention to substantiating Habermas's great thinking on modernity. A primary focus of the project will on the question of how the proposed organisation (locale), say a large organization,
has been integrating their 'lifeworld' and 'systems', at least to reflect the interface between the (strategic) change and accounting related areas. An understanding of them will enable reflection on the accounting/economic implications of the development of a critical theory. 9

2. Relations Between Systems and Lifeworld, and Their Interrelationship.

In an attempt to uncover the deficiency of Mead's account of 'individuation' theory Habermas, first drew attention to Durkheim's account of how the forms of social solidarity change with the division of labour and then, secondly, to Talcott Parsons' theory of social system. In drawing attention to Durkheim's consideration of the "division of labour" (which also has a link with Max Weber10), Habermas provides an explanation of how the growing "division of labour" is connected with the changing forms of social solidarity and why it leads, in the modern period, to symptoms of social disintegration. Taking this as a point of departure, McCarthy [1984] argues that "Habermas seeks to reconstruct a Marxist approach that traces pathological forms of symbolic reproduction not to the rationalization of the lifeworld itself but to constraints issuing from processes of material reproduction" (p.xxvi). For example, Habermas [1987] argues that the "system and lifeworld appear in Marx under the metaphors of the realm of necessity and realm of freedom (emphasis added). The socialist is to free the latter from the dictates of the former. It seems as if theoretical critique has only to lift the spell cast by abstract labour (subsumed under the commodity form). The intersubjectivity of workers associated in large industries is crippled under the self-movement of capital; theoretical critique has only to free it of its stiffness for an avant-garde (pioneers) to mobilize living - critically enlivened - labour against dead labour and to lead it to the triumph of the lifeword over the system of deworlded labour power." [p.340].

Thus, Habermas [1987] argues that "Marx's error stems in the end from dialectically clamping together system and lifeworld in a way that does not allow for a sufficiently sharp separation between the level of system differentiation attained in the modern period and the class-specific forms in which it has been institutionalized. Marx did not withstand the temptations of Hegelian totality-thinking; he construed the unity of system and lifeworld dialectically as an 'untrue whole'. Otherwise he could not have failed to see that every modern society, whatever its class structure, has to exhibit a high degree of structural differentiation" [p.341]. This is a reason why Habermas [1987] sees that Marx is unable to distinguish the repressive uprooting of the traditional forms of life between
the aspect of reification and that of structural differentiation of the lifeworld. The theory of value, according to Habermas, "provides no basis for a concept of reification, enabling us to identify syndromes of alienation relative to the degree of rationalization attained in a 'lifeworld'". Habermas further maintains that "at this stage of post-traditional forms of life, the pain that the separation of culture, society, and personality also causes those who grow into the modern societies and form their identities within them counts as a process of individuation and not alienation" [pp.341-42]. This leads him to argue that "(i)n an extensively rationalized lifeworld, reification (materialization) can be measured only against the conditions of communicative sociation, and not against the nostalgically loaded, frequently romanticized past of premodern forms of life" [p.342].

Habermas [1987, p.340] advances three potential weaknesses in Marx's theory of value, such as, first, Marx's classification of system and lifeworld lies under 'the metaphors of the realm of necessity and the realm of freedom'. Secondly, Marx was unable to distinguish between the aspects of reification of traditional forms of life and that of structural differentiation of the lifeworld. Thirdly, the theory of value is seen as an overgeneralization of the case of the subsumption of the lifeworld as system. This suggests that Marx's theory of value allows for only one channel through which the monetarization of labour power expropriates from producers work activities into performances. Although Marx was unable to produce a satisfactory account of late capitalism, Habermas [1987, p.343] argues Marx was right to assign an evolutionary primacy to the economy in western societies.

Returning to Marx, who has analysed 'economic reification' processes based only on class conflict as the basic causal factor, Habermas, according to White [1990, p.108], sees that the 'decisive weakness' in the former theory is the "overgeneralisation of a special case of the subsumption of the lifeworld under system imperatives". Habermas maintains, that "although the cause of reification may arise in the sphere of labour and capital, the process of reification and its effects is (may) also (be) experienced in other spheres of life" [p.108]. This expanded field of action of Habermas's reification process of systemic integration, (White's [1990] slightly modified version of Habermas's original), is reproduced in the Figure 3.

Figure 3 (about here)

In respect of the content of the Figure 3 White [1990] explains that, according to Habermas, "Marx has analysed the reifying effects of systemic integration only on one
role (no. 1), Weber added another (no.3)". But "in order to comprehend the true dimensions of the loss of freedom in advanced capitalism", according to Habermas, "one must take into account all four roles and their changing relationships, as well as changing relationships between the two subsystems" (White, [1990, p.108]). It is White [1990], particularly in his chapter five (v), who has most thoroughly clarified the recent works of Habermas to the English speaking world, and is so doing has provided some additional insights into Habermas's extended thoughts on the subject of 'modernity'.

As an intermediate reflection the hypothesis that Habermas has advanced is that a social evolution occurs through a two-level process of differentiation. On the one level, according to Habermas, there is a growing differentiation between the lifeworld and system aspects of society, a "decoupling of system and lifeworld". Thus, he sees that the mechanisms of functional integration are increasingly detached from the lifeworld structures, which need social integration or else congeal into quasi-autonomous subsystems of economic and administrative activity. On the other, he argues that there is a progressive differentiation within the dimensions of a lifeworld and a system themselves. He further maintains that these two levels do not simply lie parallel to one another, they are interconnected. Thus, he argues, the systemic mechanisms have to be anchored in the lifeworld, that is, institutionalized. This institutionalization, according to Habermas, is a necessary condition of system integration, that is, of formally organised subsystems of purposeful-rational economic and administrative action, which need to be rationalized in the lifeworld. It is this hypothesis which needs pragmatic reification. In other words, how a particular (micro) organisation is balancing its functional interconnection with the 'lifeworld' per se, needs pragmatic corroboration.

It is worth mentioning that Habermas (elsewhere) is careful in considering the situation where 'collective bargaining' is present. It seems he wants to advance more insights in the area where such bargaining situations do not exist at all in the occidental societies; including the area of 'juridification' (as cited several times about German Law). This automatically raise a question as to 'how can one adapt Habermas's critical framework in an organizational analysis, where there may exist a strong bargaining situation (for at least resource allocation purposes). At the same time, it can be argued that even if such a bargaining situation did exist, it cannot be claimed that the 'lifeworld' that is surrounded by the locale (the researched organisation) is totally rationalised in Habermasian sense.

If we consider Habermas's thesis of the relations between the 'system' and the 'lifeworld', and its interrelations; we cannot eschew the fact that the relations between the systems
and the lifeworld surrounding a particular micro (large) organisation might have the similar effects at the societal (meta) level. That is, we cannot assume that the locale's every communicative action is reflecting Habermas's "rationalised lifeworld'. This cannot be reified by normative prescription only, it need pragmatic reification.

According to White [1990], "the kind of reification Habermas wants to illuminate occurs to the degree that the expansion of systematic integration begins to undermine functions essential to the reproduction of a rationalised lifeworld. The mediatization of the lifeworld takes the form of a 'colonisation of the lifeworld' when the systematic media of money and power begin to displace communicative sociation in core spheres of action within which the three processes of symbolic reproduction takes place: cultural transmission, social integration and socialisation. The 'communicative infrastructure' of a rationalised lifeworld is constituted by understanding-oriented action which create a rational context for the 'transference of validity' through these three processes. Such a transfer of rational motivation (in a communicative sense) is only possible . . . when actors take up a performative attitude toward other subjects and their validity claims. Actions which is coordinated by money and power, on the other hand, requires only an objectivating attitude and an orientation for success" [pp.109-110].

In this way "it is the colonization processes of lifeworld reproduction which generates the peculiar pathologies of advanced capitalism" (White,[1990, p.110]). Some accounting researchers, especially Broadbent et al. [1990], Laughlin [1990a] and Chua and Degeling [1990], have already considered this 'colonisation' issue in theorising and explaining accounting based intervention. Thus, the proposed research project is intended to further elaborate Habermas's thesis of colonisation with special reference to a micro-organisational level. Nevertheless, it will also deal with the questions forwarded by White [1990, p.110] such as:

(1) Why does Habermas say that communicative sociation 'cannot be replaced' by sociation through money and power in central areas of lifeworld reproduction?

(2) How is the pressure toward colonization linked up with an analysis of the specific qualities of advanced capitalism?

(3) What exactly does Habermas mean by colonization of the lifeworld?
In addition, it is also intended to further explore the processes of how such a thesis of colonisation can be enhanced (and/or reflected) in understanding and changing the (management) accounting craft at a practical level, especially in the case of a micro organisational systems level.

Conclusion:

This paper makes no claim to propose a generalizable case; rather, it is a propaedeutic paper aimed at understanding and thinking about the critical accounting literature. In an endeavour to so do, it illuminates some of the characteristics, diversities and nature of the critical accounting literature.

In addition, a central concern that has been advanced throughout this paper is that organisational analysis can be seen as a necessary prerequisite of research in accounting. A reason is that the organisation(s) is (are) at the root of other meaningful yet uncertain social and political considerations which are essential to an understanding of accounting.

An implicit motivation of this paper can be seen as an initial kick/jolt in an endeavour to embark on a study in accounting and control systems research arena using 'critical social theory' as a framework.

In reviewing some previous critical accounting literature the paper suggests that it is not only Burrell and Morgan's [1979] paradigm of social theory, that provides the necessary assumptions for perspective choices, but there is a need for a further understanding about the nature of the context (say in our case organisational culture) in choosing such perspective(s) and formulating any approach to research in such settings. Thus, a prescriptive understanding on the nature of (micro) organisational 'culture' and its transition processes has been advanced; one which seems to be very useful in formulating a research approach and choosing perspective(s).

A further argument has been advanced in the form of the question of whether the concept of organisational change and change in a discipline that is to come can be considered parallel? This interrogation leads to the argument that from, a 'research student perspective', the student cannot start his/her major research in a vacuum and needs to illuminate the existing thought and theories that prevail in the respective discipline or wing in which the research is being undertaken. And, finally, an example of a (partial) research proposal is cited following a Habermasian critical approach in order show of how such an approach be utilised as a framework.
Figure 1 The Four Paradigm of Social Theory From Burrel and Morgan (1979)

The sociology of Radical Change

Radical Humanist

Radical Structuralist

Subjective

Interpretive

Functionalist (incl. H-D method)

Objective

The Sociology of Regulation
Figure 2 Organisational Culture and Transition Processes

TIME 1

Visible Knowledge

- Information in use (existing system in use)
- Purposive Rational Action (work, labour etc)
- Communicative Knowledge (symbolic interaction, communicative actions)
- Societal Issues
- History

Invisible Knowledge

- Future Possibilities (new work possibilities)
- Communicative Knowledge (symbolic interaction, communicative actions)
- Societal Issues
- History

TIME 2

Visible Knowledge

- with or without revision

Invisible Knowledge

- Some Visibility from Invisible

Visible to Invisible

- Remain Invisible (eg, constraints)
Figure 3: Habermas's Framework about the Relation Between System and Lifeworld from a Systems Perspective

<table>
<thead>
<tr>
<th>Lifeworld: institutional orders and roles</th>
<th>Exchange relationships and media of exchange</th>
<th>Media-steered subsystems</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Employee</td>
<td>Labour power (P) ← Income (M)</td>
<td>Economic system</td>
</tr>
<tr>
<td>Private sphere</td>
<td>Goods and services (M) ← Demand (M)</td>
<td></td>
</tr>
<tr>
<td>2 Consumer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Client</td>
<td>Taxes (M) ← Organisational achievement (P)</td>
<td>Administrative System</td>
</tr>
<tr>
<td>Public sphere</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Citizen</td>
<td>Political Decisions (P) ← Mass Loyalty(P)</td>
<td></td>
</tr>
</tbody>
</table>

Key: M Money
P Power

(Source: White [1990, p.109])
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ENDNOTES:

2. Those in the social sciences who utilize the 'empirical-analytic' method (which is analogous to the experimental modality of natural sciences) are generally considered as 'positivists' (and/or logical positivists). The term 'empirical-analytic' method strictly means empirical modelling a situation for theory testing and this method has been used as instrument for behavioural analyses or cognitive enquiry and it is what Burrell and Morgan [1979] classified as 'functionalism'. According to Suppe [1977], a central
characteristic activity of the positivists' method is "the use of reason in the suggestion and development of hypotheses and theories and evaluating the knowledge claims by those who advance such hypotheses and theories" (p.650). In accounting there have been those who have used the positivists' ontology and epistemology to discover what they believe to be "a knowable and objective reality" (Chua [1986]). They have included those working in various areas such as: (1) contingency theory (see Khandwalla [1972], Burns and Waterhouse [1975], Hayes [1977], Daft and MacIntosh [1978], Kenis [1979], Merchant [1981], Brownell [1981], Gordon and Narayanan [1984], Govindarajan [1984], Jones [1985], Brownell and MacInnes [1986], Hirst [1983], Teoh and Lam [1989]; (2) muti-cue probability learning theories (see Hoskins [1983], Kessler and Ashton [1981], Harrell [1977], Libby [1975]); (3) efficient capital markets research (see Gonedes [1974], Beaver and Dukes [1973], Fama [1970], Ball and Brown [1968]); and (4) agency theory (see Baiman [1982], Zimmerman [1979], Demski and Feltham [1978]).

3. Obviously such dysfunctions are not only a common characteristic in accounting but also a common feature of most disciplines in social sciences.

4. It is to be mentioned that functionally 'knowing' and 'acting' is not a single act. These are already divorced from positivism which claims that 'knowing' and 'acting' are a single act, especially at the level of instrumental and communicative action (Habermas [1978, p.212]).

5. In this sense, one may find some similarity with P. Feyerabend who argue against 'methodism' and 'subject object ideology'. It is to be pointed out that there exist, at least in one point, dissimilarities between Paul Feyerabend and The Frankfurt Social School, especially with Habermas in that the former believes that the 'epistemological anarchism' (Feyerabend [1975, p.168]) is not necessary as a criterion for acceptable knowledge claim, but for Habermas it is a necessary postulate, otherwise there might be a possibility of overlapping.

6. The term tangible is used in the literature. However, we prefer the term visible as it avoids any unnecessary ontological connotations and serve to stand in contradistinction to invisible.

7. A future research project will focus on how a Habermasian framework would enhance our understanding about such (yet uncertain) processes.

8. It seems it is a long (rather slow) process to get there, that is, to see Habermas's 'rationalised lifeworld' or change of 'evolution' in the terminology of Smith [1982] and Laughlin [1990a] or strategic 'reorientation' change in the terminology of Dent [1990].
9. In the previous discussion several propositions have been proposed regarding a future research project. It may be that many more need to be proposed. This suggests that it might be a reason why critical accounting researchers are amazed at the 'positivistic' notion of the identification of the problems beforehand. However, the ultimate concern of the project is to reflect Habermas's theory of 'colonization'. Habermas suggests a model for societal 'totality', but we will analyse uncertain relationships within a locale.

10. According to Weber, societal rationalisation was identified with growing purposive rationalisation. But for Habermas such an identification is not necessary. One can, Habermas argues, open up the question of whether purposive rationalisation is only possible way of developing that broader potential for the rationalisation of action which is made available with the culture of modernity. This suggests that Habermas did not totally reject Weber, as he did not for others such as Marx and Mead.