

TAPPING ACCOUNTING WITH A HAMMER: A RADICAL EXAMINATION OF  
ACCOUNTING IN THE LIGHT OF NIETZSCHE

A THESIS PRESENTED TO THE DEPARTMENT OF ACCOUNTING AT THE  
UNIVERSITY OF CAPE TOWN

IN FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF  
MASTER OF PHILOSOPHY

BY

DAVID BARKLY LEATHAM MOLTENO

APRIL 1991

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D B L MOLTENO

ABSTRACT

This thesis argues that Accounting can never hope to be a value-free communicative medium grounded in and reflecting an external and knowable reality. Friedrich Nietzsche showed that we can only grasp the "real world" by means of useful fictions conditioned by our own perspective on the world. Any attempt to describe the world will always be distorted by the various contingent social, economic and political circumstances which influence our perspectives.

Nietzsche's views on language are referred to, in seeking to demonstrate the inability of any language to communicate without communicating preconceived notions about reality. The thesis explores the assumptions upon which the mainstream perspective of accounting has based its world-view and attempts to show its limitations, both as a theory of Accounting and as a method of research, and shows the ideological bias inherent in it. Alternatives are suggested to replace or complement those of the mainstream in an attempt to create an awareness of the fact that the mainstream's way of seeing the world can never be privileged over other ways.

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I certify that this thesis is my own work and that all references are accurately reported.

D.B.L. Molteno.

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### A Note on Citations of Nietzsche's Works

I have identified works using the usual citation method for Nietzsche's books. Citations are identified by the acronyms of their English titles, and in the cases where the works are numbered in parts and sections, I have given these numbers after the acronym. All emphasis in quotes are Nietzsche's.

- GM = On the Genealogy of Morals
- BGE = Beyond Good and Evil
- TSZ = Thus Spake Zarathustra
- TI = Twilight of the Idols
- GS = The Gay Science
- HAH = Human, All-Too-Human
- EH = Ecco Homo
- OTF = On Truth and Falsity in an  
Extra-Moral Sense

The last named is not numbered and thus page references have been given which refer to the 1911 edition published by George Allen and Unwin.

## CHAPTER ONE

A RADICAL EXAMINATION

"There are more idols in the world than there are realities: that is my "evil eye" for this world, that is also my "evil ear"....For once to pose questions here with a hammer and perhaps to receive for answer that famous hollow sound which speaks of inflated bowels..."

- F.W. Nietzsche.

Accounting is undergoing a crisis, for as a system of representation, accounting is, in this age of post-modernity, unable to construct and exchange images of the world that are apt to convey the form, if there is one, of the world and its doings.

As an ever growing number of accounting academics begin to delve into the latent philosophical propositions that underlie accounting, to probe into its innards and to examine its structure and make-up, a realisation is coming about that the system that is accounting, can no longer be seen as an inherently stable and perfectly ordered means by which certain ends may be communicated, for the world it attempts to describe cannot be seen as stable and ordered. The world, we now suspect, may be subjected to any number of explanations and interpretations, which would require a

multitude of systems to depict. Further, there has been a realisation that there are no common rules of communication, that is logical and linguistic rules, that are not permeated with a multitude of ambiguities and multiple meanings. Accounting is thus a mutable and pliant thing, capable of changing with the individual views of its accountants.

This idea is in conflict with the widely held view that accounting is a neutral and relatively impartial medium of communication that is able to represent the world as it is.

Traditionally, accounting has been seen as an impartial, stable and objective communicative medium which is capable of an unbiased and "true" representation of the world. This has been generally accepted as having been achieved. Most contemporary accounting, in practice and research, is characterised by the acceptance of (only) one particular philosophical view of the world and an unquestioned method of representation. This view has, in the body of accounting criticism, come to be known as the "mainstream view". This mainstream view is predominantly based on the philosophical assumptions underlying positivistic science, and holds that accounting is realist, and that its basis of thought lies on a bedrock of empirical "facts"; objective, true and unchanging facts that may be expressed and understood in a complete manner.

However, the idea that mainstream accounting is able to

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distinguish between fact and value, truth and falsity in an objective and rational way is now being regarded with scepticism, and the very idea that accounting is about discovering means to certain ends, is being questioned. The view now being proposed, is that accounting may, in fact, work to influence the very character of the ends with which it concerns itself, and some radical accounting academics have proposed that accounting is as much about reality creation as about the representation of a certain reality. Some critics have even gone so far as to question the possibility of even being able to make any positive knowledge claims about reality at all.

Wai Fong Chua, in her seminal article "Radical Developments in Accounting Thought" (1986(b)) put forward the argument that mainstream accounting is but one possible kind of accounting. She stated that the mainstream is a reflection of but one particular way of seeing and describing the world, as it is tacitly grounded in certain given assumptions about that world and the part humans play in it. Chua makes it clear that any theory (of accounting) has, of necessity, implicit within it, assumptions concerning the philosophical process of construction of (accounting) theories and methods of (accounting) research, and that these acts have, at their core, assumptions about the basis of knowledge, the conception of reality, and the nature of truth. These philosophical assumptions make up a conceptual framework which delineates the phenomena under investigation

and the related methodology appropriate for investigating them. These axioms held together, constitute a world-view or weltanschauung (1). The underlying assumptions of the mainstream accounting weltanschauung (which will be expanded upon in a later chapter), are implicitly rather than explicitly stated. It is only incidentally, in the course of conducting itself, and not as part of an expressed aim, that mainstream accounting reveals them. Chua's main intention is to demonstrate that mainstream accounting is but one, taken-for-granted theoretical framework by means of which accountants unquestioningly order their world. She asks that we consider that there may be other possible ways of doing so.

This, of necessity, entails an examination of what accounting itself is and what it purports to represent and achieve. Thus we, if we are to take up Chua's challenge, must investigate the philosophical foundations of accounting. This paper seeks to further the philosophical investigation of accounting, and to debate what accounting actually is, and ultimately to explore how it is that there may be more than one "accounting". It is indeed an attempt at a radical examination of accounting.

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(1) A weltanschauung, (the German for world-outlook) is any general conception of the nature of the world, and any total philosophical system which derives practical consequences from its theoretical component, especially in its implied value-principles (Quinton in Bullock and Stallybrass 1977).

## I

The idea of a radical investigation into accounting may be seen by some to be merely an obscure and arcane flirtation on the fringes of accounting academia with no real relevance to what accounting is or does; an intellectual game of no real importance. The use of the word "radical", however, does not mean extremist, way-out or marginal, and therefore irrelevant. On the contrary it would be more accurate to regard "fundamental" as the proper synonym, for as the dictionary defines the word:

"RADICAL: 1. Of the root(s)...2. Naturally inherent, essential, fundamental...3. Forming the basis, primary...4. Affecting the foundation, going to the root..."

- The Concise Oxford English Dictionary.

A radical investigation is thus one that probes beneath the surface, that attempts to reveal the very basis, the foundations of our thought, and to question its validity and consequences, something seldom undertaken in accounting. For as Chua (1986(a)) points out, while contemporary philosophers in diverse fields are debating a whole range of alternative theoretical positions, contemporary accounting research is characterised by a single, particular position, which does not question the framework within which it is situated. This paper seeks to do just that.

Although some accounting researchers do indulge in philosophical or conceptual analysis, it is usually

something secondary to their main research activity. For this thesis it will be primary, for it takes as its main task, not the question of how to do accounting, but rather the question of why we do it, and what the consequences of our doing it are; a problem dealing with ends not means. It seeks to investigate the philosophical basis of accounting and aims to show that we are not, of necessity, bound to accept the given framework of thought that mainstream accounting provides.

The examination of these framework assumptions is not merely useless metaphysical speculation. It is only by examining the tenets of mainstream accounting that we can comprehend the deeper meaning of what accounting is and what it does. Only by recognising the kind of world it portrays can we understand it and make clear what one commits oneself to saying or doing, when one accepts the mainstream view of reality.

Only in clarifying the mainstream's conception of reality, can one realise what the consequences of that view are, and what follows in practice, if one were to act upon it. Without such an understanding of the frame-work of meanings on which we base our actions and thought, it is not at all clear what we are trying to represent in accounting, and what the implications of our representations are. Unless we are aware of the different theoretical standpoints that we might take in investigating accounting, we will have no way

in which to assess our beliefs and the consequent reality portrayed.

This paper is, thus, a meta-theoretical attempt (that is to say, a theoretical investigation and critique) to externalise the philosophical assumptions implicit in accounting theory, research and practice, and to examine the consequences of those available assumptions so that we may be aware of what it is that accounting purports to represent.

What reality is and how it should be represented, cannot be settled by empirical methods, for the fundamental questions concerning the nature of reality are not of an empirical kind; they are conceptual (Shotter 1975). We are thus led into the realm of philosophy. As a consequence of this, it may at times seem that the dic<sup>s</sup>ussion will be a long way from the conventional ambit of accounting, but we are right at its core.

Philosophy is the conscious analysis of our methods of thinking and encourages a critical attitude toward the formulation of our world-view, through a concern with knowledge, meaning, truth and experience, and what our beliefs imply. In the widest sense, the formulation of accounting theory is thus a philosophical activity. Although the idea of accounting and philosophy may seem incongruous, philosophy should not be seen as an isolated discipline, but should rather be applied to become a natural

part and corollary of every study, and likewise, accounting theory should incorporate a philosophical orientation in order to gain a better understanding of itself, and the world it purports to represent.

It is the ideas of the German philosopher, Friedrich Nietzsche, that will be the base of this philosophical investigation into accounting.

## II

The importance of Nietzsche's thought, although unrecognised in his lifetime, has posthumously had enormous influence on the twentieth century. In spite of a continuing controversy about his stature as a philosopher, there can be no doubt that he was a thinker who anticipated contemporary criticism of the classical ideal of a rigorously deductive model of philosophical knowledge and of the accompanying belief in the possibility of a completed metaphysics. As a philosopher, he must be included in that group of thinkers for whom the philosopher's primary function is to lay bare the unexamined assumptions and buried cultural influences lurking behind supposedly disinterested moral and metaphysical constructions (Magill 1963). Indeed, he has been ranked with Freud, Marx and Einstein as one of the seminal thinkers of our age, and has had a marked influence on the way we now see the world and our place within it.

At the centre of Nietzsche's thought is the view that God is dead. In stating this, Nietzsche was not questioning whether God existed; he simply meant that the notion of God, which formerly gave a coherence to man and the world, had passed away, and as a consequence, any conception of the universe is but one of many possible explanatory systems. It is, thus, not just religion, but any integrating creed, like science or Marxism for example, that Nietzsche challenges. He regarded philosophical systems as spent intellectual shells which restrict the mind, and he considered it no longer possible to construct a single system which could comprehend the world; there is no total system of explanation.

To Nietzsche, the concepts used to describe and explain the world are no more than practical conveniences of thought, which have their only foundation in the subjective perspectives of their creators. Nietzsche believed that man constructs his reality; he dreams an illusion and gives the world order by means of a construction of the mind. Man produces heuristic principles which are useful for the purpose of organising experience, but which do not have attached to them any kind of universal validity. Man thus, creates truth by means of what Nietzsche called "useful fictions", the value of which depends on their pragmatism.

Any world-view, believed Nietzsche, is "only an interpretation and arrangement of the world" (BGE 14) and

not an explanation of reality. Meaning, Nietzsche insisted, is imposed on existence or interpreted into it.

For Nietzsche there could never be certainties and never be set laws about reality, for he believed that knowledge will always be interpretation and that all concepts are fictions useful for the facilitation of common understanding, but not as explanations. Nietzsche developed this into his theory of perspectivism; the view that there are alternative systems of concepts and assumptions, not equivalent to each other, in whose terms the world may be interpreted and as between which there is no authoritative external way of making a choice. As Nietzsche (quoted in Schacht 1985) wrote :

"It is the perspectivist mode that determines the (world's) character of "appearance". As if there were a world left over once you have taken away that perspective!"

Nietzsche makes plain that any system is arbitrary, and he suggests that ultimately it depends upon unproven assumptions reducible to the subjective personality of the thinker, and therefore cannot be "true". "In every philosophy," wrote Nietzsche (BGE 8), "there is a point at which the "conviction" of the philosopher steps upon the scene...". Accounting can therefore do no more than strive to represent our separate understandings of the world.

Nietzsche however, points out that the value of an idea in a conceptual system, has greater significance than the truth

of that idea, for we look at the world "as if" it were like the way we see it in order to achieve some practical purpose.

Nietzsche was thus not interested in the absolute notion of "truth" in itself, but rather the function and value of that truth. He focussed on the results of holding a belief, rather than the belief itself, for he realised that it is not possible, from within a system (because of the very nature of a system), to establish the truth or falsity of its own premises; they must be taken for granted, and be seen as being "self-evident". Nietzsche, thus, did not object to the fact that the assumptions put forward by system makers were, in his view, untrue, but rather what Nietzsche objected to, was the failure of system-makers (and the users of those systems) to question their own assumptions, and their arrogance in believing that their view is the only valid one.

Nietzsche, with his insistence on the intimate connection between thought and action, espoused a form of pragmatism, which interprets the meaning and justification of our beliefs in terms of their practical effects. It is the utility of beliefs, their contribution to our effective conduct, that gives them validity. In this view, knowledge is seen to be an instrument for action, rather than an object for disinterested contemplation.

## III

This thesis follows Nietzsche's convictions, and attempts to show that all knowledge beliefs are fictitious constructions, a product of the desire of people to understand the world they live in. Nietzsche's views on systems may appear to apply to metaphysical systems only and have no relevance to accounting, but in its own way, accounting too is an explanatory and descriptive system, which while it may appear to be limited in its compass, the depiction of business events, has underlying it an implicit total world explanatory structure.

This belief in the indeterminacy of knowledge claims, the rejection of the notion that knowledge is externally grounded and valid outside its own framework of beliefs or assumptions, is the direction in which this paper will explore. It will first seek to show that no world-view or system can claim to be definitive. It will then proceed to explicate those assumptions which comprise the mainstream world-view and compare them with assumptions of other world-views which could take their place, with the intention of submitting that no theory of accounting may ever claim to be definitive. Thus closure of the methods of production of accounting knowledge cannot be brought about. Rather, the possibility that a multitude of possible accountings can exist will be proposed. The mainstream's desire for an

accounting that will have all the certainty and imperishability of mathematics is one that can never be fulfilled, and further, that the taken-for-granted foundations of mainstream accounting are not immutable, since accounting is inextricably bound up with the needs and viewpoints of its creators. Though it is perhaps possible to construct an accounting that is able, with rigour and discipline, to adequately represent the world in accordance with the needs of some of its creators, it may not be adequate for a complete and final system of accounting.

Nietzsche further believed that systems have become more illusionary as they have become increasingly related to the maintenance of the old order, rather than concerned with the truth, a view also held by marxist orientated accountants who believe that "the social allegiances and biases of accounting are rarely apparent, usually they are "masked" by pretensions of objectivity and independence" (Tinker et al page 167). It is what these frameworks are and how they are imposed on our way of seeing the world (and how they make up our way of seeing) that is important, for the value systems that are built into that framework have their practical consequences in the construction of reality. There is a subtle power in accounting, in that those who control information and its dissemination, also control the perceptions of those that digest it. Ideology is infused in both the message and the medium.

Since accounting has the capacity to construct realities in the manner that dictates the conditions of human life and that current theories are infused with unexamined commitments to moral and social orders (Arrington and Francis 1989), it is vital that we should concern ourselves about what kind of reality accounting portrays, for as accounting has the power to construct realities, it has also the capacity to dictate, enforce, and perpetuate certain moral, economic and social beliefs. As George Orwell made chillingly clear in his "1984", the basic tool for the manipulation of the world and the people who inhabit it, is the control of perceptions through words and figures. If the meaning of things can be controlled, then the perceptions they embody may be controlled, and the way people perceive is the way they comprehend.

This knowledge is mutable and subject to change however, for knowledge is reflexive and will change as human beings, their environment, and their perception of their needs change. For accounting, as for Nietzsche, there are no final ends. Accounting is thus reflexive and mutable. To Nietzsche, philosophy is not world explanation, but is rather world arrangement, a kind of compositional activity that makes a meaningful structure out of the diverse fragments of experience. He believed that philosophy belongs in the realm of art and rejected the notion that it is allied to science.

Like philosophers and artists, accountants have to represent the complexity of reality through metaphorical constructs that are always limited and incomplete. This work of art is of course, not made by a single man (2), but is a product of his culture. This product is a response to the conditions of the society's age, created freely and arising out of the needs of a particular situation and any artistic or intellectual order that is imposed upon the muddle of the world, cannot be remote from the interests, attractions and terms of its creator. Accounting cannot be seen as a science dealing with "facts", but as something which has given meaning to those "facts" in the active and creative process of constructing a satisfactory conception of reality. Accounting can never be more than an interpretation of the world, a system infused with the values and biases of its creators.

The quote at the beginning of this chapter, from Nietzsche's preface to his "Twilight of the Idols", sums up his view on systems. Every system builder Nietzsche held, was engaged in a futile quest to comprehend the whole, to attain closure on our knowledge of the world. But Nietzsche saw himself as philosophising "with a hammer", not only smashing the idols of systematic world-views, but also tapping on value systems the way a physician taps on the body during a medical

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(2) I must apologise for using "sexist" terminology (see Abdel-khalic and Ajinkya (1983) for a criticism of Tomkins' and Groves' (1983) use of it, but until a more satisfactory term is found than s/he, the masculine pronoun will be used in connexion with the word "man".

examination. He was a philosopher as diagnostician, seeking disease and testing for hollow sounds (Foster 1969).

#### IV

What follows, then, is a theoretical essay, concerned with explicating the fundamental biases and presuppositions of mainstream accounting, showing that they are not the only valid means of representing and researching the world, and in so doing, subverting the attempt to get closure around knowledge production.

More explicitly, this paper seeks to demonstrate that while mainstream accounting can be thought of as working on what may be called "image realisation", (that is, given a particular conception of what the world is, it works to discover how that world may be represented, and how that representation may be verified), it is possible to consider what may be termed "image replacement"; instead of working to clarify and help in the practical realisation of already "given" notions, it brings in new notions to replace the one-dimensional taken-for-granted ideas. It is only in the recognition of the illusions of our differing world-views that we can begin to sense the elements of complexity and paradox that make up the muddle of reality, and realise that the way mainstream accounting represents reality is but one perspective of it, distorted by an ideological bias.

In order to show this it is first necessary to analyse what accounting actually is. The following chapter will investigate how accounting functions as a communicative medium, and will deal with the strengths and weaknesses of accounting in representing reality, however it is conceived. It will thus look at the very nature of accounting, and will attempt to show that as a medium of communication it will always be infused with and communicate the ideological world-view of its creators.

The next chapter will deal with Nietzsche and his philosophy. His ideas will be used to show that reality can never be given, but rather that conceptions of the world are always perspectival. His view on language will also be dealt with in order to demonstrate the points made in the chapter which precedes it, about the inability of any language to communicate without also communicating pre-conceived notions about reality. Finally this chapter will propose that that the prevailing notion of reality as conceived in mainstream accounting is but one possible conception of the world and that other interpretations may challenge the mainstream's attempt at closure of knowledge.

The penultimate chapter seeks to explicate and explain the mainstream conception of reality and knowledge, and will contrast these with notions, equally valid, held by other perspective world-views. It will be shown that in many ways the mainstream world-view is deficient in its

conceptualisation (even in its own terms), and that new ways of seeing the world are necessary for accounting to gain greater insight into what it is and what it purports to do, as the ideological consequences of the mainstream are exposed and its preconceived values examined.

The final chapter will deal with the idea of closure of knowledge while summarising how the influence of given world-views and their ideology affect every part of accounting. It is hoped that a new accounting may arise out of a clearer understanding of what accounting is, for although the aim of this thesis is not to give definite answers, but rather to pose questions in the tradition of Nietzsche, a better understanding of accounting may be formulated by seeing its perspectival and mutable character.

In no way is this paper an attempt to evaluate accounting in value-free, objective and neutral language, since as it seeks to show, this is impossible. The aim of this thesis is thus, not to expound a philosophy of accounting per se, but rather to demonstrate that any philosophy of accounting that claims to be the theory of accounting cannot be considered tenable, and thus, in passing, to dilute the claim to privilege on the production of accounting knowledge made by a mainstream accounting theory based upon a self-confident and unquestioned foundation of assumptions. It is thus an invitation to a more creative, truthful and open-minded attempt to explore accounting, an encouragement to

broaden the terrain of accounting research; hopefully this will contribute to the development of accounting research's theoretical and methodological dimensions. By restoring the complexity of the world, a greater understanding of it and of accounting may arise.

Ultimately, the aim is to renounce the grand theories, and to speak, as Hebdige (1988) puts it, "in a smaller voice, as a finite, gendered being bounded by particular horizons, perspectives, experiences, (and) knowledge".

## CHAPTER TWO

ACCOUNTING AND THE MESSAGE

"By means of image and parable one can persuade,  
but can prove nothing."

- F.W. Nietzsche

The invention of accounting, be it with Fra Luca Pacioli or in the mists of ancient history, provided a radically new way of depicting events and states within the world. This process has with time become a system, built on a network of assumptions and rules, which is used to depict and explain the reality of the business world. The use of this system of accounting has expanded rapidly in the world and has made ubiquitous the numerisation of our professional, social and perhaps even our private lives. Accounting has now become more than a pragmatic tool for it can be said to have developed non-verbal methods and configurations of thought and of decision making, and affects large areas of our lives. It is thus important to discover what exactly accounting actually is.

As the term implies, accounting is a means or process of "accounting for"; it involves a process of making sense of situations (Davis et al, 1983). Accounting is a form of

communication that attempts to enable us to speak a universal tongue, and to relate an image of the world and events that take place within it, by means of a symbolic representation. The idea that reality can be depicted in terms of a reductive system of numerical signs, and more particularly monetary units, within the double-entry system of debits and credits, could be said to define the basic framework of accounting (McDonald 1972) (1).

The accounting framework abstracts from concrete reality, the world of relationships between people and between things, and through the accounting system, events (in the income statement) and things (in the balance sheet), become part of a system of information, fitted into schemes of classification and storage. Accounting is thus said to be a form of acquisition, a capturing of reality and experience; a means (the medium) by which knowledge (the message) is furnished to us in a form, supposedly, dissociated and independent of actual experience. Accounting is thus a process by which reality is represented and made sense of, and which has as a tangible product of this sense-making, accounts. Traditionally this product consists of various numbers and short descriptions that are supposed to depict various aspects of organisational life and the business

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(1) The financial accounts of a business, of course, consist of more than just the numbers; by means of photographs in the annual report, the chairman's review, and graphs etc, information is also being communicated. While not strictly speaking a part of accounting, they are all useful in helping to convey the "reality" of the situation.

world.

Accounting, moreover, does more than summarise and condense experience into a crude narrative of events and descriptions of states. Accounting is concerned with changing states (the income statements and balance sheets over a period of time and cash flow statements), explanation (why a company failed), and prediction (charting, fundamental analysis). It is not only orientated towards the past, but also toward the future. Accounting thus has the ultimate purpose of producing information and knowledge about reality to enable one to gain an understanding of that reality and to use that knowledge to manage and control it. Accounting provides possibilities of control that could not even be dreamed of under a merely narrative system of recording; accounting is a tool for deciphering events and situations, and without it we could not begin to comprehend the functioning of the business world.

Accounting has become a system that influences the very way that we see and comprehend the world; it offers an approach to the world, an expression of reality, attempting in its own way to communicate the realities of that world. By means of sets of rules, of systems of grids and patterns overlaid on reality, it attempts to order reality and give it a coherent form and meaning. Accounting was developed from purely utilitarian considerations, not from any wish to describe the world as such for its own sake, and thus

accounting has developed rules and processes by means of which the accounting information may be manipulated to gain a better understanding of reality.

Accounting does not, of course, aim to be a comprehensive or total way of understanding the world. The complexity of the world and human enterprise, of even those aspects of reality which relate to business, is far too great for a single mind or system to encompass. We can only gain a tentative grasp of aspects of reality, for any person involved in the world is confronted with a mass of detail and emotion that has not yet been distilled. It is thus the desired purpose of accounting to calm the chaos, to extract the pertinent aspects of reality, and to present it in a dispassionate and objective way, interpretable by anyone versed in the accounting method of discourse. This distillation process is thus an attempt to extract the essential meaning from the undifferentiated chaos of the world, and to communicate it by means of what may be called "the medium of accounting".

The desire to create an unbiased medium of communication, a system complete in itself and not influenced by the viewpoints of the users of the system, has led some accounting theorists to believe that it is possible to have a neutral way of apprehending reality. They feel that the task of accounting is to construct a systematic view of the world that it wishes to account for, and to provide reliable and true knowledge about it (Chambers 1987).

The system of accounting is infused however, with many of our preconceptions and prejudices which make up our everyday understanding of our world, and it can never be a neutral medium. Accounting, like any representational system, relies on images to depict reality, and the choice of these images is necessarily subjective. The subjectivity and perspectives of its various users is dealt with in a later chapter, and before one can proceed to this it is first necessary to deal with what accounting as a system actually is. We must analyse what accounting, in and of itself is, what makes accounting accounting and not some other representational device. It is thus necessary to look more closely at how accounting attempts to represent reality before looking through it to see what kind of reality it is capable of depicting. Thus, this chapter aims to make clear the defining aspects of accounting, before looking at how the basic structure of accounting can be used in various possible accountings.

## I

Accounting may be seen as being essentially a descriptive language, a communicative medium employing signs to convey information about reality. In its endeavour to mediate between reality and the reader of the accounts, the language of accounting has been characterised by the formulation of a unique syntax and vocabulary of communication, and in order

to understand what accounting is, it is necessary to explicate and decode that grammar, those rules, and processes, to see the way in which reality is coded and given meaning.

The very process of explicating the syntax and vocabulary of the accounting language however, reveals the very weaknesses and powerlessness of any language to capture what we know and what we perceive. Like any language, accounting has inherent within it ambiguities, shortcomings and structural faults that complicate communicative understanding. There is a growing realisation that any discourse or language is in itself unable to fully communicate meaning; that we are incapable of constituting logical and linguistic rules without creating ambiguities and multiple meanings. Thus in defining the language of accounting and revealing its power, we must also reveal its powerlessness.

This is an aspect that has been inadequately dealt with by accounting researchers. The analysis below attempts to investigate how the accounting system functions and the consequences it has for our perception of reality.

## II

An essential element, and perhaps defining aspect of accounting is that it uses numbers in order to describe reality, abstracting from a more concrete reality and

depicting the world and the relationships between people and things in terms of a reductive system of numerical signs (Davis et al, 1983). Narrative being too unwieldy, perhaps incapable, necessitates the use of symbol, in the form of numbers. Thus, accounting may be seen as being framed by an over-arching metaphor encouraging a numerical view of reality (Morgan 1988). The numbers are made to stand for reality, and the reality is then interpreted through the numbers - the "signs".

The concept of the sign was proposed by Ferdinand Saussure, who is commonly acknowledged as the father of modern linguistics, the study of language and its workings. Saussure (1972) analysed the sign into two components: the signifier (the linguistic mark, in accounting's case the number) and the signified (a conceptual component). In this analysis, things themselves, for which the linguistic signs can be asked to stand when we want to refer to the world around us, are ignored, for the signified is not a thing, but a notion of a thing which comes to mind when the signifier is seen (Sturrock 1979); the sign is only a linguistic reference, not a referent to a phenomenal object with a grounded meaning which the sign serves.

Of prime importance is Saussure's intuition that the relationship of the signifier to signified, and the notion of system or structure, applies not only to verbal language, but can be applied to other sign systems. Accounting is one

such ideographic sign system, a code for conveying information, the message, by means of the "sign", the basic unit in any language.

Through accounting, numbers (the signifiers), become a substitute for the concepts of phenomena (signifieds) - as a simpler, more permanent, more accessible version of reality. Accounting, therefore, like any language, takes a piece of knowledge and turns it into symbols and formulae, so that it can be transmitted and handled more conveniently.

There are however limitations in reducing everything to a numerical representation. Our faith in accounting rests on our belief that numbers are impartial, and will render the world as it is; yet numbers are an abstraction, and thus some aspects of reality must necessarily be sacrificed as other aspects are emphasised. Accounting is supposed to deal with the actual, but through the rationalising process of numerisation, it filters out and exaggerates aspects of reality. Numbers cannot depict the multitude of unquantifiable aspects of reality, and only gives importance to those aspects which are capable of numerical representation.

A crucial premise of Saussure's theory of language is that the linguistic sign is arbitrary in that there is no natural, only a conventional, link between the signifier and the thing that it signifies (the phenomenon, not the signified). Thus, before it is even possible to begin to measure reality

and transform it into numbers, it is first necessary to decide on a concept of what is being represented. In order for accounting to begin to signify by means of numbers, it is thus necessary to find a means of standardisation of meanings of the phenomena to be accounted for; that is, substantial uniformity of the referents of the signs must be found.

Research has shown however, that there is not even agreement on the most basic accounting terms, no common understanding of the connexion between the signifier and the most basic signified. Belkaoui (1985) mentions that there is a lack of consensus as to the meaning of accounting concepts, and cites various studies which show that there are differences of understandings of the linguistic descriptions of phenomena due to linguistic relativism and functional fixation. Concepts of wealth, value and income, definitions of assets and liabilities, etc. are not agreed upon, and it has been found that there is little agreement among users of accounting information as to what its meaning is (Houghton 1988).

### III

Saussure has shown that language is also arbitrary at the level of the signified, for each language divides up in different ways the total field of what may be expressed and

one language has concepts that are absent from another (Sturrock 1979). In accounting's search to simplify the seeming anarchy of the phenomena, it selects and recognises only aspects of those phenomena and the world for representation.

Accounting's central problem is thus what should be included, and what should be rejected. This choice defines content. Accounting edits the meanings and patterns of the world through choice in an effort to make reality atomic and manageable.

Accounting has the problem of forcing the facts to tell the truth and to assemble those facts into a coherent narrative, but can only do this by isolating some fragment of fact, documenting it and by so doing claim for it some special significance which goes beyond simple description. From the whole of reality accounting has to choose those parts which seem relevant and consistent with the other parts chosen, in order to show events and explain their purpose. In the choice of detail accounting extracts features of reality with a purpose: as a tool of control. Accounting categories such as cost, profit, return etc. serve as a structure of meanings to order the world and the experience of it. Unique and different phenomena are grouped, reconceptualised and made into a homogeneous whole. This is a reductive approach to reality, but is considered as being "realistic", and this "realistic" view of the world

redefines knowledge - as technique and information. Accounting's function is to economise, to eliminate the unnecessary, (while being moulded by intentionality), with the result that we become unaware of the fact the knowledge of reality represented is strictly selective.

Over and above this, the abstraction of detail from reality also creates various problems of contextualisation. As accounting selects detail of reality, it is not all embracing but selective. As phenomena are never truly discrete, never wholly self-contained, accounting, of necessity, demarcates the selected phenomena as being important, and thus endows them with a significance. In selecting details of reality and thus isolating them from the reality in which they stand, accounting also creates a relationship between the phenomena chosen that did not previously exist. Thus accounting imposes conceptual boundaries on our conception of reality (Meyer 1983).

Hines (1988) makes it clear that accounting, through definition, sets boundaries on our conception of things, putting them into fixed contexts which preclude others. Hines shows how accounting defines what is to be accounted for:

"We create a picture of an organisation, or the economy, whatever you like, and on the basis of that picture (not some underlying "real" reality of which no-one else is aware), people think and act. And by responding to that picture of reality, they make it so: it becomes "real in its consequences". And, what is more, when people

respond to that picture, and the consequences occur, they see it as proof of our having correctly conveyed reality."

(page 257).

Hines demonstrates that by defining the boundaries of non-concrete things such as organisations, we in fact limit many aspects of that which we are trying to represent (2). Hines's example of an organisation demonstrates that although an organisation is a complex set of inter-relationships, accounting defines what should be included in that concept of an organisation, and more importantly, what should be excluded (e.g. those assets and liabilities which are seen to be too intangible/ uncertain/ unenforceable/ non-severable etc.) and serves to limit our conception of what an organisation is.

Hines (1988) has also emphasised that it is impossible to measure something before it has been made real, that is "realised", that is conceptualised. She gives this as the reason why the Financial Accounting Standards Board (FASB 1984) was unable, in its Conceptual Framework, to divorce measurement from recognition.

The step of reducing the chosen and standardised phenomena to a common yardstick, is thus inextricably tied to

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(2) Choudhury (1988), emphasises the point that accounting is not all-pervasive, and addresses the question of accounting "absence". He analyses the social, psychological and technical conditions that preclude accounting, and also looks at ideological frameworks which may interfere with researchers' recognition of these accounting voids.

recognition. In accounting, objects, human beings and actions are all reduced to monetary values and numeralised. As Meyer (1986 page 348) puts it, "...everything in a local setting, or now a whole society and most of the world, can be conceived to be property with a certain monetary value. It enters into social life as resources and costs. Much human action enters in, analysed as productive, with a definite value".

Accounting is, however, not capable of measuring everything, and aspects such as productivity, quality, product leadership, manufacturing flexibility and delivery performance, all vital to success in business, are not measured (Kaplan 1983), as accounting is incapable of measuring them. Thus further aspects of the world are eliminated by the restrictions of the accounting language. Further, the impact that a business has on its contextual environment is also ignored. The externalities of social cost and benefit are too difficult to quantify, separate and attribute in monetary terms and they are thus ignored. The impact that pollution from a factory has on its surroundings, for example, is not depicted by accounting. Accounting is therefore restrictive and distortive in its depiction of the world with which it is concerned.

Certain distortions of reality are also built into the syntactical rules of accounting itself, embodied in the so-called "fundamental accounting principles". Principles such

as prudence, matching and the accounting period all distort the representation of the actual situation being represented. Chambers (1987), for example, writes of "The Cult of Privacy", by which accountants, with the right to determine asset values and their application of the principle of conservatism, have stood in the way of deriving realistic information. Accounting further shows an arbitrary slice of time; not, for example, a decisive moment - when the flux of changing forms and patterns are sensed to achieve a balance of clarity and order. The principles of matching, historical cost and going concern also distort reality, but these issues occur through the use of the basic accounting structure, and it is not the purpose of this paper to deal with the specific limitations of traditional accounting, nor is there space to do so, but rather to find the defining structure of any accounting (3).

Accounting, involving selectivity, oversimplification and artificiality in its capturing of certain features of what obtains and transpires in the world, is thus restrictive in its signification. Accounting as a language does not depict reality as it is (4).

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(3) The interested reader is advised to consult a text such as Belkaoui (1985), or Chambers (1987) for an overview of the limitations within the traditional model of accounting.

(4) Accounting has a quality that no other natural language has, however. The elements of accounting, the numbers, are capable of being manipulated. Because of accounting's numerical representation, it is capable of generating many insights into reality that a verbal representation by itself could not. Since the numbers of the accounting product are capable of being added, multiplied etc. the user of the

## IV

The belief that the language of accounting is able to produce a "mimetic representation" of reality is false. The conventional view that accounting acts like a mirror reflecting reality neutrally and objectively, is based on the notion that the accounting signifiers correspond with the facts of the world. But as has been shown by Saussure, the relationship between signs and the real world is largely arbitrary: there is no direct relationship. The earlier analysis has shown that accounting as a system, is ambiguous in what phenomena it represents, in what our conceptual understandings of those phenomena are, and what the relationships between the phenomena are. The accounting system is ambiguous in that the choices are left to the accountant (in a general sense), to establish. The choices made are determined by the needs and perceptions of society, and thus, like any language, accounting is a socially established code (Saussure 1972).

The relationship between the image (accounts) and reality is

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accounts can create different ways of seeing reality and gain an understanding of the relationships between aspects of it. Through the calculation of relationships between sales, profit and return on investment, or the plotting of the performance of different companies, the user is able to better analyse the reality being accounted for. For this reason, accounting adds elements, employs mathematical processes, and uses conventions, to redefine reality.

modified by the world-view of its creator. It is impossible to have a neutral perspective, for accounting is dependent on the image-maker, and for every image it is necessary to ask who is doing the image-making.

It is well known that accounting is capable of lying. By using the rules of accounting it is possible for an accountant to present an image of reality that conveys an incorrect version of the true reality. By keeping layers of "fat" in bogus provisions for future release in lean years, he is able, as McLuhan would have it, to "massage" the numbers. However, beyond this, the very medium of accounting itself can be the massage.

Accounting is dependent upon the ideology and mores of the society in which it functions, it is not value free; as Tricker (1978 page 8) puts it, "It is the child of its culture ... (and)... any claim to report objective facts has to be set in the context of the beliefs of that particular culture".

In every sign system, the signs and their correlations are to be seen in relation to an emitter and a receiver and are based on a code common to both, in a context of communication that determines the meaning of the relationship. The emitter and the receiver <sup>en</sup>code and de-code the message transmitted through the code, and this codification is in accordance with the framework or ideology which provides the communication context. There is then, an

ideological system (system of meanings), which exists prior to the message, which interacts with the code by regulating the meanings of the sign (Bird 1976). Thus ideology, as a total inter-related system of ideas, is mirrored in the structure of language. The way the code is organised implies the way in which reality is conceived. Thus both the code and message communicate a view of reality. The universal notion of "the thing-in-itself" cannot be communicated, for language endows phenomena with meanings which are implicit in the ideological structure of the communicative medium itself. Signifying rules can never be value-free, and thus every representation of reality is itself representative of a perspective of the world.

Accounting as merely a process of codifying, summarising and communicating a representation of reality, is too narrow and too specific a view (Hayes 1983). Accounting must be more broadly defined to include its influence on the society it finds itself in, and in turn that society's influence on it. We must begin to account for accounting and attempt to explain what accounting is, and why it exists.

Accounting, rather than accurately and objectively mirroring reality, distorts reality; it is a fairground mirror that reflects the ideology of its creator. Accounting as a method of discourse and as a language can be seen as lying in-itself. Accounting is essentially a subjective discipline and accountants must realise and accept that

accounting is not an objective medium but is rather a limited and interpretive representational system that constructs its own version of reality.

The following chapters will explore how it is possible to have different conceptions of reality and how different realities are created by accounting itself. It will be shown that there is no fixed reality or facts for accounting to correspond to, and how accounting actually constructs reality in its own ideological image. The image produced by accounting will always be partial, selective and potentially distorted; accounting always represents from a particular point of view and embodies a moral order (Roberts and Scapens 1985). Accounting at all levels is infused with the world-views of its creators.

## CHAPTER THREE

LIES AND FICTIONS

"Nothing is true, everything is permitted"

- F.W. Nietzsche.

Accounting strives to give an impartial and objective representation of the facts of the world. There is a belief among its theorists and researchers that accounting is capable of achieving a true representation as reality is perceived as being given and it is only necessary to discover the facts of reality to properly describe it. To do this, mainstream accounting has based its faith on the scientific method.

Mainstream accounting, like its exemplar positivistic science, is thus grounded in a naive realism (or to use a less derogatory term, direct realism). This is the theory that we are as a rule directly aware of physical objects that exist independently of us, and that they have a determinate nature or essence that is knowable to us. This view holds that reality is an objective phenomenon, existing independently of the knower, and accepts that knowledge is achieved when that reality is adequately represented. Thus representation provides the basis for the building up of an

understanding and systematic body of generalisable causal relations which would allow the explanation, prediction and control of accounting phenomena (Chua 1986(a)).

As a result of this realist view, accountants are often inclined to see themselves as objective appraisers of reality, representing reality "as it is". They take it as a fait accompli that there is an objective structure to the world antecedent to any theories they may have about that structure. They believe, moreover, that any theory they posit about it is true or false in accordance with whether or not it correctly describes that world-structure; the so-called "correspondence theory of truth". They see themselves as scientists discovering, analysing, representing and explaining the mechanisms of the world and people and their actions within it, and testing the truth of those representations by means of the scientific method.

Various accounting researchers, such as Hines (1988), Morgan (1988), Chua (1986(a & b)), Tinker et al (1982), Arrington and Francis (1989), have realised, however, that contrary to this common-sense intuition, the world and reality do not exist independently of the concepts, norms, and language of the persons that appraise that reality. They hold, rather, that reality is created, and that it is only through a taken-for-granted structure of underlying assumptions that it is possible to build up an understanding of the world, and give it a semblance of concreteness and meaning. They

hold that any conception of reality, including the mainstream one, is rather merely a constructed and arbitrary view, not a "true" one. There is no one given world and no given structure or explanation that belongs to it; there are only interpretations of reality and thus no absolute way of representing it.

There is as a consequence of this, a growing belief among some accounting theorists that it is not only possible, but also valid, to have different a priori assumptions about the world. Thus it is permissible to hold a world-view that differs from that of the mainstream. Mainstream accountants are deluding themselves in believing that theirs is the only way of seeing the world, for as Cooper (1983) points out, any one way of seeing is also a way of not seeing.

Yet most accountants cannot conceive of any kind of accounting save that based in the given scientific framework, and cannot break the confines of their own particular perspective. Their perspective remains that of positivistic science. They are still awed by the standing of science, and as Gaffikin (1984 page 13) puts it, "the mainstream has sailed blithely on in ignorance of the changing image of science." The absolute status of science has yet to be critically questioned by any significant number of accountants. Blind belief persists in the scientific method and the structure of the world it presents. It is thus necessary, the radical accounting

theorists stress, to breach the mainstream way of seeing in order to realise the possibilities of creating new ways of seeing (Hines 1988), to broaden our conception of what accounting is, and the world it accounts for.

It is the purpose of this chapter to give some philosophical substance to the claims that the reality accounted for does not have an objective and independent world structure which human beings through accounting may hope to succeed in describing, and to argue against that theory of truth which posits a relationship of correspondence between the world and accounts purporting to assert facts about it. Further, an attempt will be made to show that any desire to ground knowledge in an external and transcendent metaphysical conception of reality is an untenable philosophical position; the intellectual proposition that any metascheme for the production of knowledge cannot ground itself in anything other than an act of faith.

## I

The German philosopher Friedrich Nietzsche was born in 1844. His productive life was relatively short, ending in madness in 1889. But during this time he produced a large body of work, a great deal of which was unpublished at his death in 1900, dealing with a broad range of subjects, and confronting his readers with ideas that radically alter

accepted ways of thinking. He did not do so in a clearly argued and logical fashion, however. Nietzsche's method is different to those of the philosophers schooled in the Anglo-Saxon tradition. There is no sustained, calm, detached analysis in his writings. Although his thought was fundamentally coherent, he was not a systematic thinker and never presented his ideas in a straightforward manner, and never set down his definitive position on any of them. He rather touched on them on separate occasions and his ideas are scattered throughout his published and unpublished work, often in aphoristic form, and often expounded with what may be seen as rhetorical excess.

Nietzsche did not start his inquiries into a problem from a set of premises deducing a system to answer it, but rather critically questioned the premises of the problem situation and made them explicit in the course of his enquiry. In Kaufmann's words (1965 page 68), "The result is less a solution of the initial problem than a realisation of its limitations: typically, the problem is not solved but "outgrown" ". Nietzsche's procedure of critical analysis is trying less to disprove than to discredit (Schacht 1985), for rather than trying to prove his point, Nietzsche first sought to establish its viability by contrasting it to other alternatives.

It was part of his method to approach problems and issues from a variety of different angles (Schacht 1985). He was a

problem-thinker not a systems-thinker, but a questioner (Kaufmann 1965). Nietzsche never created a system, for he believed:

"The will to a system: in a philosopher, morally speaking, a subtle corruption, a disease of the character; amorally speaking, his will to appear more stupid than he is....I am not bigoted enough for a system - and not even for my system."

(Quoted in Kaufmann (1965) page 66).

Nietzsche objected to systems as they contain "a subtle moral corruption", for they presuppose certain assumptions which cannot be questioned within the framework of the system. To be imprisoned within a system means that the premises of the system are accepted uncritically, and to Nietzsche, a man who questioned everything, this is unacceptable. He opposed the presumption that a system has any claim to complete knowledge. Nietzsche believed that no definitive solution may be found, only the best interpretation. He believed that there are alternative systems of concepts and assumptions, not equivalent to each other, in whose terms the world may be interpreted, and between which there is no authoritative external way of making a choice.

## II

The cornerstone of Nietzsche's thought, if that is the right phrase for a man who was so opposed to the construction of architectonic systems, is the belief that it is impossible

to have beliefs that are true in any absolute sense. As contradictory as this sounds, it is valid if absolutes do not exist (1). Nietzsche expressed this in his famous parable of the madman entering the market-place with a candle seeking God. The man was asked by a group of atheists where he hoped to find Him, and he replied,

"Where has God gone? ... I shall tell you. We have killed him - you and I. We are all his murderers ... God is dead. God remains dead. And we have killed him. How shall we, the murderers of all murderers, console ourselves?"

(GS 125).

In this story we see the great Nietzschean insight. Nietzsche's death of God is a statement of modern man's metaphysical homelessness. It is a recognition that man can find no absolutes, no essential meaning with which to structure the world. "The real world", "truth", "God", are all dead. Metaphysical schemes invoking a real world beyond an apparent world can no longer be believed in, truth cannot be seen as being in accordance with the facts, and moral imperatives no longer exist. There is nothing for man to ground his beliefs in, no certain knowledge and no certain perception. Knowledge, truth, and a conception of reality

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(1) If there are any unquestioned assumptions in Nietzsche's thought this may be one of them, but as Kaufman (1965) points out, "Because Nietzsche did not start with any premises which he consciously failed to question, he could not base his philosophy on the assumed existence of God .... Nietzsche's initial agnosticism is thus a corollary of his basic commitment to question all premises and to reject them unless they are for some reason inescapable " (page 84 - his emphasis).

are all products of the individual, we have nothing with which to console ourselves.

In this "nihilistic" and "relativistic" world nothing is true and everything is permitted; without absolutes everything becomes relative. Any quest for certitude is futile, yet, man cannot cope with this futility. He needs consolation in the form of systems of beliefs, something beyond himself with which to order his world, and thus he creates systems of beliefs with which he can begin to make sense of the world.

Nietzsche proposed that our conception of the world works on an illusion, an "as if" principle (using Hans Vaihinger's phraseology (2)), for we act "as if" we were capable of comprehending the real world. Man imposes an order on the world, and his experience of it is a consequence of the way he constitutes it. It is not there before his imposition, for Nietzsche believed that man has "invent[ed] signs and formulas, with the help of which we may reduce the swirling complexity [of the world] to a purposeful, useful scheme" (unpublished note of Nietzsche's quoted in Danto (1965) page 89). This general conceptual scheme is a tissue "of lies and frauds", but is taken as being true. Man protects himself from his insignificance by forcing his own

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(2) Hans Vaihinger subsequently developed this theory of necessary fictions independently, in his book "The Philosophy of the "As If" published nine years after a book he had written on Nietzsche.

interpretation of the world upon the entire universe, substituting a human-centered set of meanings that is reassuring to his vanity, for a set of meanings that reduces him to being a mere transitory accident in the cosmic order (De Man 1979). In other words, man sets up an "ersatz-absolute" to help him cope with the contradiction and complexity of a God-less world.

### III

Nietzsche's ideas form a philosophical standpoint called perspectivism, and stands as one of the most radically subjectivist epistemologies in the history of philosophy. This doctrine of perspectivism, has at its core the notion that truths may be considered "true" only from some particular perspective, and only within the context of some particular "language-game" played in accordance with rules more or less strongly conditioned by various contingent social, economic and political circumstances (Schacht 1985). Nietzsche believed that an infinite number of possible "interpretations" of the world are possible, and that in no sense could a single, correct interpretation be achieved.

No conception of the world, and by this he meant the physical world, the social world, the moral world, is true in any absolute sense; it is only an interpretation of the world. Any interpretation that man imposes on the world is

merely a system of "useful fictions"; a false yet practical way of ordering reality which helps him to gain an understanding of it.

As these fictions are based on an illusion, we cannot speak of a "true" perspective on reality, but only of the specific perspectives that prevail. Since man cannot appeal to any fact independently of its relation to the perspective it is meant to support, he can do little other than to insist on his perspective, and try, if he can, to impose it on other people (Danto 1965). In the case of accounting, the mainstream insistence upon and appeal to the neutral objectivity of science as its perspective, has been very successful, and the majority of accountants have unreservedly accepted it as being the only way of seeing reality.

The interpretations that man imposes on reality, the fictions, and "truths" that result from them, can be demonstrated only within an accepted framework. Man applies the systems, and the a priori judgements of which they comprise, to the world in order to suit his own needs. He selects concepts to use in describing and making statements about the world, and creates systems, ultimately to suit his own ends for, fundamentally, human beings wish to dominate and manipulate the world and to manage their environment. These systems have become so much a part of our thinking that man can only comprehend the world through them, even

though they are false.

Nietzsche, however, did not say that the systems built on these false beliefs are without meaning, but rather, that they are meaningful only in themselves. The fact that man has not managed to discover any foundations, metaphysical foundations of knowledge, of language and meaning of morality, does not matter. There is no need or necessity for these foundations, and nothing is threatened by the lack of them. Science, language, common-sense, all function adequately without them. It is the belief that the foundations are necessary that is the mistake in the classical metaphysician's efforts; it is not necessary to find absolutes.

These fictions are thus beneficent; lies, but not malefic. They are "vital lies", which while deceiving man, help him, for Nietzsche believed that this error, which attaches to all thought, is biologically useful. The human race would not have survived the real world without its incurable propensity to believe what is false (Cameron 1980).

Nietzsche, unlike the philosophers who preceded him, was concerned not primarily with thinking, but with acting. He was not concerned so much with ultimate reality, rather with that reality within which man lives and acts. Nietzsche realised that it is only in man's practical utilization of reality that any philosophical doubts about the authenticity of his knowledge of the world, through his perceptions,

disappear. Nietzsche thus espoused a form of pragmatism, for in terms of practical living we do not have to worry about whether the world is real or not in the context of the ultimate nature of matter (3).

Nietzsche's insistence on the pragmatic value of man's beliefs is the reason why he cannot be called an idealist. Instead of putting the mind foremost, Nietzsche particularly emphasises the part that our bodies and their needs play in our mental processes. Men are creatures who are characterised above all by their power to act, that is to deliberately change their situation (Warnock 1970), for as Nietzsche wrote in an unpublished note, "Our cognitive apparatus is an abstracting and falsifying mechanism directed not towards knowledge, but towards mastery and possession" (quoted in Danto (1965) page 100).

The fact that the beliefs that man holds are false is not a criticism of those beliefs; what Nietzsche is concerned with is the belief about those beliefs, a second-order belief, in accordance with which they should be true, that they should

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(3) Various forms of pragmatism have evolved (which Kaufmann (1965) traces back to the ideas of Kant and Darwin), and which include the pragmatisms of James, Dewey, Pierce, Schiller and Mach. Nietzsche's formulation however, antedates them. Nietzsche, however seems to have withheld his specific writings on pragmatism (they appear mainly in his posthumously published notes) as he had not fully developed his ideas at the time of his madness. However, pragmatism is a logical step from Nietzsche's theory of fictions, and it does not seem invalid to expound them for him.

correspond to some real world. As Nietzsche wrote:

"One sees that even science rests upon a belief. There is no science without preconceptions. The question whether truth is needed must not merely be affirmatively answered, but must be affirmed to such a degree that the proposition, the belief, the persuasion that "nothing is needed more than truth and in relation to this everything else has a secondary value" demands expression..."

(GS 344).

In this statement Nietzsche shows that even science has to believe that its beliefs are true in an absolute sense. Science has to believe that it is possible to make statements of "sheer matters of fact".

#### IV

Science is a system based on the foundationalist and absolute belief that there is a given and knowable world and that it is possible to discover facts about that world which will correspond to propositions it makes about it. This realist view holds that it is possible to derive knowledge of independent material things from sense-data, that is empirically, although denying that the perceiver is ever directly aware of those objects (Bullock and Stallybrass 1977). This idea of correspondence is in Nietzsche's eyes invalid, for to him there is no reality as such for propositions to correspond to (Danto 1965).

Nietzsche is not however an idealist, for idealism takes

objects to be wholly constructed of ideas of the mind, and holds, in its most basic form, that mental states alone exist. Nietzsche, rather, holds a view between these two positions. Nietzsche wished to modify Kant in a more materialistic and empirical direction (Ellis 1933). He sought to synthesise the elements of the apparently contradictory approaches of idealism and realism, and create a new way of seeing the world.

Kant had before Nietzsche developed a version of idealism which he called "transcendental idealism", contrasting it with that fundamental idealism which stated that the physical world did not exist at all. Kant felt that there are objects out there in the world, of whose existence our senses inform us. He believed that the qualities of objects - shape, colour, taste, etc. - are however "added" by the senses, and that we can never hope to know anything about what objects are "really" like. Kant added that we see the world "as it is" because our perceptions impose a certain order on it. We observe as many characteristics as possible, and then pass a "judgement" about it. Hence our "idea" of a thing is a series of observed facets, connected in accordance with our needs.

Now, Nietzsche (a philosopher schooled in the idealistic tradition), like Kant, refused to equate reality with our experience of it, and held that our experience of the world is as it is to a large extent due to the way we constitute

it. Nietzsche believed that although our experience of the world may be, to a degree, ordered, this ordering is not a fundamental character of reality, but is rather imposed upon it by us.

Nietzsche was sceptical of idealism, for not only did he deny the validity of metaphysical philosophy, he also objected to the very idea of the Kantian Thing-in-itself, refusing to postulate any kind of Reality standing behind the world of appearances. But not content with such apparently positivistic doctrines, Nietzsche also attacked realism itself for its belief that in our scientific or everyday thinking we can find brute facts with which to compare our judgements. For Nietzsche, there are no facts, only interpretations; we cannot establish any fact as it is in itself.

Kant had asked in his "Critique of Pure Reason", how synthetic a priori judgements (4) are possible, but Nietzsche asked why these judgements are necessary. He introduced psychological considerations into philosophy, an

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(4) A synthetic judgement is a proposition whose predicate is not contained in its subject and the contrary of which is not a self-contradiction; an a priori judgement is a proposition which is independent of experience; a synthetic a priori judgement is a proposition whose contrary is not a self-contradiction and which is independent of experience. "Every event has a cause", for example, is a synthetic a priori judgement: synthetic because its predicate "cause" is not contained in its subject "event", a priori because it is not verifiable by experience. Kant maintained that the propositions of mathematics, science and morality are all synthetic a priori and his concern was to discover how they are possible [R.J. Hollingdale in his commentary to BGE in the Penguin edition 1973 page 209].

area which had not traditionally been dealt with (Foster 1969), and he thus asks, "Who among philosophers was a psychologist before me, and not rather the opposite, a "high swindler" and "idealist" ?" (EH - quoted in Schacht 1985 page 32). Nietzsche said that a priori judgements may be false, but if believed, they can be true and serve our purpose for the sake of helping us understand and manipulate reality. As Nietzsche explained in "Beyond Good and Evil":

"The falseness of a judgement is to us not necessarily an objection to a judgement: it is here that our new language perhaps sounds strangest....our fundamental tendency is to assert that the falsest judgements (to which synthetic judgements a priori belong) are the most indispensable to us, that without granting as true the fictions of logic, without measuring reality against the purely invented world of the unconditional and self-identical, without a continual falsification of the world by means of numbers, mankind could not live..." [BGE 4].

"...it high time to replace the Kantian question "how are synthetic judgements a priori possible?" with another question: "why is belief in such judgements necessary?" - that is to say, it is time to grasp that, for the purpose of preserving beings such as ourselves, such judgements must be believed to be true; although they might of course still be false judgements! ... But belief in their truth is, of course necessary as foreground belief... belonging to the perspective optics of life." [BGE 11].

In stating this, Nietzsche radicalised Kant, since for Kant, a priori forms of cognition and knowledge guaranteed the universality and truth of claims to knowledge, while Nietzsche subjectivised Kant and argued rather, that each individual creates his own view of the world and the truth

of statements about it.

Nietzsche achieved a partial synthesis of idealism and empiricism by the realisation that it is possible and useful to act on the basis of ideas or fictions that are known to be false or unverifiable.

V

Nietzsche believed that it is language that enables man to believe in fictions, and it is bound up with man's aspirations for exact knowledge. Nietzsche held that the human mind is bogged down in the syntactical and semantic features of language and that man's conception of reality is revealed to be inadequate by the very inadequacy of language. "Words are only the symbols for the relations of things to each other and to ourselves, and at no point do they touch upon the absolute truth" (Nietzsche quoted in Putz 1978 page 14). Nietzsche realised how dominated man is by the language used to describe the world, how he is caught in the net of language and grammar. In the following passage Nietzsche explains how words have always deluded man:

"To the extent that man has for long ages believed in the concepts and names of things as in aeternae veritates he has appropriated to himself that pride by which he raised himself above the animal: he really thought that in language he possessed knowledge of the world. The sculptor of language was not so immodest as to believe that he was only giving things designations, he conceived rather

that with words he was expressing supreme knowledge of things: language is, in fact, the first stage of the occupation of science. Here, too, it is the belief that truth has been found out of which the highest sources of energy have flowed. Very much subsequently - only now - it dawns on men that in their belief in language they have propagated a tremendous error."

(HAH 11).

In Nietzsche's essay "On Truth and Lie in an Extra-Moral Sense", (probably the longest single piece Nietzsche ever wrote on a traditional philosophical subject (Stern 1978)), he shows the fictive and metaphorical status of our concepts (5). He deals with the metaphysics of language, and claims

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(5) It is worthwhile to note that Nietzsche did not publish this essay while he was alive; he was well aware of the problems of stating that there is no genuine philosophical knowledge and that nothing is true, while doing so in a definite and non-figurative way. Nietzsche recognised the rhetorical incongruity of his argument (Shapiro 1981), and the danger of falling into the kind of error it denounces. Nietzsche's view of language as necessarily a source of error is, of course, self-destructive, for there is then no language in which Nietzsche can tell us how things are. According to him, all other philosophies consist of fictions and refer to fictitious entities and processes - substances, qualities, essences, causal connections - and yet, and here he does not condemn them, such fictions have enabled us to bear the harsh burdens of life (Cameron 1980).

Arthur Danto (1980 page 230) puts it well:

"To put it sophomorically but no less vexingly, was it his intention, in saying that nothing is true, to say something true? If he succeeded, then of course he failed, for if it is true that nothing is true, something is true after all. If it is false, then something again is true. If, again, what he says is as arbitrary as he has said, critically, that of all of philosophy is, why should we accept him if we are to reject the others?"

that language, far from giving a true account of things as they are in the world, and far from having its grounds in "true reality", is in fact no more than a referentially unreliable set of almost entirely arbitrary signs (as Saussure later noted), made up by us for various very concrete and practical ends. "The lie" of language in an "extra-moral sense", consists of the vital pretence that language is able to relate the reality of the world to man by offering reliable knowledge of it. Nietzsche warns us of the figurality of all language; words, according to Nietzsche, are not designators of things, but are metaphors for real things in the world. The language that we employ, learned in connexion with the having of perceptions, does not describe the world as it really is; language rather describes the illusions we take for reality. We establish and try to stabilise the "as if" relationship through language, although the functions of language nevertheless remain ad hoc and its uses largely arbitrary, and the elements of the language are poeticised and given a coherence according to rules which are entirely created by man (Stern 1978).

Nietzsche realised that there is no "real" expression and no real knowing apart from a metaphorical one. We conceptualise by means of metaphors and metaphors play a constructive role in our categorisation and classification of objects and events. Metaphors, through time and use, become resolved into concepts, and concepts elaborated into

systems. Metaphors are pragmatic, and we must realise that they are embedded in and partially constitute our value-laden, purposive and creative daily experience. Nietzsche therefore did away with metaphysics and replaced it with what may be termed "metaphorics".

Nietzsche's has always been the truly radical view of metaphor, for it was he who saw that "literal" and "figurative" are merely poles on a continuum. The relationship that obtains between words and the "real world" is a metaphorical or aesthetic one (Stern 1978). As Danto (1965 page 39) puts it, "Our primitive mode of contact with the world is essentially as artists, as more or less unwitting makers of images and metaphors, transforming rather than reproducing our experiences, themselves transformations and not duplications of their causes and objects."

In saying that there is no real correspondence between words and reality, Nietzsche must conclude that there is no such thing as truth.

## VI

Nietzsche considers it necessary to consider the question of "truth" in the light of considerations of what we are; our character as human beings and the circumstances we find ourselves in, the setting in which forms of truth and

knowledge are framed (Schacht 1986). The traditional regard for the priority of epistemology is discarded by Nietzsche, he considers that questions concerning truth and knowledge can only be properly dealt with within the context of man's relation to the world, an existential approach.

For Nietzsche, truth is a subjective construct, and his pragmatism heralded a radical critique of the status of philosophical truth, for...

"From the moment we deny the God of the ascetic ideal, another problem presents itself: that of the value of truth."

(Nietzsche in the "Genealogy of Morals" quoted by Danto (1965) page 192).

Once the existence of a God, that is to say any absolute sanction, is denied, Nietzsche holds that for anyone wishing to propose an epistemology which ignores the fact of man's existence in the world, his basis is destroyed. It is only by gaining an understanding of man's nature, his circumstances and his needs, that <sup>it</sup> is possible to consider the notion of truth. Nietzsche's conception of truth is thus of a pragmatic nature (Warnock 1978). He interprets the meaning, justification and truth of our beliefs in terms of practical effects. It is the utility of our beliefs which makes them valid, for Nietzsche was not interested in the notion of truth in itself, but rather in its function and value and the consequences of holding a belief. For Nietzsche, conventional assumptions about the way truth

"agreed" with reality were generally unhelpful, and argued rather that an idea, or an action, might be validated only by reference to its usefulness in life (6).

The interpretations that we impose on reality are thus fictions which cannot be seen to be true from an objective standpoint, since we can only know the world from the special perspective given by our particular needs and by our particular language. Thus "truth", as conceived as being an objective correspondence between descriptive words and a factual reality, is an impossibility. Thus Nietzsche writes:

"What therefore is truth? A mobile army of metaphors, metonymies, anthropomorphisms: in short a sum of human relations which became poetically and rhetorically intensified, metamorphosed, adorned, and after long usage seem to a nation fixed, canonic and binding: truths are illusions of which one has forgotten that they are illusions; worn-out metaphors which have become powerless to affect the senses; coins which have their obverse effaced and now are no longer of account as coins but merely as metal.

Still we do not yet know whence the impulse to truth comes, for up to now we have only heard about the obligation which society imposes in order to exist: to be truthful, that is, to use the metaphors, therefore expressed morally: we have heard only about the obligation to lie according to a fixed convention, to lie gregariously in a style binding for all.... and as by this very unconsciouness, by this forgetting, he arrives at a sense of truth."

(OTF p.180.)

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(6) Bertrand Russell remarked, as many have, that this was an intellectual debasement of the word "truth", and that in (Jamesian) pragmatism, "theories become instruments not answers to enigmas" (1946 page 771). Nietzsche would say that any other type of truth is an impossibility.

Nietzsche shows that man is trapped by his language, and it is in the light of this that he writes, "I am afraid that we shall not get rid of God until we get rid of grammar" (Nietzsche quoted in Shapiro 1981). People have been unwilling to face the fact that there is no possibility of building up an objective corpus of knowledge which would be true for all time, and therefore they have canonised some of their myths and prejudices and named them "truth" (Warnock 1970).

Now Nietzsche takes a similar position in respect to "truths" in science. "As we saw, it is language which has worked originally at the construction of ideas; in later times it is science" (OTF page 187). Nietzsche sees science as being a schematization of the world beyond the level of ordinary language as it redescribes and reinterprets the world in terms departing from those of ordinary discourse, schematizing it in ways reflecting a modified perspective upon events (Schacht 1985). The truths of science are as fictitious as those of language, and like language, the scientific view of the world is linked in its development to our practical need to comprehend and control the world. "Science," Nietzsche therefore maintains, ultimately, "belongs under the rubric "means" " (Nietzsche quoted in Schacht 1985), and is no more than a symbolic construct to help man with the practical aspects of living, without absolute status.

Nietzsche regarded the fundamental tenet of science, "objectivity", as the main enemy of true understanding. For him, objectivity, meaning that there are hard, identifiable facts in the world, about which hard definite statements can be made to fit or to correspond with the facts, is a lie, for there is no single, objective structure to the world.

Nietzsche had a particular dislike of science, but never ridiculed the scientific quest for objective knowledge as such. Rather, he warned against science attempting to ignore the fact that it is but one means to an end or ends, and man's rejection of other means. Science is only an interpretation and a single perspective, but is taken as being true. Man does not realise that he has made science, that it is only a system of fictions, an interpretation, to be used by him. Nietzsche questions

"the faith with which so many materialistic natural scientists rest content nowadays, the faith in a world that is supposed to have its equivalent and its measure in human thought and human valuations....That the only justifiable interpretation of the world should be...an interpretation that permits counting, calculating, weighing, seeing, and touching, and nothing more - that is a crudity and naivete".

(GS 373)

Nietzsche believed that science is inclined to make the world more coherent than it is by forcing the differing aspects of the world into a classification system and

general laws which satisfies our need for order and which helps us to practically control nature, and is only able to do so as we only experience things in a rather gross and unrefined way (Sprigge 1984). Nietzsche concluded that the scientific quest for certitude was futile, for the quest for certitude in knowledge goes hand in hand with a belief in the fixity in reality (Danto 1965), whereas for Nietzsche, nothing is fixed, everything is mutable and there are no final ends.

Nietzsche stresses that man cannot rest content with the scientific foundations he has, for all systems are blinkers. They narrow our view and keep us from questioning our premises. It is only by realising the fictive status of our knowledge that we can abandon those blinkering concepts, and see their frequent superficiality. Unimpeded by their limitation we may form a deeper, more useful understanding of our world (Kaufmann 1965).

## VII

Nietzsche has shown that it is only within the framework of its own discourse, and through systems of rules that "truths" are accorded privilege, that the possibility of other world-views cannot exist. The fundamental idea underlying Nietzsche's analysis of truth is that no truth can hold true in terms of its relation in correspondence

with reality which is independent of our experience of it. All truths are inextricably part of the domains of discourse in which they occur and can be only be considered true from a certain perspective and within the context of a particular "language-game" (Schacht 1985). It is only when one attempts to step outside the given framework and analyse the presuppositions about "the way the world is", that we can realise that no world-view may be seen as being definitive with a closure around knowledge.

Nietzsche's views have radical consequences, for if there is no objective, no fixed and stable external reality, no eternal truths, then our conceptions of reality are freed from any constraints. Nietzsche had hit upon the nihilistic idea that for a statement to be true, nothing need correspond to it. The quote at the beginning of this chapter sums up this nihilism. Nietzsche's nihilism need not be a depressing thought, however, for:

"We philosophers and "free spirits" feel ourselves to be shone upon by a new dawn with the news that God is dead. Our heart flows over with thankfulness, amazement, presentiment, expectation."

(GS 343).

Danto (1965 page 194) makes clear that Nietzsche's views are, "a call to creativity, to new structures and to fresh ideals, in the light of which we might make ourselves over in an image of our own." We must not respond with despair to the relativism of our world-view, rather a Nietzschean

affirmation is appropriate - the joyous affirmation of the free-play of the world and without truth, without origin, offered to an active interpretation.

For Nietzsche held the view that "The different philosophic systems are to be considered as educational methods of the spirit: they have always developed one particular force of the spirit best by their one-sided demand to see things just so and not otherwise" (quoted in Kaufman 1965 page 67). Nietzsche says that these systems may be used as educational devices, but they must not be accepted without first ruthlessly questioning them, explicating the assumptions they are built upon and enquiring what they themselves may presuppose. His concern was the truth that resulted from holding a belief, rather than the absolute validity of the belief in a metaphysical sense.

Nietzsche makes it clear that we must make explicit our understandings of the world, our ontological commitment in our way of seeing and our systematisation of these assumptions, but he sees that an analysis of this sort is not enough, we must go further and question whether our way of seeing is adequate. We must explore the consequences of our assumptions and their inherent values and not take them as self-evident or unconditionally valid. Nietzsche considers it vital that we adopt a critical stance to the "ideal of today" (Schacht 1985).

Nietzsche realised that this is a difficult task for we are

all children of our age, but anyone who attempts it will realise,

"their task, their hard, unwanted, inevitable task, but finally the greatness of their task in being the bad conscience of their age.... By laying the knife vivisectionally to the bosom of the very virtues of the age"

(BGE 212).

## CHAPTER FOUR

IDEOLOGY AND ICONOCLASM

"So far as the word "knowledge" has any sense at all, the world is knowable; but it can be variously interpreted, there is not one single meaning hidden behind it, it has countless meanings. - "Perspectivism"."

- F.W. Nietzsche

Much of what Nietzsche has to say has an oddly contemporary ring to it. His thoughts on language, his antagonism toward systems building, his metaphysical abandonment, his denial of "brute facts" are ideas that are being debated today. Cameron (1980 page 26) puts it that "many paragraphs or fragments within his work strike us as part of an analysis that belongs to the middle of the twentieth century rather than to the late decades of the nineteenth."

Similar ideas to Nietzsche's are now being used by theorists and researchers exploring accounting. Mainstream accounting is being examined in critical, interpretative and deconstructive ways which are similar in many ways to those of Nietzsche. Accounting academics are beginning to be concerned with different accounts of accounting and are looking at theories of accounting theory and practice; they are "accounting for accounting" in Hayes' phrase (1983).

Accounting academics such as Cooper (1983), Tomkins and

Groves (1983), Chua (1986(a)&(b)), Arrington and Francis (1989), Davis et al. (1983), Gambling (1978 & 1985), Hines (1988), Morgan (1983), Tinker (1988), Roberts and Scapens (1985) and Hayes (1983) have realised that different conceptions of reality may be valuable in describing and understanding accounting. This perspective holds that the way the world is seen exerts a decisive influence on what is accounted for, how it is represented and how it is researched. All production of knowledge is circumscribed by man-made rules which define the domains of knowledge, for all knowledge is a social artefact, a product produced by people in their effort to understand the world they live in. Accounting knowledge seeks to mediate the relationship between people, their needs and their environment and in a feed-back relationship accounting itself is changed as these factors change.

There has been a realisation that the way mainstream accountants look at and represent the world is based on, and circumscribed by, certain fixed underlying assumptions, which are not, in opposition to the radical view, tentative and open (1). The radicals have realised that there are many possible ways to look at reality and that any number of possible world-views may exist, created by man and thus

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(1) The word "radical" is used in the sense it was used in the introductory chapter, meaning "going to the roots", and not in the specific sense that Burrell and Morgan (1979) use it.

never absolute or complete. They have seen that one can never achieve, in the words of Hines (1988), "the full-picture". Only an accepted picture can ever be achieved.

Society has a preconceived idea of what reality is, and as men are prone to perpetuate their prejudices and to rationalise the valuations of their own society, they set up their world-views as the only way of seeing reality. Now the radicals see that mainstream accounting has come to reflect the accepted ideas, concepts, norms and values of the capitalist and scientific world in which it is situated. Mainstream accounting in doing so, maintains the status quo and helps to perpetuate accepted ways of seeing. The world-view of capitalist Western society has become institutionalised in accounting, for society's values, its way of seeing, representing and researching the world has become privileged and taken for granted.

Mainstream accounting, in reflecting this world-view, also constructs it. In representing the accepted reality, it also communicates that understanding of reality to society. People think and act on the basis of the world-view represented, and by influencing conceptions of reality, accounting influences social action and gives credence to that view. Society's preconceived notion of reality does not pre-exist, but is created, for an individual's conception of the world is not only determined by his innate perceptive faculties, but also by his social conditioning,

and thus conceptions of reality are perpetuated and sustained through society and accounting. Accounting's reality is thus self-reproducing, for it represents and creates a view of reality for society, which in turn creates accounting; there is a mutual osmosis.

Nietzsche realised the importance of societal factors in conditioning our ways of thinking. He insisted that our consciousness and knowledge of the world develops as a social phenomenon, not transferred to the world from any inner consciousness (Foot 1980). As Nietzsche writes, "consciousness does not belong to the individual existence of men, but to what is the community and herd nature...Our thought is always translated back to the perspective of the herd" (quoted in Schacht 1985). He saw that men's ways of seeing are not innate, but are rather based on the particular assumptions and prejudices of the society in which they find themselves. Thus as Arrington and Francis (1989) make clear, knowledge production in accounting is always a political and social act, and all representations are culturally dependent and are not value-free (Tricker 1978); they must be seen as being more or less complicit with the dominant ideology (Hebdige 1988) (2).

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(2) Ideology is the word that was coined by the French philosopher Destutt de Tracy to denote the "science of ideas" which would reveal to men the source of their biases and preconceptions (Bell in Bullock and Stallybrass 1977). Ideologies characterise ideas, ideals, beliefs, values, religion, cultural and economic systems as part of an interpretative scheme to make the world more intelligible. But they are more than theories for they have practical consequences and give rise to societies which take the

Thus mainstream accounting is based on the assumptions of the society it finds itself in, and that conception of reality is perpetuated, objectified and normalised by it. This self-fulfilling process militates against the questioning of how social reality arises, and how it is maintained and legitimised, and therefore obscures the role that accounting plays in the creation and maintenance of society and its world-view (Hines 1988). As ideology accounting privileges its particular way of seeing and discourages any questioning of the basic assumptions that might threaten its claims to absolute knowledge.

In the light of Nietzsche we must realise that the prevailing view of the world is a distorted representation, and that it is infused with the dominant ideology of our society. World-views must be seen "as strategies embedded in institutions themselves irrefragably implicated in and productive of particular configurations of power and knowledge" (Hebdige 1988 page 186). The mainstream, as the official communicators of reality in accounting, thus have the power to perpetuate those "facts" and the interests and power relations which gave rise to them.

Mainstream accounting with its taken-for-granted view of the world, has not adequately examined the fundamental assumptions nor the ideological consequences of its views.

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theory as a way of life.

It is thus necessary to question the assumptions and presuppositions held by mainstream accounting as it claims to be a method of knowledge production and communication that is privileged over others. We must challenge the mainstream's claim to being a total explanatory system, for a single theory of accounting cannot offer more than one particular, limited mode of insight which precludes the definition and understanding of other aspects of reality (Davis et al. 1982).

## I

It is necessary to examine the meta-theoretical assumptions and ideological biases that underlie mainstream accounting, for it is only by consciously facing the nature of the foundation assumptions of its thought that we "cut through the surface detail which dresses many social theories to what is fundamental in determining the way in which we see the world we are purporting to analyse" (Burrell and Morgan 1979 page viii).

The meta-view taken in this thesis is that traditional accounting has as its foundations of thought, a single, dominant and primary set of assumptions, and that as a result of this, the accounting community has on the whole a single philosophical and ideological world-view (Chua

1986(b)) (3).

The explication and criticism of these assumptions will be attempted using Nietzsche's interpretative method. Nietzsche espoused "looking from a variety of positions toward a centre which remains forever concealed. If the world is conceived of as impossible to comprehend, there is at least some consolation in viewing it from a number of perspectives..." (Foster 1969 page 131).

Alternative perspectives to that of the mainstream have been put forward by a number of writers in accounting. Some like Tomkins and Groves (1983(a)&(b)), Hayes (1983) and Cooper (1983), have used the framework proposed by Burrell and Morgan (1979). This framework classifies four "paradigms" (functionalist, interpretative, radical humanist and radical structuralist) which are located on two principal axes of subjectivism vs. objectivism and regulation vs. radical change. Chua (1986(b)) saw various limitations in the Burrell and Morgan approach and she proposed another classification. She sees two alternatives to the mainstream, the interpretative and critical approaches. Others like Roberts and Scapens (1985) have, under the

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(3) This approach thus, undercuts any argument of whether accounting is in fact a "multi-paradigmatic science" as proposed by Belkaoui (1985), or lacks a definitive paradigm (Wells 1976), or consists of many differing "schools" of accounting thought. It is proposed that these are merely distinctions within the dominant (taken-for-granted) axiomatic framework and that the distinctions made by the aforementioned writers are fundamentally similar in the assumptions they are built upon.

influence of Giddens (1976), realised the limitations of classification of exclusive world-views and have taken a more open and less structured approach. Colville (1981) realised that "alternative paradigms" are difficult to define, because he believes that no definite paradigms exist, but rather "a collection of theories and approaches which although not uniform in their details together constitute an approach which is not that of the orthodox tradition" (page 123). An unstructured approach will be taken in this paper although the main criticisms of the mainstream approach will be directed from a Marxist / critical viewpoint and from more subjective viewpoints such as those often labelled "interpretive".

These alternative perspectives differ in many respects to the world-view of the mainstream. They embody different ways of seeing the world, and make different claims about the nature of the universe as a whole, about the nature of man and how he should live. But they are in no way more neutral or more correct than the mainstream view, for they are also based on assumptions which cannot be validated extra-systematically; they are only interpretations infused with their own ideological motivations and prejudices.

There is, of course, no hope of reconciling or judging between conflicting world-views, for every world-view is based upon the particular needs and societies of those that hold them. The history of the world is littered with

examples of disagreement, persecution and objection to world-views that differ from those of another. Arguments have been raised and debated, and yet they seem to be able to go on for ever without dislodging any side from their position. Each side continues to argue from its position within its closed system, for none of these world-views can be legitimised outside their own discourse, and objections to the theory are countered simply by reassertion of the tenets of the theory. But by use of Nietzsche's interpretative method, by looking at all sides as it were, we may gain a better idea of what reality is. As Schacht (1985 page 7) explained Nietzsche's method,

" "Interpretation" as he understands it is by no means an affair so hopelessly "relative" and "subjective" that to construe philosophical activity in terms of it is tantamount to depriving it of cognitive import. Indeed, it seems to me that he is on to something important in taking the enterprise of philosophy - properly understood and carried on - to be fundamentally (although perhaps not exclusively) a matter of engaging in the complementary activities of critically examining received or proposed interpretations and developing (and making cases for) others which might improve upon them."

Thus, the "relativism" of different world-views need not be a barrier to insight; interpretation can help us realise the limitations of our views and generate new understandings. It is necessary to attempt the task of explicating those beliefs, those fictions, implicit in mainstream accounting, and to demonstrate by means of criticism from other world-views, that the mainstream foundation assumptions may be

changed and replaced by others, as valid, to create a different view of reality and its representation, through an accounting grounded in the assumptions of other weltanschauungs.

We must thus examine the systems of fictions that make up the mainstream's philosophical perspective of the world and where weaknesses or lacunae are discovered, propose alternatives or replacements. This entails the explication of the epistemological, ontological, and methodological assumptions that underlie the mainstream's beliefs. We must then see if our interpretations modify the original conceptions and the type of research methods used, and so generate new understandings of what accounting is and how it relates to the contexts in which it operates.

## II

Accounting deals fundamentally with describing the world, and any attempt to do so must start with assumptions about the phenomena of the world. These assumptions are of an ontological nature, for ontology deals with theories of existence and conceptions of reality.

The fundamental ontological question is whether the "reality" to be accounted for exists external to the individual (imposing itself on the individual

consciousness), or is the product of the individual consciousness itself or of society. This question raises the difficulty of subjectivity and objectivity and this problem is made even more complex in dealing with accounting for the reality confronted includes not only physical reality, but also social reality, where the object / subject dichotomy becomes less clearcut as mental states are involved.

Reality may be seen as being objective and independent of any observer, where laws about its workings may be discovered. In opposition to this, reality may be rather seen as being more subjective, and emphasis may be put on the human construction of reality, where man is seen as being free to interpret and change his reality.

Within the ontological framework there are also assumptions concerning human nature; how people relate to each other and to society as a whole. There are differing possible assumptions about human needs and intentions and about human rationality and motivation. Human beings may be seen as deterministic objects responding in conditioned or mechanical ways to stimuli in the world, or else, they can be seen as self-interpretative beings possessing free-will. There is thus a dichotomy between the extremes of reification / agency and determinism / voluntarism.

Society may be seen as having an underlying unity or cohesiveness, and may be explained using concepts such as

consensus, order, need satisfaction, equilibrium and integration. On the other hand, society may be viewed as being structured in conflict and modes of domination and contradiction (Burrell and Morgan 1979). Conflicting beliefs about the nature and purpose of human life are embodied in different ways of life, in political and economic systems, and in their theory and practice (Stevenson 1974). Different views about man and the society he lives in, further lead to different conclusions about what man ought to do and how he ought to do it.

Associated with these ontological issues are a second set of assumptions of an epistemological nature. These are assumptions about the grounds of knowledge, about how man might begin to understand the world and to communicate this understanding to others. Epistemology deals with what knowledge is, how it may be gained and what knowledge is to count as acceptable truth by specifying the criteria for assessing truth claims.

Ontology and epistemology are inextricably bound up with one another, however, for as Macquarrie (1972 page 124) writes:

"There is a reciprocity between the two since any claim to have knowledge is to imply an assertion about what is and what is not: while any assertion about the real is also a claim to knowledge. Because of this reciprocity, it is hard to know whether it makes sense to say either that epistemology is prior to ontology or that ontology is prior to epistemology."

In the history of philosophy, which has been treated first has alternated, but mainstream accounting thought has given pride of place to epistemology, since, in its view, knowledge can only be founded on "facts" discovered through the scientific method. Its belief that science gives the only genuine and reliable knowledge implies that it is a complete theory of knowledge, and this has certain implications, for as Luijpen and Koren (1969 page 10) explain,

"...one who proposes a "complete" theory of knowledge cannot avoid proposing a "complete" theory of reality. For, no matter how he wishes to define knowledge, he cannot escape from admitting that knowledge, unlike dreaming, is a disclosure of reality. Thus, by absolutising physical science, he proposes a "complete" theory of reality that whatever cannot be disclosed by science is simply not real."

Integral to ontological and epistemological questions there are questions concerning the methodology appropriate for researching reality. The "correct" methodology depends on how the phenomena to be studied have been conceptualised ontologically, and the criteria by which the findings of that methodology may be validated depends on the conception of the epistemology adopted. What is the "correct" method will depend on how truth is defined (Chua 1986(b)). Thus to make sense of the methodology, the epistemological and ontological beliefs must be incorporated, for each depends on the other.

Finally, there are assumptions made about the relationship between theory and practice, about the purpose of knowledge in the world of practice (Chua 1986(b)). Questions arise as to what knowledge is for; as a means to given ends or as a means for formulating ends themselves.

### III

The fundamental beliefs upon which the mainstream view of the world rests are hidden, part of the very fabric of its world-view. The beliefs are atomic, the most basic building blocks that determine the conceived structure of the world, and are taken so much for granted that men seldom so much as realise that they exist.

The mainstream conception of reality has not been set out in any formalised way, but is a natural and invisible part of the culture in which it is constituted. There is no one philosopher or school of philosophy that can be said to be wholly representative of the mainstream, for within the mainstream there are differing philosophical views held. But in a broad sense the mainstream is based on a basic set of assumptions, and it is possible to elucidate some of these general assumptions by looking at how the mainstream tries to represent and research the world.

The most obvious characteristic of the mainstream is its

belief in the power of science. From its beginnings, mainstream accounting has understood itself as being scientific, especially in the research methods it has adopted. As a single example of the pervasiveness of this belief, Abdel-khalik and Ajinkya (1979) identify natural science as the model for accounting and hypothetico-deductivism as the scientific method appropriate to it (4). The pre-eminence that the scientific method of empirical research is given by the mainstream however, means that accounting is restricting itself to a specific and defined frame of reference. The idea that all true knowledge is scientific, and that the methods of science are the only source of genuine factual knowledge about the world, has numerous consequences.

The ontological and epistemological assumptions of the mainstream world-view did not exist prior to or determine accounting's adoption of the scientific methodology, rather the historical reality is that accounting stated the method first, with no prior philosophical assumptions to back up that choice. As Colville (1981) points out, when accounting and the other social sciences adopted the scientific methodology, they were also committed to the philosophical

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(4) Chua (1986(a)) cites studies in other accounting related disciplines which also demonstrate this belief in science and Chua (1986(b)) notes that even within the mainstream's unconditional acceptance of the scientific method and empirical testing, there exists a "confused" notion of what they are, especially as relates to the concepts of "hypothetico-deductionism" and "falsifiability".

presuppositions from which the methodology proceeded. It is only recently that the ontological and epistemological assumptions have been consciously deduced from it, retrospectively, as accountants begin to question the consequences and appropriateness of that choice of method.

Tomkins and Groves (1983(a)) as proponents of an alternative to mainstream accounting research, write that "different sets of ontology assumptions about the social world imply different epistemologies and research styles" (page 367), while Abdel-khalik and Ajinkya (1983) of the mainstream, write, "the scientific method presumes the availability of a theoretical structure for the phenomena under study, and the focus is therefore primarily on verification" (page 377 - my emphasis), and the latter is the view of the mainstream.

Mainstream accounting thus, by believing that only empirical evidence obtained through the scientific method is valid and real, therefore puts methodology and epistemological considerations foremost, and issues of ontology are given second place.

The scientific methodology dictates that only certain procedures and rules of evidence are acceptable to obtain truth, the main criterion being objectivity. Thus, epistemologically, mainstream accounting holds that the only form of real knowledge that can be obtained about the world is objective knowledge. This objectivity assumes the non-involvement of the researcher in the formulation of

knowledge, and to mainstream accounting researchers, means that the statements made about phenomena, faithfully express those phenomena. The methods of science are seen as being applicable in identifying the variables and discovering causal relations in an objective world and, "It is a refusal to tell the phenomenon what it is, but (is) a respectful listening to what the phenomenon speaks of itself" (Colaizzi 1978 page 52).

The view that all true knowledge is scientific, in the sense of describing the co-existence and succession of observable phenomena, may be generally titled "positivism" (Bullock and Stallybrass 1977; Morgan 1983). Although this belief has gone by a number of names, and has been referred to as logical positivism, logical empiricism, neo-positivism, the received view and hypothetico-deductivism (Gaffikin 1984), it has for the most part been based on the positivism of Comte.

Positivists believe that the scientific method will reveal the world as it is, and oppose all normative and subjective views which can only suggest how the world ought to be. They claim the scientific method gives the only true knowledge about the world, value-free and objective, while the normative will always depend on subjective valuations and choice. The subjective views of the normatists, the mainstream claim, are invalid as they are not disprovable (by scientific means), while the theories provided by

positive science are always potentially refutable by contradictory (scientific) evidence from the real world.

This positivistic view has been widely accepted in accounting, and as Arrington and Francis (1989 page 11) write, "Claiming to be - or being labelled - normative is a quick ticket out of many journals these days." Likewise, subjective views, often labelled "naturalistic" in research, are seldom taken seriously except by the notable exception of the journal Accounting, Organizations and Society and on occasion The Accounting Review. The prevailing view in the mainstream is that only by doing empirical research in an objective manner can one see reality as it is.

The mainstream believes that the results of scientific research can give a true theory about an objective and stable world. The mainstream therefore has the belief that reality is objective and given; external and subject to empirical investigation. This is a philosophical belief in "physical realism" (Tinker et al 1982; Chua 1986(b)), the theory of perception that states that there is a world of material things which do not depend upon the fact that some mind is aware of them for their existence. Reality exists independently of man the observer, his consciousness and subjectively held views, and as such, meanings are intrinsic to the phenomena of the world. Accounting, like science, therefore has a commitment to a realist ontology and the belief that accounting phenomena are identical to the

technical and asocial occurrences of the natural world (Chua, 1986(a)). The scientific methodology leads to a monistic philosophical view, leaving room for only one kind of reality - the being of the material things. Tomkins and Groves (1983), (using the classification of Morgan and Smirchich 1980) call this view "Reality as concrete structure" and say "it assumes that the social world is viewed as a network of deterministic relationships much like the world of physics and chemistry" (page 367).

Accounting theorists believe that through empirical research it is possible to gain an absolute, impersonal recognition of the significance of facts; not mere interpretation and biased opinion. Gaffikin (1984) writes that, "Intentionally or not, most accounting writers have accepted that scientific theory construction is research. Research, they argue, using the "scientific method", produces theories. Therefore, the terms research and theory construction are used synonymously" (page 14 - my emphasis). Because of their belief in physical realism, mainstream accountants believe that it is possible to communicate the facts as disclosed by science, and thus see themselves as objective recorders of reality, representing reality "as it is", using an impartial, value-free recording mechanism. Because it is believed that accounting phenomena may be studied as detached entities, accounting reality is not seen "as a constituted domain which emerges, changes and is changed through a constant interplay between Theory (and the

theoriser) and the Real" (Chua 1986(a) page 583). The process of theorising has been rationalised as an objective process which ignores that the theoriser is immersed in society and is imbued with its values.

#### IV

This quest of the mainstream for a true understanding and representation of the world, is an impossible ideal. Nietzsche demonstrated that one cannot have a dispassionate reflection of reality; one can only have an interpretation of it. The mainstream, in grounding itself in the guarantee of science, ignores the fact that the interpretations of science themselves require beliefs which have to be accepted on faith.

The previous chapter dealt with Nietzsche's view of science and it was shown that Nietzsche believed that there are no such things as universal laws, and that science makes the world look much more uniform than it is. Nietzsche thought that science comes up with "descriptions" rather than "explanations", and "interpretations" rather than statements of "matters of fact" (Schacht 1985). But Nietzsche realised that as a system of useful fictions, science can help promote our practical control over reality. Science in schematizing reality, reflects a modified perspective in an abstract and quantitative scheme which suits some of the

requirements of human needs.

Science, with its mask of value-neutrality and objectivity, is only a way to help men gain an understanding of reality and the power and control that it brings, it does not give truth. Science is only truthful in the sense that it may be effective, for it would be hard to deny that the sciences have given men a greater control over physical reality. Nietzsche recognised that some scientific fictions have become so useful that they are positively necessary to life. For instance, the law of causation has become so totally built into human thought that "to disbelieve in it would mean the ruin of our kind " (Nietzsche quoted in Warnock 1978 page 57). It is true that there are many areas of accounting research where the scientific model and its methods have an important part to play, for instance in the technical manipulation of accounting data, where the researcher is concerned with the effect different accounting techniques, methods and measures have on the reported accounting numbers themselves (Tomkins and Groves 1983(b)). But it can be shown that in transferring the rules and methods of the physical sciences to the social sciences, the shortcomings of the scientific method are revealed.

Doubt has recently been felt in the social sciences utilizing the scientific framework, and Cuzzort and King (1980) state that the late twentieth century has become a time for reassessment in these disciplines. The

impossibility of a logically structured and precise science of human action has become apparent as the scientific methodology has failed to find significant mechanisms and laws underlying human behaviour. There has been a realisation that there is a difference between the "natural" physical world and the social world of human beings. Accounting as a social science, dealing as it does with man and his social practice, is also beginning to comprehend the shortfalls in the scientific method. Morgan (1983 page 385) states that recognising the inappropriateness of the scientific method to accounting, "accounting researchers are obliged to face the dilemma that they are really social scientists in disguise."

The scientific and statistical methodology adopted by the mainstream has been founded on the idea that the world, both physical and social, that we account for, may be reduced to simple equations of causal determinism, which once discovered may be used for the explanation, prediction and control of accounting phenomena. As Chua (1986(b) page 608) puts it, "so extensive is the search for generalisable relations that accounting researchers appear to believe that the empirical world is not only objective but is, in the main, characterised by knowable, constant relationships".

Mainstream accounting has taken the view, based on their realist ontology, that individuals may be characterised as objects, entities that may be passively described in

objective ways. This perspective treats human action as determined essentially by an external objective reality and expresses itself in the pursuit of universal laws of human behaviour which may be used to explain and predict that behaviour (Cooper 1983). As Colville (1981 page 122) writes

"Such an approach, because of the logical requirements of the methodology, views human behaviour as being caused by forces which exist external to the individual in the same way as the movement of objects is caused. Human behaviour represents nothing more than the expression of these forces and as such it gives rise to the regularities or patterns which can be explained by law."

But, as Colville (1981 page 123) goes on to argue, accounting in adopting the scientific method, has "inherited a set of domain assumptions which were developed in areas which never had, as their aim, the explanation of human behaviour".

When one takes the scientific view of physical objects and tries to apply it to human beings as the mainstream approach does, one ends up with a peculiar kind of man. The scientific methodology of the mainstream approach in determining the nature of the subject matter, ignores that part of the subject that it cannot observe - the mind.

Scientific methodology cannot observe mental states, and therefore they are ignored - the mind is seen as a "black box". Accounting researchers disregard that being a person involves mind, subjectivity, and the meanings that man gives

to things. Human beings in the mainstream view are thus merely complex objects and researchers are only interested in what these objects are seen to do without any interest in their thoughts or motivations. Accounting researchers, like mainstream psychologists "have treated people as machines, searching for their parts and the principles by which such parts operate, automatically, to produce the behaviour observed - rather than .... assuming that others like themselves may be agents in their own actions, acting in a skilled manner as integrated individuals in relation to needs and interests" (Shotter 1975 page 68). The individual, in the scientific framework, does not think about, or feel anything for the situation that confronts him, but is merely meant to respond to it like a Pavlovian dog. Men are denied internal processes like meanings, intentions and plans which might mediate his behaviour.

There are no invariant causes of man's behaviour however. Science is only capable of finding a statistical generality about the behaviour of many aggregated individuals, not laws applying to single individuals. Knowledge of such an aggregate regularity may be useful for predicting movements on the stock exchange caused by an aggregation of many individual decisions for example, but it does not explain anything about individual human behaviour or beliefs. As Devine (1960) pointed out thirty years ago, accounting has failed to recognise the behavioural base on which all

accounting theory rests, due mainly to the limitations of the scientific method.

This limitation is now however being realised, and based on the ground breaking work of Burrell and Morgan (1979), others such as Tomkins and Groves (1983(a)), Colville (1981), Willmott (1983) and Morgan (1983), have begun to propose alternatives to the scientific method which take a more subjective approach to human beings and their world.

These different approaches have been termed either "naturalistic", being based upon a mode of enquiry that is "exploratory" of the way accountants and the users of accounting construct and interpret their reality, or "radical" (5), focussing on power and the contextual socio-political determinants of accounting.

The naturalistic research methods are based on the phenomenology of Husserl and Schutz, and invoke "flexibility and shifting points of observation and lines of inquiry in order to gain a clear understanding of how to pose the problem, what data are relevant and how to identify significant lines of relationships for closer inspections" (Tomkins and Groves 1983(a) page 363 - their emphasis) by means of "exploration". The actual method of inspection is

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(5) A more specific use of terminology than the shorthand device I have been using throughout this paper. The term "radical" in this context derives from Burrell and Morgan's (1979) classification of different paradigms. The term "naturalistic" from Abdel-khalic and Ajinkya (1979) and their overview of methodology in accounting.

a gradual deepening of enquiry by means of close observation to gain an understanding of how human behaviour arises in its natural setting. Human beings are seen as forming individual opinions and meanings which can be transformed into social action by shared interpretations and meanings in the context of social "rules" which develop. Reality is not in the rules themselves, but is embedded in the meanings which people put onto the world. There is also an emphasis, however, on how individuals perceive their personal reality, and research is concerned with how these perspectives of reality are created. This interpretive view stresses not the structured, causal patterns that the mainstream does, but "the fluidity and equivocality of human action and processes" (Chua 1986(b) page 612), and tries to understand how meaning arises.

The radical perspective is more concerned with the power dimension and the way individuals may be influenced in their perceptions by ideology, especially the "neo-conservative ideological bias" (Willmott 1983 page 398), in accounting. The radical view stresses that it is impossible to remove subjectivity from research as pre-scientific understandings and bias underlie research itself, and thus it focusses on these macro-influences.

These alternative perspectives stress that positivism produces only one kind of knowledge, and that other methods are needed to produce different understandings of the world.

These subjective methods appear to traditional researchers eccentric and unorthodox because they are typically evaluated on the basis of the unquestioned assumptions of positivism (6). Yet, as Tomkins and Grove (1983(a)) suggest, a naturalistic approach may bring accounting theory and practice much closer together than is currently the case, and encourage a theory of practice developed from the point of view of those involved in practice, rather than that of a detached and uninvolved observer. Yet, these methods have had little impact on mainstream accounting thus far (7), for as will be explained in the following section, if certain assumptions about the social world are held there is a logic in doing research in a way to suit those assumptions. If one believes that the social world is concrete and deterministic, then one is unlikely to be concerned about how it is constructed and one will have little use for research methods that reveal the process of social construction (Morgan 1983). But as Tomkins and

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(6) An interesting case in point is Abdel-khalic's and Ajinkya's (1983) article which seeks to refute Tomkins' and Groves' (1983(a)) desire for more naturalistic research, where they oppose the methods of the naturalistic approaches by denying that it constitutes "research". They use a dictionary definition of the word "research" to show that naturalistic methods do not fit it, but they do so without considering that the criteria specified in the definition are themselves based on positivistic assumptions about what "proper research" should entail.

(7) Tomkins and Groves (1983(a) page 364) state that an "examination of all leading accounting journals over the period 1976-9 revealed that only 7 out of more than 650 articles could be described as case / field studies and, if one defines the "naturalistic" approach strictly, the number would be smaller".

groves (1983(a)) point out throughout, different research strategies are appropriate for exploring different theoretical perspectives.

## V

Mainstream accounting science, not content with merely reifying human beings in their research, go further in their theorising - mainstream theory "naturalizes" social phenomena (Tinker 1988), and in doing so, mainstream accounting theories reveal their normative basis (Arrington and Francis 1989).

Cultural relativism, the idea that the values and institutions within any culture are taken to be self-validating only within that cultural framework, is something which accountants are beginning to encounter as they tackle issues such as the international harmonization of accounting, evaluation of managerial performance in international concerns, and the political and economic factors in the control of multi-nationals (Tricker 1978). The mainstream accounting system cannot claim to be an objective representational system in a world of different cultures, and the failure of the International Accounting Standards, due to the varying cultural perspectives on accounting and reality, demonstrates (Violet 1983). Birnberg and Snodgrass (1988) emphasise that societal

culture consists of values, beliefs and patterns of behaviour that differ among them, and investigate how Japanese society sees reality in a different way to that of the West. To separate accounting from the total social, cultural and economic conditions of the society that contains it, is not possible. Accountants are always members of a social group that shares certain values and beliefs and will inevitably represent those beliefs in any accounting system or theory. As Tricker (1978 page 8) puts it, "Any claim to report objective facts has to be set in the context of the beliefs of that particular culture".

It is thus now being argued that in accounting objective independence is lacking and that facts may take on different meanings depending on the theoretical framework that conceives the fact (Tinker 1988), as Nietzsche believed. "Facts" are grounded in the society in which the theory is formulated, and thus ideological bias informs those facts.

The mainstream is grounded in what may be called the capitalist socio-economic world-view, and it reflects that ideology in its accounting. Every theory or discourse begins with the already present values of the theorist and can never be independent of them (Arrington and Francis 1989), no matter what criteria of objectivity are applied. As Nietzsche wrote, "Our very sense perceptions are altogether permeated with valuations" (quoted in Kaufman 1965). Whatever we experience is already schematized in

accordance with an interpretive structure which informs our experience (Schacht 1985), and thus we impose our own way of seeing onto the world. Our understanding can never be neutral and the mainstream infused with the values of capitalism, and consciously or unconsciously endows the world with those values. As Roberts and Scapens (1985) suggest, "Perhaps it is not too much to describe (mainstream accounting) as the language of capitalism" (page 448 - their emphasis).

A general characteristic of the mainstream culture is that it is capitalist, a social arrangement based on terms of resource use and control, and the capitalist socio-economic system, most generally, is one in which most of the instruments of production, as well as the objects of consumption, are privately controlled. Sale occurs for profit in markets which are to a lesser or greater degree, free between willing buyers and sellers.

These capitalist beliefs are perpetuated in the theory and structure of mainstream accounting. Mainstream accounting takes an ahistorical approach in its theory and research, and accounting practices are presented as if they are unchanging, presented as "the outcome of some inexorable economic or technological logic" (Cooper 1983 page 274). This is an unwittingly conservative bias which tends to emphasise the inevitability of the status quo. Thus concepts of phenomena such as competition, acquisitiveness,

ownership, the invisible hand, are in Tinker's phrase "naturalized" (1988), by suggesting that they are inevitable and universal. Doctrines of values, such as the belief that inequalities of wealth are simply a measure of the use resources are put to and the risk they have been subjected to in the search for reward in a free market, are implicit in the accounting system, and other alternative sets of values are excluded. The view that wealth inequalities may be the result of class differences, for example, is not entertained, and principles of "from each according to his ability, to each according to his needs" is not considered. The reasonableness and equity of the values implicit in the mainstream are not assessed. Mainstream accounting is seen as providing efficient and effective means to given ends, and should not be involved with moral judgements. Accounting strives to be neutral and value-free in the information it provides and eschews all normative considerations for they are seen as being outside the province of accounting.

Accounting academics with Marxist orientations such as Tinker (1988), Chua (1986(a)&(b)), Tinker, Merino and Neimark (1982) for example, are questioning the naturalization of mainstream accounting's normative values. They stress the ideological implications and argue that the interests of the dominant classes are grounded in mainstream accounting and reject the notion that it is neutral. ✓

The Marxist perspective sees the historical development of mankind to be the product of the modes of production which determine the nature of each historical epoch, the specific forms of property prevailing in it, and its class structure. There is a tendency to emphasise that society is dynamic and accounting systems are seen as being socially constructed and historically specific, dominated over by institutional forms of control (Cooper 1983). The Marxists emphasise that accounting is related to the social and political aspects of society, and that accounting concepts may, for example, arise out of a desire by the owners of capital to reflect the world as they would like it to be.

Thus these critical academics see theories as being grounded in social control and conflict, and as Tinker (1988 page 165) puts it, "as intellectual terrains on which social interests struggle to re-present and control their interests" (his emphasis). They acknowledge the constitutive potential of theorizing and realise, as Marx did in this famous quote from his "Theses on Feuerbach", that:

"The question of whether objective truth belongs to human thinking is not a question of theory, but a practical question. The truth, i.e. the reality and power, of thought must be demonstrated in practice. The contest as to the reality or non-reality of a thought which is isolated from practice, is a purely scholastic question...Philosophers have only interpreted the world in various ways, but the real task is to alter it."

This activist approach to the notion of truth is similar to that of Nietzsche. Knowledge is indissolubly bound up with action (praxis), theory and practice must be seen as one for it is practice alone which determines the truth of theory, and theory equally determines practice (Carew Hunt 1963). As Cooper (1983 page 272) puts it, "Such a view is concerned with potentiality as much as actuality, with alternatives to, rather than acceptance of, the status quo". The need is seen to bring to consciousness the restrictive conditions of society which are inherent in society, with the moral position that the systems of domination and the values inculcated by them must be changed.

The legitimising role played by science and the accounting profession are seen as actively entrenching capitalist beliefs in practice. Mainstream accounting, because of its belief in the objectivity and neutrality of science, ignores its ideological component and presupposes the historical, economic and societal context in which it is grounded. Tinker, Merino and Neimark (1982) see mainstream accounting as being actively involved in social control and value imposition and argue that concepts of value have become dominant because they benefitted the interests of powerful groups in society during a period of history. These values, implicit in the accounting numbers, have influence at the macro-societal level in determining taxation policy making, wage bargaining and economic restructuring (Chua 1986(b)).

The mainstream does not however question the inevitability of current structures of ownership and power and does not realise that society may be fundamentally changed by, for example, re-defining concepts of ownership and resource distribution. Mainstream accounting is thus not as value-free as its positivist proponents would suggest, for its roots are grounded in the normative assumptions of capitalism, and the ideology spares the established accounting tradition from critical examination (8). Mainstream accounting is thus not reflexive, and to deny the value-ladenness of one's theorising is to deny responsibility for them.

## VI

The normative assumptions of mainstream thought, are however, subject to change. Society and human practice can

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(8) As Hines (1988), Willmott (1983), Colville (1981), Tricker (1978), Chua (1986(a)), Hopwood (1979) and even Abdel-khalic and Ajinkya (1983) point out, even the politics of academia restrict criticism of the mainstream and its methods. Academics have a vested interest in publishing, and if the research strays from the "normal", accepted types it is likely to be rejected. Further, the type of research that legitimises the status quo is more likely to be funded and encouraged by those with vested interests. It has also been argued, notably by Tricker (1978), that there is a tendency to emphasise methodology rather than results, fostered by the academic reward structure which has encouraged low risk and short-term reward rather than more open-ended and risky enquiry (Colville 1981). Perhaps we could even go so far as Kuhn (1970) and argue that scientific and academic communities are structured so as to resist the breakthrough of new ideas.

change, for socio-economic systems, such as capitalism, are not timeless, eternal or inevitable, and social "laws" such as property and ownership rights are not immutable, for they are socially constituted. Capitalism itself is a relatively new ideology having grown out of feudal systems that came before it.

Theoretical models are tied to their own times and cultures and as the ends, values, desires and needs of societies change, so must the means, perspectives and fictions used to effect them. Accounting has emerged and developed along with changes in the fabric of society, e.g. from feudalism to capitalism, and continues to evolve and change within the capitalist mode, and its socialist or state-capitalist variations (Davis et al, 1982).

Mainstream accounting has not concerned itself with an historical view of itself and its society, and has thus not emphasised the potentiality and possibility to transcend the current characterisation of society and accounting itself. There is instead the emphasis on description, and the actuality of current reality.

Mainstream accounting has not concerned itself with the debates in the philosophy of science, and as Chua (1986(b)) puts it, "post-empiricist philosophy has generally agreed that observations are fallible propositions which are theory-dependent and therefore cannot act as the neutral

arbitrator between competing theories. Indeed, the search for a trans-historical, permanent criterion of acceptability is now seen as a futile exercise" (page 612).

This chapter has attempted to show that there are alternative explanations and possible consequences to how accounting is constituted and that there are different ways of seeing.

It is not the validity of the mainstream assumptions about reality and its representation that is of main interest, but rather it is the acceptance of these images as being inevitable, natural and unchanging interpretations of people, the world and accounting systems.

Mainstream accounting having accepted the assumptions of science, has made it impossible for it to question the very assumptions of its epistemology and the ontological basis of the phenomena it is researching and representing. Mainstream accounting has suspended all possible further analysis of the fundamental assumptions of its thought. The mainstream world-view is thus based on "outdated, philosophically untenable positions" (Gaffikin 1984 page 8). As Neimark and Tinker (1986 page 376) write:

"... the orthodox model is grounded in a "positivistic" epistemology that, although it aspires to truth, offers criteria for theory assessment that are readily and regularly undermined in practice because they fail to recognise both the social mutability of the reality that they seek to discover and the part

the social scientist plays in the social construction of that reality."

The mainstream cannot correct the inherent weaknesses in its accounting so long as they continue to believe that the scientific method is the most suitable path to ultimate truth. The mainstream's claim to be dealing with incontestable, objective facts can only be sustained within the context of its own world-view.

Scientific enquiry is only one way of attending the world, and it is a mistake to think that our ordinary experience of the world is grafted onto a more basic way of experiencing things as mere objects that it is for science to explain (Sprigge 1984). And even if it is not supposed that "the theoretical gaze which lies at the base of science represents our primordial apprehension of the world, it is still a mistake to think that it is only when we adopt it that we come to things as they really are" (Sprigge 1984 page 121). There are other ways of seeing.

## CHAPTER FIVE

DESTRUCTION AND RECONSTRUCTION

"Errors of philosophers - The philosopher believes that the value of his philosophy lies in the whole, in the building: posterity discovers it in the bricks with which he built it and which are then often used again for better building: in the fact, that is to say, that the building can be destroyed and nonetheless possess value as material."

- F. W. Nietzsche

The previous chapter has shown that there is a realisation in the world of accounting that the way we see that world is not the only possible way, and this thesis has stressed the need to understand how we see the world and what the consequences of it are. Any attempt to <sup>do</sup> so obviously means self-reflection and critical thought about the assumptions that we base our world on.

It is not easy to analyse one's own structure of seeing, to define the bedrock upon which it rests, and to describe one's view of the world built by that structure. Our ideas seem to us to be almost innate, givens, natural, the only way of seeing. To begin to grasp an idea of the world from another perspective, however, in its terms and most importantly, with the conviction of its adherents, seems to be almost an impossibility. We find it enormously difficult to comprehend that others do not share our "common-sense" view of the world and the way it works - yet we know that others do see the world differently.

An interesting illustrative case, from another world-view, is that of Nord (1986) where he attempts a critique of Neimark's and Tinker's (1986) dialectical perspective, a perspective which Nord himself believes in (1). He writes, "Because the critical and dialectical perspective has become an important part of my conventional wisdom, I found it somewhat difficult to critique it and its implications. I find it very difficult to disagree with Neimark's and Tinker's overall analysis. If one is immersed in the dialectical perspective ... (any explanation of its viewpoint) ... seems obvious. One wonders why it is even necessary to make them ..." (page 397). Thus it can be seen that people have difficulty in explaining their own point of view, but it is even more difficult to begin to understand another point of view.

The fundamental beliefs of other world-views can perhaps, on an intellectual level, be grasped, but we cannot with conviction truly understand them. The difference between knowing and believing is vast. To breach another way of seeing, to be converted (in Kuhn's phrase (1970)), is something that is not yet understood. Although there are commonalities between ways of seeing, for world-views are not made up of mutually exclusive dichotomies, there are fundamental and radical differences between them.

Yet we can try to gain a notion of how the world may be seen in a different way. By investigating those "truths" of other world-views we may reconsider our own and perhaps come

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1 Nord (1986) points out that the dialectical (or Marxist) perspective is often, like the mainstream, not reflexive itself, and he goes on to state that "many users of the dialectical view are dissatisfied with what orthodox views ignore: they themselves then proceed to ignore parts of the orthodox view that may be useful" (page 398). Further, the ideology of Marxism has become itself institutionalised in some Eastern countries, and Nord (1986) shows that this perspective is also trapped in its language, and conception of the world.

to a realisation that our own way of seeing is not the only one (2). We may begin to perceive that our basic beliefs are mutable, are simply fictions.

## I

Nietzsche considers it vital to view "truth" in the light of the considerations pertaining to the character, needs and circumstances of those that hold them, in the setting of whose life all such forms of truth and knowledge are framed and attained. "There are many kinds of eyes ... - and consequently there are many kinds of "truths", and consequently there is no truth" wrote Nietzsche (quoted in Schacht 1985).

Truth, in a purely philosophical sense, is timeless and unchanging, dissociated from all temporal and practical aspects of man's existence and needs. This, of course is in keeping with philosophy's aim of knowledge for its own sake, but when one comes to knowledge for a practical purpose, "truth" must be looked at in a different way. Instead of asking the question "what is truth?", we must ask, "what is truth for?" This brings our conception of truth into the realm of the practical as opposed to the ideal; we are now looking at means to ends as well as the ends in themselves. Truth is now no longer absolute, but is relative to human needs and they cannot be supposed to obtain independently of the perspective within which they are seen to be operating.

Although accounting's grasp of reality is only limited, it is sufficient to enable us to master those aspects of the

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<sup>2</sup> Arrington and Francis (1989) believe that the best hope for doing this "lies with the novice and uninitiated scholars - our undergraduate students" (page 24), for they have yet to be indoctrinated with the mainstream way of seeing.

world over which we wish to obtain mastery. Accounting is thus interpretative; where truth is fundamentally to be understood in terms of a foreground of convention against a background of effectiveness in achievement of mastery, rather than in terms of anything of the order of an adequate depiction of reality. Accounting's schematisation of the world is of a practical nature, and it is in relation to this practical consideration that we must understand knowledge, truth, and meaning. Knowing is thus a function of "knowing how", which relates to the attainment of practical objectives in our dealings with the world and with each other, and in which efficacy takes precedence over all other considerations.

As philosophers have probed deeper into the concept of "knowing", they have discovered that science is not such a passive and receptive method of recognising "truth" as was previously thought. Science is now seen as being more of a constructive process, a "making" process, active and creative, and thus becoming more of the nature of art. Science, to attempt a definition, is a study of demonstratable and systematically classifiable truths regarding the facts of the world, organised in a coherent system, but as the foregoing chapters will have demonstrated, the objectivity that is usually associated with science is not possible. Rather, objects and states of affairs are fixed (determined) and differentiated in accordance with and by, the concepts and rules of schemes that have no standing or meaning independently of them. The truth of a given proposition is thus a matter of its conformity to the conceptual scheme within which it functions, together with its appropriateness in relation to some state of affairs holding among the objects that are fixed and constituted in accordance with the scheme.

## II

There is the start of a trend in which philosophy is beginning to identify with the methods of art. Science, as it has previously been seen, is not concerned with meaning perception, but with pure facts, while art tries to put some meaning into facts. True empirical propositions are "only the relations of things to man", metamorphosed and specified in particular contingent ways by "artistically creating subjects" along lines conditioned by the circumstances of their existence and their constitutional requirements and capabilities (Schacht 1985 page 77).

Arrington and Francis (1989) have gone further than most researchers and have shown that all attempts to ground knowledge in "an external and transcendental metaphysic" must be abandoned. They show, through the use of deconstruction, based to a large extent on Nietzsche's thought, that no theory is entitled to epistemic privilege and authority and that all knowledge claims are indeterminant. They stress the point that knowledge can never be independent of language, and stress, quoting Nietzsche, the metaphorical nature of all discourse. They thus deny that closure around knowledge can ever be achieved, and ask us to challenge all theories, values and presuppositions within systems that seek to reduce the complexity of human existence.

Abandoning the empiricist quest for foundations, and the idealist quest for absolutes, does not necessarily mean that we are left stranded. Rather we must reorientate our approach, and come to realise that it is possible to function with conditional theories of relationships in a practically based scheme in the establishment and

elaboration of which our needs have played a central role - "An arranged and simplified world, at which our practical instincts have been at work" (Nietzsche quoted in Danto 1965).

We must realise that accounting is more than the description of reality (science) but also includes an active and creative process of manipulation to construct an intelligible system out of a mass of impressions (art). The accountant as philosopher / theorist is thus a kind of collage-maker, ordering his world through an internally coherent accounting system, for art is the invention of fictions, symbols by which we can orientate ourselves. The accountant looks at the world from his own perspective, picking out those aspects of reality which appeal or seem useful to him and creates a new world. Thus recognition and acceptance of the basic subjectivity of accounting is the only way in which accountants can come to grips with the limitations of the (art)efacts they produce. Accountants must, however realise that although we can attempt to make these symbols, these fictions more adequate, they remain fictions, means not final ends. The ends will always be normative, ideologically determined, and often an integral part of the ends themselves - a mutually reinforcing network of ideas.

Accountants need to be sensitive to the many dimensions of the realities which they are attempting to account for, and learn how to probe these dimensions so that multiple insights may emerge (Morgan 1988). In essence, what is required is a reflective and critical understanding of the relationship between the accountant and what is accounted for, and an ability to discern the hidden or repressed dimensions of a particular set of accounts or approach to the interpretation of those accounts. Accountants must, in the words of Morgan (1988 page 484), "see that their ultimate aim should be to develop the art of "reading" and

probing situations to create intelligent, actionable insights, rather than to produce rigid technical statements as ends in themselves. In the process they will be able to develop an approach to accounting that is able to address many of the problems and tensions that characterise relations between accounting, organisations and society." They must realise that they actively create accounting, and with it reality, while always being aware of what is being excluded in that construction.

### III

The point of this paper has not been to discredit accounting as it is today, for I hope that it has been made clear that mainstream accounting does have many strong and useful aspects to it, but rather, by making an awareness of the limitations of mainstream accounting, to show that no system can ever be complete and claim privilege to knowledge, nor free from the bias of ideology.

What is needed in accounting is the reconstruction of the language, attitudes, beliefs, perceptions, values and concepts of accounting. By investigating accounting as it is today, by realising that it is but one way of representing the world, and by gaining insight from the perspectives of other views, we may begin to see that accounting may change. We must realise, like Nietzsche, that all explanatory systems are a response of human beings to the conditions of their age and that, in a way, these responses are unpredictable; they are freely created, arising out the creator's particular situation. Cultural forms and values and representational systems have a certain useful life, then they become irrelevant and impotent and new forms arise, often using or modifying the old

assumptions and values of the old system.

This has been argued by a number of accounting academics and for example, Nord (1986) argues for the use of multiple perspectives in accounting, each used with an awareness of its underlying assumptions and meanings, to motivate the development of more complete models of accounting encompassing a broader range of interests. Likewise Chua (1986(b)) has put forward the view that only by critically reflecting on the limiting assumptions of mainstream thought and considering other assumptions from different world-views, then "new insights may be gained which can potentially extend our knowledge of accounting ..." (page 626). The quote at the head of this chapter sums up how accounting may be rebuilt using those parts of the mainstream which are useful and adding other ideas and methods from other views to create a new and more comprehensive accounting. Through critical awareness of the assumptions (the bricks) of accounting, in research and theory, perhaps a new language (building) will develop, which will better house our needs and aspirations.

We must realise that accounting is not, in Chua's (1986(b)) phrase, "a sacred language", and that to be skeptical of its high sounding principles, to be profane, is the only possible attitude in this God-less age. We must realise that "facts", "evidence" and "theory" can never be approached independently of our values and beliefs and we must see that accounting can never be separable from the ideological commitments which will always be found in it. We must see that meaning and knowledge can never be fixed or stable and that no one way of seeing can ever claim to be privileged over others; closure can never be obtained. Accounting must seek out the complexity and contradiction of the world and critically examine the beliefs, practices and institutions that strive to hide them, and in full knowledge of our lack of knowledge, affirm it.

We must realise that we are in an era where the words "maybe", "what if" and "perhaps" should be heard, rather than "this is how it is". There must be an opening up to critical discourse of lines of enquiry which were previously prohibited, of evidence that was formerly inadmissible so that new and different questions can be asked, and there must be a realisation that we are entering into a new sphere of possibility.

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