

Mixing Modern Accounting with Symbolic Anthropology and its relative importance in Business Education

NLDIMSR Innovision Journal Of Management Research,
Jan - Dec 2019, Volume 3, Issue 1 & 2
DOI: 10.31794/NLDIMSR.3.1-2.2019.16-20

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ABSTRACT

Much has been happening these days throughout Financial World, the complexity of Accounting processes, financial systems had dwarfed the efforts of regulators. In the advent of AI (Artificial Intelligence) and other advance data mining interventions still the problem is persisting.

With this view, the present paper which is in form of a discussion/conceptual paper which will explain the need of introducing Altruistic and pluralistic approaches in the pedagogy of teaching Finance and Accounting courses. The paper heavily stresses on some of the contribution of authors in the direction of symbolic interactionism, hermeneutics, phenomenology and other qualitative dimensions of subjects in Finance and Accounting to create sense of “humanistic” ideas of the students graduating in Finance and related fields in the coming future. The paper earmarked that the modern business education including finance and accounting courses are heavily tilted towards capitalist themes and must be readdressed to include highly local, social and cultural dimensions.

KEYWORDS: Symbolic Interactionism, Anthropology, Phenomenology, Hermeneutics

INTRODUCTION

According to article titled “Every Accountant is a philosopher” the author referred Tony Lockett from Motley Fool, a famous financial internet publication who quoted

“The accountant represents a true and fair picture of the company’s financial position is actually one of biggest jokes in Accounting”

What is interesting to imply is that Accountants are basically machines who have to work like regulators and had only focused on the narrow sense of economic transactional motive of businesses and other corporate entities.

Paul Ricoeur (a great Anthropologist and Philosopher) had explained the concepts of Hermeneutical Phenomenology with circuitous route (a long detour) and not a shorter route for ontological explanation of any language. Accounting is a language, it is a subject of structural or symbolic anthropology. Ricoeur referred that it is not Dream but the explanation of the dream which matters i.e. he also believed in linguistic anthropology.

It is claimed in the same article that in subjects like Economics (where Accounting and Finance are also part of it) never took ethics (of conviction) and politics (of responsibility) seriously and no concrete attempt to discover the softer and humanistic side in economic areas have been made in the past.

In Modern Accounting the mathematical construct had overshadowed the very purpose of accountants role. They are treated as gate-keepers and not problem-solvers. Our ancient past is a Testimony claiming that Accounting was originated with a soulful purpose. Lucas Pacioli, A Venician Monk also a great Geometrician of his time and who also taught Leonardo De Vinci the art of dimensions. Pacioli used Pacioli groups (we can resemble them with our Ledger accounts) for controlling the then existing unethical practices of Merchants (reminds of the famous play Merchant of Venice). It was meant to create a sense of moral discipline in the matters of state trade. It was never meant to show or discover higher profits or income in the businesses.

What defines Hermeneutics and why should Accountants study it?

Botta and Andinach (2009) described hermeneutics as Science and Art of Interpretation. Thus, Accounting being a language is a symbolic interpretation of expressing the ideas and state of mind of the individuals and the community.

Accounting has been considered to be a language of business or corporate world and therefore completely alienated from the very purpose of depicting the true and contextual and local culturally embedded contexts of the tribe.

Illustratively, the very purpose of production asset (like machine) is to bring more revenue to business. But its true philosophical interpretation of Good or Bad Asset does not only based on the economic price, the other media of communication in terms of its ecological, emotional, sentimental, and sociological dimensions are also to be discovered. Sadly, any important business transaction has been kept isolated with other dimensions except for its monetary purposes. The work of Clifford Geertz in modern times is exemplary evidence in this direction.

Our contemporary business world has seen the event of corporate frauds, accounting scandals mainly in developed countries. We often witness that such accounting scandals like the Enron saga is a depiction of how the legitimate power can be misused and how it can lead to serious damage on the moral quotient of the organizations.

To extend the same proposition, a somewhat contextually relevant area of investigation is Accounting valuation of troubled assets (like natural resources lakes, ponds).

Arunachalam (2006, July) discovered fraud investigation in form of internal dialogue among the community members. The case explained how the use of a “lake” from the means of social resource have been migrated to capital asset. The case taught that the rightful interpretation of the use of assets and their underlying problems is extremely important before ascertaining the risk and value of such assets. The national assets like rivers, lakes are essentially natural property where state appears to be having the full right of its use, but its purpose of use is way beyond commercial or accounting realization. An economic agency (be it a government body, an NGO, or a trading firm) must ensure that how the distribution of a potent water resource in this case can impede the psychological well-being of the dependent communities. This article uses the hermeneutical method (Gadamer’s interpretative) approach identifying the relative reasons of rising pollution of the lake. What was discovered (in the case) through the series of public records, interviews, discussions that more than the sentimental aspect of the local communities, it is pressing need of meeting the targets set under the Kyoto Protocol which local government.

Was measured in terms of their commitments to meet the timelines. Thus, the basic premise of this small case example was to explain why the Qualitative (interpretative) and linguistic anthropology is a great tool to Accountants and Accounting firms to mitigate economic risks.

A regulatory compliance does not comply “objectifying” interpretative independence under which Accountants act. Every country or firm have different norms and their interpretations thereof. Therefore, certain ethical and moral pursuits/actions done by communities and other organized societies must be kept away from regulatory scanner. Since, such regulatory mandates are often meant to persuade skewed personal interests and found to be heavily compromised on the moral grounds.

Foo (2008) the Schwartz value framework is compared with the Hofstede-Gray framework on influence of culture on Accounting practices has been a remarkable evidence. His thesis work demonstrated the “Accounting sub-cultures” in more depth, complexity and richness compared to Hofstede-Gray framework. The study took Accountants working in Malaysia and Portrait value questionnaire technique (PVQ) was adopted under which there were 40 verbal portraits of a hypothetical person’s goals. The Schwartz value framework was adopted for the study of “universal motivational values” for which Multivariate analysis of variance (MANOVA) was applied on the PVQs as explained in the preceding sentences.

However, the emphasis on “right” information in financial statement is essentially for community who largely uses them for commercial purposes. Hence, terms like recency, validity, reliability, orderly, accurate and consistent are axioms suitable for modern accounting today.

Ethnomethodology and System theory in accounting contexts?

While Ethnomethodology is micro-analysis of social order and human agency, System theory is a Macro framework and a theoretical process of social evolution.

Liu (2012). In this article author attempted to explain that social structures under which individuals live or gets “influenced” and also individuals as social agents who “influencers” performing under a dynamic process. Hence, Accounting system as a social system had evolved to a set of structure of rules and regulations but constantly got “influenced” by Human agency and is dynamic and evolving. In this respect Garfinkel’s theory of application of common-sense knowledge in ethnomethodological phenomenology is of particular relevance. However, ethnomethodologists prefer phenomenology over theorizing and hence modern accounting practices can be seen from a similar perspective. The concept of “act” and “action” is of critical importance from ethnomethodology

point of view, while act can be de-fined only from historical events, an action is always current and consequential and future directed.

Solas and Ayhan (2007) discussed how Hofstede defines culture as “Collective” programming of mind, the cognitive programming among the members of particular culture. Hence, according to the author, in the Chinese Accounting system, the accountants are culturally 'rooted' and still have distinct large power distances, strong uncertainty avoidance, less masculinity and long-term orientation. The Chinese Confucian conservatism approach stresses on income smoothing i.e. show the loss as soon as it is reasonably possible, but deferred gains till they are clearly realizable. The emphasis was on YI (ethics) instead of LI (Profit). Therefore, China adopted a capitalistic model much later because (according to Weber's model) they resorted to traditional “Harmony” based accounting system.

Further in the same vein, Abrutyn (2015) explained that one of the economic sociological media as “Money” integrated diverse economic systems into a singular generalized symbolic interpretation. This concept of money-oriented ideologies brought “social order” in form of a unified form of economic exchange. The author however described the limitation of such ideologies (ascribing towards economic capital where money is the symbolic medium,) since other forms of capital also existed and dominated in the history during civilizations. For instance he depicted how “Kinships” culture strengthened on a generalized symbolic medium of titles and offices, where political power and authority, responsibility, loyalty were used for communication or exchange purposes. Even before this, “Religious capital” where sacredness, love were considered more prudent as symbolic media for exchange or communication. The success of “money denominated symbolic interpretative media” was largely due to its ability to be expressed in “quantitative” and “tangible” terms while other communication media were difficult to exchange or comprehend.

Additionally, Parson and Smelson (1956) in the forementioned article argued that why Generalized symbolic media (GSM) like “Money” dominated because a medium must have four important characteristics :

- A) Value
- B) Interest
- C) Normative frame of rules and
- D) Means to define the structure

Here, apart from other media like love, loyalty, sacredness, beauty, knowledge only Money could have served these above criteria's easily.

In the Archeological texts, the emphasis was placed less on Money but more on political symbols like titles and offices, roles, responsibilities, ethics. Similarly, Power and money were not dominated together, money was kept low in importance in the communication system of exchange prevailing in the past. The Solas and Ayhan (2007) explained “external referent value” which was considered prominent in the ancient times, to illustrate, the article explained the example of a priest and his sacredness towards the God is his symbolic media for communication, for a teacher his or her knowledge is the symbol of communication. and so on and so forth.

In developing regaining the “right” social order our knowledge of Accounting practices (as is seen from last century or so) failed to “integrate” the other forms of “capital” in the larger way. There were instances of integration between different forms of capital like political-capital and money-capital had not happened, but it resulted in unfavorable dynamics and cultural tensions, both results in corruption and dilution of trust, and compromises on “compassion” among other communities.

To relate the two strands of above literature, a new term has emerged named “Surrogate generalized symbolic media” for GSMs created through “money” culture. This economic communication blurred the identity of other “genres,” (political and religious symbolic medium), and therefore to understand the community patterns of living and their needs and emotions, a blurred genre approach (coined by Prof. Clifford Geertz) was experienced in the latter past. Besides, the so called blurred or “surrogate” symbolic media, there were severe resistances through inter-institutional stratification emanating from “prestige-biasness” of elite educational institutions. These institutions forced and germinated artificial culture of money-oriented economic thinking while dealing societal problems and issues.

Experimenting the “Accounting anthropology” for business students using Building Blocks approach as symbolic interpretative media I as an author of this paper conducted the “live” experiment among set of business students introducing Accounting concepts through non-conventional way (restricting explaining the debits and credits or Asset and liabilities through “rule” based approach) and by mixing religious, political and economic communication.

E) as symbolic medium. The very idea of this case experiment was to challenge the notion that Accounting is also a “narrative” and not just a objectively-defined, rule-based numerical game.

In this interesting simulation, students were told that within this “limited” resources (the bunch of “blocks”) you have to “creatively” build a product which will have to meet conventional business requirements of minimum cost of manufacturing but also a product should be such it is environmental-friendly and serve the marginalized society. Under this, the element of “frugality” was kept as the top agenda.

In this experiment, students acted as human agents since they were in their most natural form and were found to be emotional, sensitive and cooperative. Besides, as the case discussion was under the observations of the experimenter, these students groups were not thinking only about profit or revenue. The students teams were also advised there will be peer-rating mechanism for evaluation. This has further broadened the social, economic, political and emotional integration, insofar the generalizations of non-monetary symbolic interactionism is concerned.

The greatest and most visible achievement of this experimentation was to educate business students to look for accounting profession with great interest, not for the sake of mere measuring the value of investment or gains or profits under the transaction motives, but also to ensure that the human-agents learn the art of utilizing minimum use of resources and also base their philosophy on the premises of empathy, cooperation and mutual benefit and justice. The instructor also provided teams to share their “narratives” in terms of challenges and enjoyments achieved by actively using their prior knowledge, experience and group-cohesiveness.

Hence, such holistic approach in Accounting profession is highly needed in today’s time. The Accounting, Finance and Economics as subjects have deep meanings of structure, and unlike treating them rules which are static, we need to embrace the novel ideas and non-conventional wisdom which bring a totalitarian approach to the valuation of economic property.

Conclusion:

The scientific approach of accounting must take into account the cultural, local and emotional component of human agency and must realize that society need to be served with love, humility and not by notion or motivation of money. The “rule” based accounting system practiced in the corporate world requires a serious relook. The “principle” based accounting system postulated by renowned accounting regulatory bodies worldwide have only helped to eradicate the financial statement frauds, but, these “principles” still require more stress on human-centric, empathetic, and socially-oriented governance structure. In order to put into place, mere technical institutions serving the need to monitor and audit the current accounting profession may not be sufficient. A united effort involving every facet of society, including individuals, social organizations, government departments, tax authorities, Accounting boards, regulatory agencies, stock markets and academic institutions had to sit together and frame a common-action plan for implementing such robust accounting system. These robust accounting system will be able to bring unity, clarity, equality, freedom, justice, empathy, cultural, and social fabric in the best possible manner, particularly when it comes to organizing and informing in terms of the performance and activities of business organizations.

The accountants role has to be amplified unlike gate-keepers but also the broader aspect of businesses as social organizations. The real need therefore is to change the accounting curriculum where more emphasis has to be given on embracing the human-side of transactions, including the emotional and sentiments which occupy the central-place in most of the human-centric organizations. It is foremost important to acknowledge the traditional order of political and cultural hierarchies placed in the society. And, give equal value, other than the mere selfish, capitalist thought of prosperity linked with material profits and asset-accumulations. This is tall order, but I think the time for its implementation and emancipation has come.

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