Douglasian cultural dialogues and the Financial Reporting Council complexity project

Philip M. Linsley a,*, Philip J. Shripes b

a The York Management School, The University of York, Heslington, York YO10 5GD, UK
b Newcastle Business School, Northumbria University, Newcastle upon Tyne NE1 8ST, UK

ABSTRACT

There has been near-universal reliance upon Hofstede’s cultural dimensions as the theory base for culturally related accounting research. Given the criticisms that have been raised in respect of Hofstede this paper proposes Mary Douglas’s cultural theory as a more appropriate theory base for future research. Central to Douglasian cultural theory is the notion of cultural dialogues which proposes that within any community four solidarities will be present and in constant competition. The paper identifies cultural dialogues through an analysis of comments letters submitted to the Financial Reporting Council (FRC) in response to their ‘complexity of corporate reporting’ discussion paper. To understand how a particular solution has been arrived at when an accounting or auditing issue is reviewed, the debates that precede the outcome need unscrambling by reference to cultural dialogues and the analysis of the comments letters reveals the voices of the different solidarities as they seek to persuade others of the validity of their way of life. The paper proposes a clumsy solutions approach is appropriate for resolving debates on accounting and auditing issues. This approach recognises that, because the solutions offered up by each culture have limitations, all four voices need to be heard in any debate.

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1. Introduction

There has been significant research undertaken examining how culture may influence accounting and auditing practice. With respect to the theory base that underpins this research Heidhues and Patel (2011) document the dominance of Gray’s (1988) framework on accounting values. Gray’s conceptualisation of accounting values is founded on Hofstede’s research into national cultural differences and Baskerville (2003) verifies that culturally related accounting research has had a near-universal reliance upon Hofstede’s cultural dimensions as the underlying theory base. Hofstede’s ubiquity in accounting-culture research has been previously observed by other researchers; for example, Harrison and McKinnon (1999) note that “Hofstede’s typology, together with the country rankings contained in his work, has been extensively, almost exclusively, adopted by cross-cultural researchers in management control systems in recent years” (p. 485).

The employment of Hofstede as the prime theoretical underpinning in accounting-culture studies, whether directly or indirectly via Gray’s accounting values, is highly problematic as important deficiencies have been noted in respect of his cultural indices (see for example, McSweeney, 2002; Baskerville, 2003; Heidhues and Patel, 2011). It is for this reason that Heidhues and Patel (2011) maintain there is a need for accounting research that is not “blinded by the simplicity of

* Corresponding author. Tel.: +44 1904 32 5018.
E-mail address: philip.linsley@york.ac.uk (P.M. Linsley).

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Hofstede’s … and Gray’s framework … but (that) … focus(es) on capturing the complexity of cultural and contextual influences on accounting by including more holistic perspectives” (p. 274).

The purpose of this paper is to propose Mary Douglas’s cultural theory1 as a suitable theory base for culturally related accounting research. Over a period in excess of forty years Douglas developed a formal and explicit typology of social structures. This holistic systematisation of cultures uses a grid-group framework to connect social structures and worldviews, resulting in a typology of four solidarities; individualists, hierarchists, egalitarians, and isolates.

A large body of studies have confirmed that cultural theory is generalisable (6, 2004) and some prior accounting research has successfully employed Douglas’s work in the contexts of audit failure, emissions trading schemes and the socialisation of risk (Linsley and Shrives, 2009; Mete et al., 2010; Moerman and van der Laan, 2012). Importantly, these prior accounting studies have not drawn on Douglas’s notion of cultural dialogues which is an essential component of cultural theory. Cultural theory proposes that within any community (or organisation or nation) the four solidarities are present and in constant competition, and this gives rise to cultural dialogues as the adherents of the four ways of life promote their worldviews and attempt to sway others to join their cause (see for example, Douglas, 1997, 2004). Consequently, the notion of cultural dialogues implies that culture is not static and cultural theory does not equate nation states and cultures; on the contrary, it questions the idea of unchanging groups and emphasises the dynamic nature of culture (Patel, 2007).

To support the proposal that Douglas’s cultural theory may usefully be adopted as a theory base for culturally related accounting research the paper is structured as follows. In section two, key facets of Douglas’s cultural theory are clarified and it is argued that the problems commonly raised in respect of Hofstede do not pertain to cultural theory. The second section of the paper also rebuts criticisms that are commonly raised in opposition to cultural theory. In the third section we seek to show that Douglas’s cultural theory can be usefully applied in an accounting context by employing the notion of cultural dialogues to identify and analyse the voices of the different solidarities. The case used for this examination of cultural dialogues is the set of comments letters submitted to the Financial Reporting Council (FRC) in response to the discussion paper issued at the outset of their ‘complexity of corporate reporting’ project. The paper is not seeking to assess the efficacy of lobbying activities upon regulatory proposals. Rather, the paper relates the responses in the comments letters to the four solidarities, and analyses how the relative power of the different solidarities affects how each seeks to have their voice heard. In this section the voices of the two solidarities that hold most power are analysed; these being the individualistic and hierarchical solidarities. The fourth section identifies and analyses the egalitarian voice. Typically, egalitarian groups are less influential than the individualistic and hierarchical solidarities (Douglas and Wildavsky, 1982). Consequently, the egalitarian voice is more strident and will seek to find ways for its voice to be heard. The final section of the paper discusses how the complexity project can be categorised as a ‘wicked problem’. That is, the problem is “intractable … (in an) inherently contestable arena … and while we often turn a collective blind eye to such problems we cannot avoid making a decision at some point” (Grint, 2008, p. 12). The authors propose that the best approach to solving ‘wicked problems’ in accounting, such as complexity in corporate reports, is a clumsy solutions approach. Clumsy solutions are messy and require tolerance of imperfections as they eschew elegance and, instead, opt to recognise the alternative perspectives of the different ways of life.

2. Douglasian cultural theory

2.1. The principal ideas

The foundations of Douglas’s ideas on cultural theory are located within Purity and Danger (1966) and then progressed and refined in a series of texts and papers (see for example, Douglas, 1970, 1978, 1982, 1986, 1989, 1990, 1992, 1993, 1994, 1995, 1999, 2003, 2004, 2005; Douglas et al., 1999, 2013; Douglas and Mars, 2003; Douglas and Wildavsky, 1982). In Natural Symbols (1970) the principal concern is to establish that the ordering of social relations is far more systematic than might be presupposed. The grid-group diagram first presented in Natural Symbols is provided to support this argument as an “impressionistic account of cultural controls drawn from anthropologically reported examples from all over the world” (Douglas, 1982, p. 1). The grid-group model expounded in Cultural Bias (1978) represents a progression from the previous diagram as it establishes a framework that can be used to investigate and analyse societies in connection with culture. Accordingly it facilitates the formulation of hypotheses about, and the analysis of, behaviours and cosmologies in the resulting four different solidarities.

The grid dimension relates to the amount of regulation that is imposed upon individuals in selecting social roles and in negotiating with one another (Douglas, 1982, 1993). Where there are extensive prescriptions controlling individuals’ behaviours this denotes a high grid society; conversely, in a low grid society individuals self-select social roles and are free to interact with whoever they choose. The concept of group is concerned with an individual’s commitment to other members. High group denotes a society where individual actors have a strong allegiance to one another; where individuals feel little or no commitment to other members of society and pursue their own agendas this would constitute a low group society. The grid-group model therefore results in a typology of four solidarities (Fig. 1); individualists, hierarchists, egalitarians (or sectarians), and isolates. It can be noted that cultural theory follows Boas in rejecting

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1 Reference is made to Douglas’s cultural theory to ensure it is not confused with other ‘cultural theories’. However, it is important to note that others have made major contributions in aiding Mary Douglas in the development of the theory including; Aaron Wildavsky, Michael Thompson and Richard Ellis.
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