



# Management accounting and accountability in a new reality of everyday life

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Received 24 June 2003; revised 18 April 2005; accepted 11 July 2005

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## Abstract

This paper focuses on the concept ‘accountability’. Individuality and accountability is discussed against the background of management accounting in a privatised company in transition from command to market economy. With Berger, P.L., Luckmann, T., 1966. *The social construction of reality. A Treatise on the Sociology of Knowledge*. Garden City, New York, Doubleday/Anchor, the accountability concept is presented as a translation and interpretation of an institutional arrangement with a given logic or rationality. Based on a case study, the paper shows that changing views on accountability support the institutionalisation processes, constituting the case company as a market economy actor in which there is a ‘struggle’ between different rationale views (the market economy, social accountability and production-oriented views). The analysis explicates various ways in which these matters relate to the new way of talking about the company and its survival under market economy conditions—a struggle that management accounting must take into account particularly in the way it deals with the consequences of individual action.

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*Keywords:* Accountability; Management accounting; Institutionalisation; Berger & Luckmann; Change

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## 1. Introduction

Why choose to examine ‘accountability’ in a transition company context? How come ‘accountability’ has become so central in modern—theoretical and applied-managerial

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organisations and settings? The theoretical discussion of accountability will take its point of departure in the rhetoric frame of reference of [Munroe and Mouritsen \(1996\)](#):

An errant Home Secretary. A careless social worker. Overpaid bosses. This is the spectacle of accountability. Case by case, we follow the chase with the tabloid press promising to find a scapegoat. This public hounding of individuals is often dramatic and results in the same call: ‘Make people more accountable’.

Today almost everyone accepts this call to make people more accountable. Indeed, who could oppose? Who could be against accountability? As a consequence, enormous changes have spread into all walks of life: in our government, in our hospitals and in our schools; and in the office, the shop, or factory floor. Promises are now given in a plethora of contracts, customer codes and citizens’ charters. That’s before things go wrong. Afterwards, disciplining is conducted against our ‘own’ individual performance measures. ([Munroe and Mouritsen, 1996, p. x](#))

This take on accountability has been chosen because of the possibility and relevance of discussing two related issues in the transition economies. First, how are new ways of management accounting being trickled down, pulled in, translated and understood in companies, where new ‘rationalities’ are presented? Second, how do people in these transition companies—managers and employees—understand the following ‘guidelines’ of doing things right and wrong?

An essential point of anchorage in the paper is the linking of accountability and the case company’s existence as a transition company with the framework of [Berger and Luckmann \(1966\)](#). The linking should be seen in a perspective, where society/the close environment is interrelated to the individual/social unit. The application of Berger and Luckmann’s terminology on Budapest Chemical Works (BCW) deals with the central issue that the close (command/market) institutional environment is a humanly created product, (but) that it has the nature of an objective reality and that the human/social unit (therefore, or in spite of it) is a social product. On this basis, the analyses focus on (a) how the concept market economy is interpreted and translated into a transition company and affects accountability, and (b) how rationalities regarding ‘accountability’ affect the search for a balance between continuity and stability between the past, present and future on the one side and demands for change on the other. The main reason for using a theoretical frame of reference about ‘interpretations and translations’ in a special (and very complex) context is that contingency theory—simplified as ‘the world is changing and organizations somehow adjust’—and institutional theory (used as the only theoretical frame of reference, and not combined with other theory)—simplified as ‘this is what the other companies do; let’s copy this idea or praxis’—seemed not able to absorb and explain the complexity in dealing with how macro-institutional changes trickle down to micro-levels.

In the following, we will try to connect the accountability presentation and discussion to central views from Berger and Luckmann’s ‘*Treatise in the Sociology of Knowledge; the Social Construction of Reality*’ (1966). The objective is to look at accountability as an interpretation of an institution that implies a given logic and rationality. Regarding the paper’s case company, it is necessary to incorporate the historical course of events in order to understand institutions and their related logics. In terms of BCW, it involves the transition period, where the new constitution as a market economy actor has taken and is taking place,

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