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The ABC bandwagon and the juggernaut of modernity

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Abstract

The paper explores the rise of activity-based costing (ABC). Drawing on actor-network theory, we follow key actors, and their intermediaries, as they construct ABC through a network of human and non-human allies. Drawing on Giddens' discussion of the dynamics of modernity, we show how ABC is formed, and reformed, in processes of dis-embedding and reembedding, and how it becomes affiliated to 'new wave management'. Through close attention to detail, our story evaporates simple distinctions between invention/discovery and theory/practice in the development of management accounting. We portray ABC as a socio-technical expert system that is formed mutually with the construction of the actor-networks that create it. As an expert system, ABC is both a response, and a contributor, to risks of the modern world—a bandwagon hitched to a juggernaut. © 2001 Elsevier Science Ltd. All rights reserved.

1. Introduction

Two general questions underlie this paper. How do management accounting theories and practices come into being? What are the relationships between theory and practice in management accounting? We explore these through a specific study of an extraordinary phenomenon of modern management accounting—the rise of activity-based costing. We trace this development from US manufacturing in the early 1980s, through its first theoretical formulation and subsequent reformulations, to its dissemination in the 1990s. Our pri-

mary focus is on the construction of a new costing system—between 1984 and 1992—which became known as ABC. We link this to other theories and practices that develop around ABC—such as activity accounting, total cost accounting, activity-based budgeting, activity-based cost management, and activity-based management—as more and more people are attracted to activity-based accounting. This is the *ABC bandwagon*.¹ The bandwagon is constructed in a world where, faced with global complexity and risk, we trust in abstract systems of knowledge. At the same time we recognize that knowledge can never be guaranteed, and thus is not ultimately trustworthy. The modern world may be likened to a runaway

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¹ *Bandwagon*: the car that carries the band in a circus procession; a fashionable movement.

engine of enormous power that we try to drive but fear may rush out of control at any moment. This is the *juggernaut of modernity*² (Giddens, 1990).

2. Studying ABC: methodological frameworks

We draw on two methodological resources for our study of ABC. First, *actor-network theory* for the detailed analysis of the building of the ABC bandwagon; second, Giddens' discussion of the *dynamics of modernity* to connect local and global aspects of this building work.

2.1. ABC as a network

Actor-network theory has its origins in the social study of science and technology.³ It provides a methodological framework for the study of how scientific ideas and technological artefacts come into being (Latour, 1999). The approach makes no a priori judgements about the relationships between science and technology, nor between theories and practices, but sees the realizing of socio-technical systems as a matter of system-building. Systems are built as networks which bind together humans and non-humans to form 'seamless webs' (Hughes, 1988).

Latour (1987) argues that once a scientific theory becomes established, or a technology enters use, it has the appearance of certainty and solidity. Looking retrospectively, the existence of particular elements of technoscience might seem to be the inevitable consequences of the truthfulness of theories (their confirmation by nature) or the utility of machines (their confirmation by society). However, if we study 'science in action', rather than 'ready made science'—if we explore the

thoughts and activities of the system-builders as they construct technoscience—we find ourselves in a world of uncertainty and controversy. 'Nature' and 'Society' are adduced as explanations late in the process of creation, as controversies quieten and certainties emerge, and they are as much a consequence of the process of system-building as they are its confirmation.

The system-building to which Latour refers is that of *enrolling* and *controlling* allies in the spread of ideas and machines. These allies may be human (colleagues, readers, users) or non-human (artefacts, theories, instruments, concepts). When the system-builders are successful in constructing extensive networks of alliances with human accomplices and non-human supporters their ideas and possibilities become facts and machines. Through this process sciences and technologies take on the aspect of certainty and solidity—they become 'black boxes'—and are incorporated into taken-for-granted technoscience. To be successful, system-builders must struggle against counter-actors and overcome their 'anti-programs'; and in this struggle systems are changed in response to the trials they face (Latour, 1991). The system-builder fights on five fronts: with other members of the network; with competing networks; with consumers; with non-human actors; and with powerful economic forces—the 'class front' (Latour, 1988).

One way of studying system-building is to follow the actors as they attempt to construct networks (Hughes, 1983; Latour, 1987, 1996). When one does this the system-builder is found to cross many boundaries as if they were not there. They are 'heterogeneous engineers' (Hughes, 1988) who bind together persons and objects in technical, economic, political and social spheres.⁴ This method gives strong guidance to the researcher on how to proceed—as a fictional young engineer is advised by his mentor: 'our sociology prefers a local history whose framework is defined by the actors and not by the investigator . . . As soon as somebody's name is mentioned, you call him up, you make an appointment, and you go and see

² *Juggernaut*: an incarnation of Vishnu, whose idol at Puri in India is traditionally drawn on a processional chariot, beneath which devotees were once thought (by Westerners) to throw and crush themselves; a relentless destroying force or object of devotion and sacrifice.

³ Given the way in which science and technology are treated in actor-network theory, there is no prohibition on its application to accounting. Questions such as whether accounting theory is truly a "science", or whether accounting practices really constitute "technologies", simply do not arise.

⁴ Which are "spheres" only by virtue of our having categorized them as such.

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