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Makeover accounting: Investigating the meaning-making practices of financial accounts

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ABSTRACT

The constitutive ability of accounting to produce effects, influencing people's minds and behaviour, has been widely acknowledged in accounting literature. This paper argues, however, that in order for accounting to have an impact on people, its figures needs to be interpretable to its intended users. But what happens in situations where people are considered as inhibited in reading and interpreting financial information? This paper investigates how financial accounts are presented to individuals believed to be impaired in their ability to make sense of its figures. It does so by moving the empirical focus beyond the borders of the professional organisation and into the private sphere of everyday life, examining how a televised financial makeover show literally *re-presents* financial information in order to turn its participants into financially responsible citizens. The paper's empirical findings give reasons for problematising the conditions under which accounting is able to affect people, concluding that, without taking people's ability to interpret financial accounts into consideration, the possibilities of the accounts having an impact on their users risk falling short.

1. Introduction

The issue of how to influence people to become responsible employees, managers, and CEOs has been largely elaborated within the accounting research area. Processes of accountability have long been recognised as difficult, contradictory and highly complex (Messner, 2009; Qu & Cooper, 2011; Roberts, 1991), embodying chameleon like qualities (Sinclair, 1995). Regardless of its multiplicity of manifestations, accounting is nevertheless widely acknowledged as a critical means for those processes to produce financially knowledgeable people (e.g. Ahrens, 1996; Roberts & Scapens, 1985), transforming them to think and act in rational and responsible ways (Miller & O'Leary, 1990). The possibility, however, of affecting people by means of accounting devices is said to presuppose a certain accounting literacy (Bay, Catasús, & Johed, 2014), an ability that enables individuals to read and make use of accounting information (Carruthers & Espeland, 1991; Kirk & Mouritsen, 1996). This relation between people's ability to interpret accounting representations and the expected effects thereof has received only minor attention in accounting research, possibly due to the fact that most studies are concerned with people's professional practices, where accounting information is presumed to make sense to its users.

However well established in work spaces, people's familiarity with accounting information is arguably less developed outside the sphere of the professional organisation, in the world of the individual's daily way of life. Perhaps in contrast to the organisational arena, this is an area partly consisting of individuals struggling to keep up with and adjusting to a modern way of running one's private financial affairs. Even so, the financial stories that we are fed by the news and neighbours, brokers and banks, spelling out the demands by which we are expected to live, are still stuffed with references to numbers, tables, calculations and indicators. This arguably constitutes a dilemma, because, as Qu and Cooper (2011) point out, in order for this quantitative information to be useful, it needs to be made interpretable to its intended recipient. Addressing this quandary, this paper aims to examine how financial information is presented to people whose interpretive ability to make sense of its forms and accounts is considered limited or impaired.

The media is claimed as an arena where complex financial issues get translated into intelligible stories of everyday life (e.g. Frank, 2001; Grafström, 2005; Martin, 2002). Rehn and Sköld (2010), for instance, discern a democratising trend in how the contemporary media reports on finance matters. They argue that the evening press "sees as one of its tasks to make the economy a less intimidating and more accessible phenomenon" (p. 130). And Johed (2007) demonstrates, for example, that business journalists act as a kind of accounting brokers, translating formal accounting reports into comprehensible investment arguments in order to broaden the shareholder culture into the public realm. This paper follows in the footsteps of these media, addressing an everyday activity most commonly conducted from the living-room sofa – watching TV. Here, the empirical point of investigation constitutes a

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Swedish television show, the *Luxury Trap* (Lyxfällan). This is a financial makeover programme starring two financial advisors on a mission "to get ordinary Swedish households out of the red" (FridayTV, 2009), transforming "middle-class shopaholics" (ibid) into financially responsible subjects. The paper demonstrates how accounting, as technique(s) as well as rationale, is drawn on in televised financial entertainment, examining how the *Luxury Trap* represents or, perhaps more precisely, *re-presents* numbers and financial accounts in order to influence the participants' way of making sense of their financial situation.

Theoretically, this paper problematises the circumstances under which accounting is said to function as a constitutive device in rendering people financially responsible. This does not mean that the paper discards the idea of accounting as a producer of effects. Rather, its aim is to examine those conditions that are believed to enable those effects to occur. The paper argues that in order for an accounting representation to make an impact, its intended audience needs to be able to make sense of it. This means that financial accounts must be presented so as to become meaningful to its recipients. Informed by Hall's theory of communication (Hall, 1980, 1997a-d), this paper extends and refines literature that examines how accounting is constructed in order to be convincing (e.g. Abrahamsson, Englund, & Gerdin, 2016; Ahrens, 1997; Catasús, Ersson, Gröjer, & Wallentin, 2007; Qu & Cooper, 2011; Robson, 1992; Vollmer, 2007) by highlighting the implication of the user's ability to interpret of financial information. In this way, the paper opens up a space where assumptions about accounting's constitutive power might be discussed and problematised.

Empirically, this paper is premised on the idea that accounting is a situated practice, constructed at all levels of social life, and that its analysis should not be restricted to the traditional level of the professional organisation. By entering people's living rooms, turning on their TVs, this paper challenges previous accounting research by moving "beyond the confines of business hours" (Jeacle, 2010, p. 2), leaving "organisations as the exclusive level of research" (Miller, 1994, p. 1). As indicated by Jeacle (2012), such a study contributes to a broadening of the empirical scope of accounting research to also explore its role in media and popular culture.

The paper starts off by taking a small detour, elaborating on the significance of taking recipient interpretation into consideration in making financial accounts effect-ful. Thereafter, the theoretical resources are presented, delineating the key arguments of Stuart Hall's theory of communication. In the subsequent section, the empirical setting is introduced, positioning the object of investigation in a contemporary context of the television genre of which it forms part. Prior to the analysis part, the design of the study is outlined. The paper concludes with a discussion of its empirical findings and theoretical contributions.

2. The role of interpretations

The "constitutive turn", as Asdal (2011, p. 1) calls it, has been widely influential for the past few decades in the social accounting research area. Its adherents argue that by virtue of accounting's ability to make certain aspects of social and economic activity visible, its representations help to frame a specific understanding of reality, which in turn makes people act in accordance with it (Ezzamel, Lilley, & Willmott, 2004; Miller, 1994; Napier, 2006). As such, accounting might be said to serve rhetorical purposes (Aho, 2005; Arrington & Francis, 1993; Thompson, 1994; Young, 2003), not merely used to inform but also to influence, persuade and manipulate people to look upon their world and themselves in particular ways (Carruthers & Espeland, 1991). Hence, from the constitutive point of view, accounting is not only a technical practice used to report on economic activities, but also a social and political one (Hopwood, 1987), employed to intervene and transform human economic behaviour in public and organisational life.

However well-established this thinking may be, there are examples to be found in the accounting literature that take a more problematising approach towards this alleged constitutive capacity of accounting representations (e.g. Abrahamsson et al., 2016; Ahrens, 1997; Bay et al., 2014; Boland, 1993; Vollmer, 2003, 2007). Oakes, Townley, and Cooper (1998), for example, argue that even though accounting is recognised as an effective means in bringing about change, this effect should not be taken for granted, concluding that "the process through which this occurs is more complex than much of the current literature suggests" (p. 258). Catasús et al. (2007) assert in the same vein that even though financial accounts of all kinds – measurements, figures, numbers, indicators, statistics – are likely to inform and encourage people to act in a specific manner, they do not *per se* guarantee such action. Instead it is suggested that the effects of accounts are dependent on how they are interpreted by their users (Ezzamel et al., 2004) and, to draw on Munro (1993), such an interpretation is not determined by the accounts *per se*. This implies that the interpretation of numbers, for example, is not of an uncontroversial kind. Rather, it suggests that due to their lack of intrinsic meaning (Catasús, 2010), numbers can mean different things to different audiences (Qu & Cooper, 2011; see also Quattrone, 2009), creating potential uncertainties of how they are to be interpreted and acted upon by their intended users (Abrahamsson et al., 2016).

These remarks are worth considering when taking a closer look at the financial status of contemporary citizens. Concurrently with an increasing financialisation of people's daily life (Martin, 2002), where citizens are expected to independently navigate through difficult pension systems and cope with high-risk saving investments (e.g. Erturk, Froud, Johal, Leaver, & Williams, 2007; Finlayson, 2009; Langley, 2008; Williams, 2007), the demands on their ability to read and act on financial information have sharpened (Greenfield & Williams, 2007; Harmes, 2001; Langley, 2007). However, far from all citizens live up to fulfill these demands. Higher levels of over-indebtedness[1] and personal bankruptcies signal that people have difficulties managing their own finances, manifested in, for example, unsuccessful investment strategies, increasing house mortgages, and over-consumption (OECD., 2005). These findings not only raise concerns about how well equipped people are to make financial decisions. They also indicate that there seems to be discrepancies between the way that produced financial information is expected to be understood and the way in which that information is interpreted and acted on by its recipients. In a series of reports, commissioned by the Swedish Financial Supervisory Authority (FSA), Almenberg and Widmark (2011) note that "many adults struggle with basic calculations and lack an understanding of elementary financial concepts" (p. 2). The authors conclude that since quantitative information can be perceived differently by different consumers, it is not very effective to provide financial information in ways that consumers are not adequately equipped to absorb. This, in turn, creates a quandary of communication, specifically that of how financial information should be communicated in order to make sense to its users.

The line of argument above suggests that unless made interpretable to users, the likelihood that financial information affects people's way of thinking and acting is curtailed. Hence, to acknowledge and act upon numbers, budgets, indicators, and other kinds of financial accounts as useful decision-making input requires a person endowed with an ability to extract the meaning of its figures and terminology. This is arguably not given by Nature and only made to occur if people are taught how to read, decode and interpret the accounts accordingly. Moreover, if and how financial accounts are acted upon is suggested to depend on how they are communicated and pedagogically presented in the local context in which they appear (Abrahamsson et al., 2016; Asdal, 2011; Catasús, 2010; Mouritsen, 2004; Qu & Cooper, 2011). How to address this dilemma of communicating financial information so as to make it

[1] Used to describe a situation when debt or debt service payments relative to income become a major burden for the borrower (OECD., 2005, p. 63).