Accounting Regulation Research and Structuration Theory

Anthony Moungh Yin Chan
Ryerson University, Toronto, Canada

This paper considers accounting regulation research from a structuration and cultural perspective. Therefore, accounting regulation research spans over three spheres of enquiry: (1) an accounting focus of standard-setting; (2) a cultural analysis in an empirical context; and (3) the use of a research methodology drawn from Anthony Giddens' structuration theory. In such approach, accounting regulation research analyzes the accounting regulation actors drawing upon the cultures in their standard-setting actions and interactions, referring to Giddens' three structural properties of meaning, power, and morality. The integration of these three spheres of enquiry is not entirely original. A few prior studies have similar combinations: Although they stress the uses and consequences of accounting systems in producing and reproducing organizational culture and negotiating meaning at the organizational level, this paper chooses the research approach of contextual analysis of accounting systems at more macro-societal and cultural levels. This different research interest and design provides this paper with its distinguishable characteristic from the prior similar studies.

Keywords: accounting standard-setting, accounting and culture, structuration analysis, accounting regulation

Introduction

From about the 1970s, the research approach of "contextual analysis of accounting" has been strongly advocated by many writers in the accounting research community (e.g., Berry, Capps, Cooper, Ferguson, Hopper, & Lowe, 1985; Burchell, Clubb, Hopwood, Hughes, & Nahapiet, 1980; Burchell, Clubb, & Hopwood, 1985; Chua, 1986; Hopwood, 1978; 1979; 1983; 1984; 1985; 1987; Hoskin & Macve, 1986; Loft, 1986; Roberts & Scapens, 1985; Tomkins & Groves, 1983). In essence, a general appreciation of the importance of a contextual analysis for accounting research, according to contemporary accounting literature, is recognition of the influences of "context" on "accounting". To match such a qualitative research question, accounting researchers have utilized different kinds of qualitative research methods. One of these methods is Giddens' structuration theory.

Macintosh and Scapens (1987, p. 30) stated that, "Structuration theory may enable us to make generalizations about the historical and spatial context of accounting practices". Specifically, the core concept of "the duality of structure" in structuration theory offers accounting research a balance of concern on both action (accounting practices) and structure (accounting context) (Capps, Hopper, Mouritsen, Cooper, & Lowe, 1989, pp. 218-219, p. 240). In other words, structuration theory as a social theory and a research method is good at enquiring "the social and organizational nature of accounting" (Macintosh & Scapens, 1987, p. 1, pp. 35-36; 1989, p. 2). Macintosh and Scapens (1987) particularly emphasized the usefulness of structuration theory in a context of change.

Anthony Moungh Yin Chan, professor of Accounting, Ted Rogers School of Management, Ryerson University. Email: myachan@ryerson.ca.

Although structuration theory has been brought into attention of accounting researchers, there are still awaiting extensive empirical accounting studies (particularly at the macro-societal level) utilizing structuration theory. Giddens (1984) himself suggested the use of structuration theory for empirical research by utilizing its core concepts, theoretical orientations, and fundamental configurations to match research questions and interpret research outcomes. Therefore, it is important to contribute to the qualitative accounting literature by going beyond theoretical discussion about structuration theory in accounting research and applying empirically the theory to an actual accounting context.

Like a momentum in the field of contextual analysis of accounting, “cultural study of accounting” has also grown in the past years in the accounting research community. More and more writers endorse the anticipation that the concept of culture has a promise to further the understanding of accounting (e.g., Ansari & Bell, 1985; Czarniawska-Joerges & Jacobsson, 1989; Dent & Green, 1985; Gambling, 1977; 1987; Hofstede, 1985; McKinnon, 1986; Violet, 1983).

As a response to the growing field of “cultural study of accounting”, it is also important to enlarge the current scope of studying accounting standard-setting (which concentrates on politics and reason) by taking the impact of culture into fair consideration. This objective is methodologically supported by Giddens’ structuration theory, because Giddens’ framework maintains that the three structural properties of meaning (related to culture), power (related to politics), and morality (related to reason) are all important to explain social actions and interactions (including accounting phenomena). It is believed valuable to maintain a historical documentation of accounting standard-setting cultures.

An Operational Model of Structuration Theory for Accounting Regulation Research

To suggest the suitability of structuration theory as a methodology for accounting regulation study is to show that the research question can be fruitfully approached by the distinctive features and research perspectives of structuration theory (see Figure 1). There are at least eight such perspectives of structuration theory that can be considered useful to accounting regulation research (see Table 1).

Figure 1. Operational model of structuration theory for accounting regulation research.

Table 1

Matching Between Structuration Theory and Accounting Regulation Research

Research perspective of structuration theory: concepts, orientations, or configurations	Applicability to accounting regulation research
1. The cultural, anthropological, or ethnographic emphasis for empirical research (Giddens, 1984)	Matching with the cultural nature of accounting regulation research
2. The fieldwork perspective utilizing both the objective and subjective research methods (Giddens, 1984)	The researcher participates in cultural context and accounting regulation activities
3. The theme of the duality of structure enquiring recursively the action and structure spheres (Giddens, 1976; 1979; 1982; 1984)	The cultural element is connected with the structure sphere, and the element of accounting standard-setting is connected with the action sphere
4. The notion of practical consciousness drawing tacitly upon rules and resources (Giddens, 1984)	Accounting standard-setting actors drawing upon cultural factors in their practical consciousness
5. The theorization of routinized practices (Giddens, 1984)	Becoming a theoretical ground for a pattern analysis of the accounting standard-setting general process
6. The concept of episode for enquiring the process of social change (Giddens, 1984)	Applicable to processual analyses of specific accounting standard-setting processes
7. The concepts of system integration and system contradiction (Giddens, 1984)	Explaining the complementary as well as competing dynamics among the cultural factors in accounting standard-setting
8. The approach of examining cultural performance, producing forms of signification, in talks and objects such as texts, writings, records, and files (Giddens, 1987)	Documentary reviews and interviews are research tactics

Among the prior works of applying structuration theory to accounting studies, the paper by Macintosh and Scapens (1990) is particularly significant because of their careful evaluation of the main criticisms of Giddens' structuration theory suggested within the contemporary community of social theorists. The criticisms are: (1) eclecticism; (2) primacy of action or structure; (3) the theory of the acting self; and (4) "final cause of social dynamics". In detail, Macintosh and Scapens (1990) summarized the responses of Giddens to the criticisms of his structuration theory. It is fruitful to see that the responses to particularly three out of the four main criticisms of structuration theory, directly relevant to accounting regulation research, in turn point back to the strengths of the theory and support the design of the operational model of structuration theory for accounting regulation research.

Table 2

Responses to Criticisms of Structuration Theory and Their Support to the Operational Model for Accounting Regulation Research

Criticism of structuration theory	Response to the criticisms	The response in turn supporting the operational model for accounting regulation research
Eclecticism	Structuration theory is a generous methodology (Giddens, 1984)	The generosity of structuration theory is a support to the synthetic nature of accounting regulation research spanning over three spheres of enquiry: accounting standard-setting, culture, and structuration theory
Primacy of action or structure	The fundamental configuration of structuration theory is recursiveness	Cultures are located as structures and accounting standard-setting processes are located at the action and interaction levels; their recursive dynamics are the focuses of accounting regulation research
Final cause of social dynamics	The primacy of meaning, power, and morality in the social dynamics is contextually contingent	Accounting regulation research has a cultural nature. Thus, it chooses a S-D-L analytical mode to enquire the symbolic dynamics

Concerning the second criticism of “primacy of action or structure” (i.e., is it possible to utilize equally the perspectives of agency and structure in one single social theory?) in Table 2, Giddens responded with his fundamental recursive configuration of structuration theory (Macintosh & Scapens, 1990). It is also this recursive configuration that constructs the basic skeleton of the operational model of structuration theory for accounting regulation research: Cultures are located as structures and the accounting standard-setting processes are located at the action and interaction levels. According to this methodology, accounting regulation research aims at understanding how the accounting standard-setting actors drew upon the cultures in their tasks of setting the accounting standards. In other words, cultures are structured in standards.

At the three levels of “structure”, “modality”, and “interaction” in the original framework of structuration theory, as an interesting parallelism, “management accounting”, “management accounting systems”, and “management accounting practices” are located by Macintosh and Scapens (1990) at these three levels in the operational model of structuration theory for theorizing management accounting.

Concerning the criticism of “final cause of social dynamics” (i.e., among Giddens’ three structural properties of meaning, power, and morality, which is the ultimate factor of the social construction?) in Table 2, Giddens responded that the answer is contextually contingent (Macintosh & Scapens, 1990). In fact, Macintosh and Scapens (1989) used three cases to illustrate the way signification, legitimation, and domination played different parts in accounting systems. The three cases illustrated different primary causes of the social dynamics at work.

This conception of contextual contingency concerning the final cause of social construction has been very helpful to deliberate cultures as structures in the operational model of structuration theory for accounting regulation research. As an abstract category, “culture” in the operational model refers to the virtual identity or environment. In this sense, “culture” is usually used by different parties as a taken-for-granted category referring to the virtual uniqueness of the society in terms of time-space. For example, an accounting standard-setting body may claim that the setting of accounting standards is supportive to the development of the business community and commercial activities, eventually for the benefit of the society. In terms of the relationship between accounting and context, this claim can be decoded as a statement of accounting consequences (i.e., the impacts of accounting standard-setting beneficial to the “culture” as a virtual identity). As another example, an accounting standard-setting body may suggest that the accounting standards must be fit to the particular societal situation. This statement then represents the contextual influences of the “culture” (i.e., the particular situation or uniqueness) on the accounting standard-setting process.

At the empirical level, “cultures” as “structures” in the operational model refer to the substantive cultures in time-space. The structures are conceptualized in writings of sociological, economic, and political experts in a society. In real life, the forceful operations of these cultures can be experienced by both insiders and outsiders of the society. Although the specific grouping of cultural structures can be flexible, it has explanatory power in the empirical research process on accounting standard-setting.

Each of the cultures can designate substantive structures along the three dimensions of signification, legitimation, and domination. A similar example of transformation of cultures into structures is found in the study of Laughlin (1990).

Since the primacy among the three dimensions of structures is contextually contingent and the context of accounting regulation research is a cultural study, the substantive research mode of cultures as structures in the operational model of structuration theory is appropriately a S-D-L mode, because Giddens himself also

suggested a S-D-L mode to study symbolic or cultural orders when he was talking about the nature of different types of institutions. “The first letter in each line (of mode) indicates direction of analytical focus” (Giddens, 1979, p. 107). In other words, accounting regulation research uses signification as the entry point to study the cultural nature of accounting standard-setting, and domination and legitimation are explored as well in the S-D-L research mode.

In the recursive configuration of Giddens’ structuration theory, “Culture is both product and process, the shaper of human interaction and the outcome of it, continually created and recreated by people’s ongoing interactions” (Jelinek, Smircich, & Hirsch, 1983, p. 331). In the sense as a product of behavior, the working configuration of culture is a structure or cultural structure in Giddens’ framework: the set of different forms of social usages such as morals, etiquette, and other uniformities in rules and resources. As a condition of behavior, culture structures both perception and thought (Boas, 1938). Culture is always a crucial control mechanism to ensure the regularity, uniformity, generality, and predictability of social behavior.

Research in Context

To further understand empirical findings according to Giddens’ structuration theory, the first theoretical orientation of Giddens’ framework to be recalled is that the primacy of culture or politics or reason is an empirical question subject to different concrete cases and environments. The primacy can change from one situation to another. In the case of accounting standard-setting in one society, culture can be found to be primary. However, the structuration dynamics can be different in the standard-setting processes of other societies. Different countries may have different characteristics of their standard-setting environments. For example, the United Kingdom may have a very active and powerful commercial sector to lobby in the accounting standard-setting process, while Hong Kong may have a quiet and weak commercial sector contributing an insignificant lobbying effort in the standard-setting process. In the case of the United Kingdom, politics rather than culture may take the lead in the structuration dynamics of accounting standard-setting.

However, in this regard, a contribution of empirical study is: Accounting standard-setting research empirically illustrated Giddens’ framework that culture and politics are not only intertwining or complementary but also counteractive. In other words, cultural forces can help to solve political problems.

In many contexts, people use political means to fight against each other for their own benefits, causing pains and divisions. However, in the light of structuration theory, culture (by definition, referring to the collective meaning system to ensure regularity, uniformity, generality, and predictability of social behavior) can counteract politics and bring people together in a more peaceful and coherent way. Giddens’ framework suggests a possibility that politics is not necessarily “always reigning over” human behavior.

Conclusion

According to Giddens’ structuration theory, within the cultural realm, different empirical cultural structures can change their roles in different fields of actions and interactions. For instance, even within one society, the cultural structures may take turns to assume primacy in different studies of accounting. In accounting standard-setting, some cultural factors took the lead in the dynamics of cultural structuration. In other accounting studies (e.g., corporate accounting policy-making, uses of accounting information), other cultural factors might take the lead in the structuration dynamics. This is because that different focuses of accounting studies have their own intrinsic characteristics (e.g., institutional dynamics versus market dynamics).

Among cultural structures, some cultural factors are more institutional-oriented while other factors can be more market-oriented. It can be so happened for years that the dynamics of accounting standard-setting in a society are mainly located within the institutional framework of the accounting standard-setting body and become institutional-oriented (unlike the dynamics of corporate accounting policy-making or uses of accounting information which might be more market-oriented). As a result, it is not surprising to find empirically that some cultural factors are more operative in accounting standard-setting than other market-oriented cultural structures. This observation of institutional dynamics versus market dynamics might further explain why some cultural factors always come together naturally as a group (while other cultural factors appear together as another group) in the structuration analysis of accounting regulation.

References

- Ansari, S. L., & Bell, J. (1985). Implications of culture for the study of accounting and control system. Paper presented at *the Workshop on Accounting and Culture*, June 5-7, Amsterdam, the Netherlands.
- Berry, A. J., Capps, T., Cooper, D., Ferguson, P., Hopper, T., & Lowe, E. A. (1985). Management control in an area of the NCB: Rationales of accounting practices in a public enterprise. *Accounting, Organizations, and Society*, 10(1), 3-28.
- Boas, F. (1938). *The mind of primitive man*. New York, NY: The Macmillan, Co..
- Burchell, S., Clubb, C., & Hopwood, A. G. (1985). Accounting in its social context: Towards a history of value added in the United Kingdom. *Accounting, Organizations, and Society*, 10(4), 381-413.
- Burchell, S., Clubb, C., Hopwood, A. G., Hughes, J., & Nahapiet, J. (1980). The roles of accounting in organizations and society. *Accounting, Organizations, and Society*, 5(1), 5-27.
- Capps, T., Hopper, T., Mouritsen, J., Cooper, D., & Lowe, T. (1989). Accounting in the production and reproduction of culture. In W. F. Chua, T. Lowe, & T. Puxty (Eds.), *Critical perspectives in management control*. London: The MacMillan Press, Ltd..
- Chua, W. F. (1986). Radical developments in accounting thought. *The Accounting Review*, 61(4), 601-632.
- Czarniawska-Joerges, B., & Jacobsson, B. (1989). Budget in a cold climate. *Accounting, Organizations, and Society*, 14(1-2), 29-39.
- Dent, J. F., & Green, S. (1985). Notes towards a framework for the cross cultural analysis of accounting practice. Paper presented at *the Workshop on Accounting and Culture*, June 5-7, Amsterdam, the Netherlands.
- Gambling, T. (1977). Magic, accounting, and morale. *Accounting, Organizations, and Society*, 2(2), 141-151.
- Gambling, T. (1987). Accounting for rituals. *Accounting, Organizations, and Society*, 12(4), 319-329.
- Giddens, A. (1976). *New rules of sociological method*. London: Hutchinson; New York: Basic Books.
- Giddens, A. (1979). *Central problems in social theory*. London: Macmillan; Berkeley: University of California Press.
- Giddens, A. (1982). *Profiles and critiques in social theory*. London: Macmillan; Berkeley: University of California Press.
- Giddens, A. (1984). *The constitution of society*. Berkeley: University of California Press.
- Giddens, A. (1987). *Social theory and modern sociology*. Stanford: Stanford University Press.
- Hofstede, G. (1985). The ritual nature of accounting systems. Paper presented at *the Workshop on Accounting and Culture*, June 5-7, Amsterdam, the Netherlands.
- Hopwood, A. G. (1978). Towards an organizational perspective for the study of accounting and information systems. *Accounting, Organizations, and Society*, 3(1), 3-13.
- Hopwood, A. G. (1979). Editorial. *Accounting, Organizations, and Society*, 4(3), 145-147.
- Hopwood, A. G. (1983). On trying to study accounting in the contexts in which it operates. *Accounting, Organizations, and Society*, 8(2-3), 287-305.
- Hopwood, A. G. (1984). Accounting and the pursuit of efficiency. In A. G. Hopwood, & C. Tomkins (Eds.), *Issues in public sector accounting* (pp. 167-187). London: Philip Allan.
- Hopwood, A. G. (1985). The tale of a committee that never reported: Disagreements on intertwining accounting with the social. *Accounting, Organizations, and Society*, 10(3), 361-377.
- Hopwood, A. G. (1987). The archaeology of accounting systems. *Accounting, Organizations, and Society*, 12(3), 207-234.
- Hoskin, K. W., & Macve, R. H. (1986). Accounting and the examination: A genealogy of disciplinary power. *Accounting, Organizations, and Society*, 11(2), 105-136.

- Jelinek, M., Smircich, L., & Hirsch, P. (1983). Introduction: A code of many colors. *Administrative Science Quarterly*, 28(3), 331-338.
- Laughlin, R. C. (1990). A model of financial accountability and the Church of England. *Financial Accountability and Management*, 6(2), 93-114.
- Loft, A. (1986). Towards a critical understanding of accounting: The case of cost accounting in the U.K., 1914-1925. *Accounting, Organizations, and Society*, 11(2), 137-169.
- Macintosh, N. B., & Scapens, R. W. (1987). Giddens' structuration theory: Its implications for empirical research in management accounting. Paper presented at *the Annual Meeting of the American Accounting Association*, August 17-19, Cincinnati, Ohio, USA.
- Macintosh, N. B., & Scapens, R. W. (1989). Management control systems: A structuration theory analysis. Paper presented at *the International Conference on Management Control Systems*, July 10-12, London Business School.
- Macintosh, N. B., & Scapens, R. W. (1990). Structuration theory in management accounting. *Accounting, Organizations, and Society*, 15(5), 455-477.
- McKinnon, J. L. (1986). *The historical development and operational form of corporate reporting regulation in Japan*. New York, NY: Garland Publishing, Inc..
- Roberts, J., & Scapens, R. W. (1985). Accounting systems and systems of accountability—Understanding accounting practices in their organizational contexts. *Accounting, Organizations, and Society*, 10(4), 443-456.
- Tomkins, C., & Groves, R. (1983). "The everyday accountant and researching his realities": Further thoughts. *Accounting, Organizations, and Society*, 8(4), 407-415.
- Violet, W. J. (1983). The development of international accounting standards: An anthropological perspective. *International Journal of Accounting*, 1-12.