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ACCOUNTING IN CRITICAL PARADIGM

Abstract:

This article discusses the critical paradigm in accounting research. Accounting can be included in the critical paradigm. Critical paradigm offers a holistic approach and avoid deterministic and reductionistic thinking. Critical paradigm always see the social reality in a historical perspective, using both objective and subjective approach in looking at social change.

At the end, in addition to discussing qualitative methods in critical research, this article also tries to conduct a brief discuss of review articles in the critical paradigm.

Keywords:

Critical paradigm; Critical science; Accounting research

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Introduction

Every scientific research conducted, the results always depend on the point of view or paradigm used in the research. This is because each paradigm has its own theoretical basis. Most of the research in the field of accounting so far has used a conventional view. So that the development of accounting scientific disciplines is difficult for some people to accept.

This can be proven by the limited definition of accounting. For example, according to the American Accounting Association, accounting is “the process of identifying, measuring, and communicating economic information to permit informed judgments and decisions by users of the information”. According to this definition, accounting is placed only as a decision-making tool for its users. This means that conventionally accounting is assumed to play a role in agency relations in relation to profit alone. Even though today profit cannot be the only measure of a company's success, because the company must also contribute to preserving the environment.

Paradigm is a set of beliefs, values, a view of the world, the way we see the world [1]. Then a different paradigm will lead to a new perspective, giving rise to a new paradigm in conducting research. Paradigms can change along with the development of science so that a deeper understanding of the world can be obtained.

Positivism has a view that researchers should not be directly involved in what they observe so

that research results are objective. The research results are considered value-free from the object under study because the object of research is considered to be independent of the influence of the researcher, between the researcher and the object under study there is a separation. This is because for positivism reality and truth are considered to already exist so that to obtain them, observation does not need to be accompanied by subjectivity.

While post-positivism does not accept the existence of one truth because the theory must be open. While the positivism paradigm uses hypotheses to verify or reject a theory, post-positivism tends to be inductive in nature and tries to find or reconstruct a theory so that a new theory is more open to discover.

In addition, the limitations of the positivism paradigm according to Sudarma [1] are aimed at making generalizations that are used to predict without understanding the meaning of an object contextually; then it is atomistic or breaks reality into limited variables, which means that it does not look at reality holistically; and only observing the problem on the outside without studying and trying to get a deeper picture of an object under study.

Economics is dominated by the influence of positivism. While accounting science is not only based on economics, but also sociology. Because in sociology there are various views that are not only dominated by the influence of positivism, it can be said that accounting is a multiparadigmatic science [2]. In this article, we will discuss how accounting research is in a critical paradigm, starting from its

theoretical basis to methods that can be used in accounting research.

Radical Humanist and Radical Structuralist

Radical humanist as a scientific paradigm has the main characteristics, namely subjectivity and the belief that science is a tool that aims to liberate or elevate the humanity of those who are oppressed by the existing system or in short it can be said to be emancipatory. On the other hand, there is also a radical structuralist paradigm which also aims to carry out emancipation through scientific activities, the difference is that the radical structuralist does not have a subjective and constructivist commitment. Interestingly, critical theory which is the basis for the critical paradigm uses both of them to carry out a kind of revision effort on other paradigms, especially the positivist paradigm which still holds tightly to what we know as grand theory or meta-narrative [3].

In scientific development, the postmodernism paradigm also exists between the radical humanist and radical structuralist, in addition to the critical paradigm based on critical theory. The main ideas of postmodernism are deconstructivism and anti-establishment. Then it can be said that the main philosophical idea that underlies or underlies the radical humanist and radical structuralist paradigms is Marxism. This can be seen from the orientation of materialism, anti-establishment, and emancipatory.

Critical studies in accounting usually depart from a strong desire to emancipate or increase the degree of those who are oppressed and disadvantaged (at least not benefited) by social processes that produce or involve the use of accounting information, either in the public sphere or in the realm of individual organizations [3].

Accounting as Critical Science

Dillard [4] wrote an article explaining that accounting is a science that is in a critical paradigm. If we read some literature on accounting, there is something very dominant, namely accounting is a component of a logical technology. But it turns out that accounting is not a technology that is free from ideology. In accounting, the axioms and laws are not based on observed phenomena as in the physical sciences, but originate from the social environment. Accounting, although objectively obvious, its framework is a social construction. Accounting technology is definitely wrapped by an ideology.

According to Dillard [4] our perception of "reality" like staring into a mirror surface. We can only see what is reflected back to us. Different surface (ideological frame) reflects a different reality. But the more we looked in the mirror, the reflection is increasingly becoming "objective reality". Output of accounting technology projected onto a reflective surface and distortion which is interpreted as an objective representation of the "real" phenomenon. This is an iterative process, in which frames the community determines accounting technology and accounting

technology in turn affects the social, which in turn affects the accounting technology, and so on. If there is no intervention, if the image is not directed towards the existence of an alternative ideology and distorted mirror, but differ distorted, "reality" to be considered, then the accounting will continue to strengthen and make real social system from which it originates.

There are different levels in which accounting and social systems can be seen. At the level of fairly specific, action and interaction of social factors can be observed directly between accounting technology offered and implementation and those affected. The dominance of the power of the capitalist state, then the accounting is applied to these countries is capitalist technology, not merely techniques, actions, determined capitalistic force, accompanied by professional ideology.

Functionalist paradigm is the most dominant perspective in view of accounting as well as in other social sciences. Language is thinking, and communication, accounting is functionalism. This creates difficulties in accounting in the posture of critical social science.

Accounting of functionalist perspective based on the idea that the change of state, typically defined as economic events or transactions have occurred. Basis to determine what is the most basic accounting atom located in, and determined by the dominant economic system of society. The process of identifying, measuring and communicating (implemented operationally as practices and accounting

procedures) determined in this context. Control of the dominant economic system, after gaining power as a result of the system, control specification accounting activities.

Accounting theory when viewed through a critical social science is a derivative of the functional philosophy of the capitalist economic system. Thus, this theory is not concerned with alienation but only with the technical process of assessment, which is defined as the value of an objective assessment based on the concept of marginalist economy. Following the traditional accounting perspective, there is no consciousness or false consciousness, crisis, education or transformative action. There is no recognition of the social good except in a state of distorted, skewed belief that all are best served by the permanence of the capitalist system.

As a result of the economy of monopoly capitalism. It is based, and built, on this basis and solely geared towards that goal. Do so deeply embedded in the existing system that greatly restricted the potential for changes other than dictated, or permitted by the system. A fundamental change in the underlying economic structure must occur before any changes occur in accounting technology. It also shows that the accountant, at least professionally, dominated and shaped by the dominant system. Given this context, where the accounting being pragmatic becomes legally impossible to see the accounting, the discipline and the practice thereof, as anything other than a technical artifact of the dominant system. Thus, it would

appear difficult for the accounting, as observed in the reflector capitalist, to be critical of himself or the dominant system, and much more difficult to take a proactive role in the systematic transformation.

Accounting in a functionalist perspective, cannot maintain a reflective view outside the system running. Accountants today reflects the surface by filtering the tension arising from systemic conflicts and ignore or distort the local crisis in a manner geared to maintain and reinforce the status quo. Thus, there is no valid theory of false consciousness, crisis, education or transformative action. Accounting when seen from the perspective of social science to provide a richer picture. Investigating the relationship between accounting and social systems provide an opportunity for researchers of social criticism in accounting to engage in critical evaluation by questioning the false consciousness, pay attention to the crisis, pay attention to education, and also the related approach to transformative action.

Critical Paradigm

Critical paradigm offers a holistic approach and avoid deterministic and reductionistic thinking. Critical paradigm always see the social reality in a historical perspective, using both objective and subjective approach in looking at social change. Critical paradigm in the classification Burrell & Morgan [5] found in the upper two quadrants. He divides these two paradigms into two paradigms: structuralist radical and radical humanist. Radical humanism looked at changes in consciousness, while radical structuralism see

that changes could be made through a structure or system.

Chua [6] does not distinguish critical paradigm into two, because he saw some difficulties with the classification in Burrell & Morgan [5], among others: first, the whole assumption is represented as a strict dichotomy; second, that framework includes a relativism that strongly about scientific truth and reason. Chua [6] explains that the study of accounting as a social critique has had some important characteristics. First, no further accounting is seen as a rational technique, which is separated from service activities in a rational relationship more broadly. In fact, accounting as a discourse in the style of a particular calculative rationality, argued for was organized and hosted by the macro conflict between the different classes.

Second, the criticism that emphasizes the totality of relationships. The impact is a perspective that raises a new interest in the macro-structural phenomena certain neglected in mainstream accounting research. Thirdly, there is a question that not only emphasizes the importance of the state as a constitution, they focus on an accountant as organized interest groups. Fourth, focus on the totality of the study also promote organization that integrates the analysis of micro and macro level. This has the effect waiver traditional distinction between financial and management accounting. Fifth, claimed to be the accounting services activity which is something that is neutral when in fact the purpose of the capital owners are implicitly given priority.

In seeing reality, this critical paradigm is different from the positivism paradigm. If the positive paradigm ultimate reality is not the fact of birth can be seen sense, but rather in the spirit or idea, social science is better understood as a catalyzing process to free human beings from all injustice [7]. Critical paradigm wear both objective and subjective approach to explain the changes that always occur in every social relationship.

Dominant assumption of critical perspective according to Chua [6], "criteria for judging theories are temporal and context bound. Human beings have inner potentialities which are alienated through restrictive mechanism. Objects can only be understood through a study of their historical development and change within the totality of relations. Empirical reality is characterized by objective, real relations which are transformed and reproduced through subjective interaction. Human intention, rationality and agency are accepted, but this is critically analysed given a belief in false consciousness and ideology. Fundamental conflict is endemic to society, conflict arises because of injustice and ideology in the social, economic and political domains which obscure the creative dimension in people. Theory has a critical imperative, the identification and removal of domination and ideological practices."

Qualitative Methods in Critical Research

Accounting research in critical paradigm aims to liberate (to emancipate) and change (to transform) [5,6]. For this paradigm, science or

social structure is an entity that oppresses a group of people. This paradigm is very concerned about how the oppressed can be released. Then, after being released, these people changed their lives towards a better direction. Examples of more concrete example is the modern accounting [8]. Accounting modern capitalist by this paradigm is seen has made domination (colonialism) to the business community. Because it is so strong and the duration of this repression, so that people who are oppressed to the extent not feel that he is being persecuted.

This paradigm with the research seeks to raise awareness of the oppressed people to perform self-liberation. Having set themselves, then they can make changes to business and accounting practices to a better direction. Thus, the new accounting forms will be generated by this paradigm. Forms of knowledge generated by this paradigm is concrete (can shape a person's life) and freeing and simultaneously can be converted into a better direction. Of course science in this paradigm full value, because it is loaded with a variety of interests.

Qualitative-critical research can use the case study research design, critical, action, feminist, and critical ethnography. Ontological assumptions in the study design options remain grounded on the assumption of radical change (radical change) within the continuum line objectively and subjectively [5]. Other research design can be used all be within this sense. The analysis tool used is critical theories, such as Habermas action communication theory, psychoanalysis, Marxist

theory, critical hermeneutics, political economy, and others. These theories serve as an analytical tool, not meant to be a theory that will receive contributions from accounting research. Thus, accounting research with qualitative-critical method is still being done in order to contribute to the science of accounting itself [8].

Critical Paradigm Article Review

In this section this article will discuss article of Lehman [9], entitled A critical perspective on the harmonisation of accounting in a Globalising World. In this article Lehman explore the implications of cosmopolitan project accounting harmonization, to explore the process of globalization.

The dominant perspective on international accounting, he argues, is based on the principles of economic rationality that is designed to achieve global harmonization, thus creating win-win opportunities and political finance, together with an open and accountable world order. In combining and respecting local values in the conception of the common good, it is very likely that the process of accountability may be assuming the legal process, the harmonization and internationalization of accounting criticized.

As a result of the acceleration of globalization, a number of free-market accounting institutions have been made both at national and international levels. In recent times, moreover, the dominant model of international accounting harmonization is based on the assumption that maintaining the benefits of

accounting decision that the company can continue their operations if they achieve results efficiently and effectively. Accounting internationalization has been characterized by a highly skilled orchestration of the whole world and lobbying pressure from industry audits that have the power to control the agenda and create control technology. In addition, through the process of harmonization of accounting internationalization has been given a further boost by the recent deregulation and privatization trends that advocated Total Quality Management, Activity-Based Costing, Balanced Score Card and Harmonisation of Accounting Standards. Effect of accelerated global development has been perpetuated a culture of acts related to the process of globalization of the underlying power of the Western world.

The argument of this article, ideas and Kantian Foucaultian been used to navigate the complexities of globalization. This section extends that analysis to investigate the notion of the sovereignty of nations and how it affects the accounting system. Especially, it is argued that this strategy helped 'crack accounting lens' to consider not only political but also social and environmental reporting practices. More importantly, it offers a new way to explore globalization and its relationship with the cosmopolitan strategies are often based on the assumption of positivistic. It is also known that the positivistic method ignores differences and diversity. Namely, the liberal conception this accountability overlap with the free-market reforms backed by the government. Effects of new international accounting technique is to push globalization worldwide. Accountability

structures projecting cultural role of calculation and control and ignores the other value systems that may contain new ways to manage society.

In conclusion, the central argument in this article that the accounting profession and the big transnational corporations prefer accounting policies which will be determined according to the process of self-regulation. Globalization impact on the nation's sovereignty and accounting involved. Then to manage the global commons involves the democratization of organizational relations and involves working to combat the adverse effects of global capitalism. It is said that the discourse of the dominant accounting regime based on a framework, which reflects the assumption of strict liberal individuals and organizations supported by the private sector as the most efficient and effective engine of social change.

Through this article Lehman try to explain how accounting firms of the world have been using auditing as a means of control, and through the harmonization agenda accounting and auditing standards that run international lobby groups to impose its interests to pave the way for the expansion and intensity of their power. In a very unfortunate conditions in which standard-making bodies generally just follow the dictates internationally, the process of harmonization or even now "standardize" internationally has caused an imbalance strength (power imbalances) were greater among countries.

European-Americans on the one hand with the countries of the third world on the other side. After criticizing the process that produces international accounting standards which is claimed to have been "harmony", the article Lehman then tried to offer alternative solutions are considered to be noticed aspect is forgotten by the process of harmonization of international accounting standards, namely the harmonization of the fixed attention the importance of commitment to the value of "kindness together", citizenship and democracy so that the international community does not even hegemony by the interests of multinational corporations (MNCs) are increasingly dominate the life of many. Lehman's article view that the harmonization of accounting standards is a social process. The social process has been beneficial to certain groups at the expense of another larger group. Therefore, there is reason to question why this is so, and why not do or take any other approach that is more equitable for all.

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