



Developing the relevance of the accounting academy

Relevance of
the accounting
academy

The importance of drawing from the diversity of research approaches

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Abstract

Purpose – One of the most important considerations in any research project is a compelling research question, the addressing of which will produce socially and/or economically relevant and beneficial insights based on high-quality evidence. The purpose of this paper is to explain that each possible research question requires use of the particular research methods that will produce the high-quality evidence relevant to that question, with the nature of the evidence and the methods required varying from research question to research question.

Design/methodology/approach – This discussion paper explores and explains the role and function of interpretive accounting research advocates its adoption.

Findings – As the research method needs to be suited to the research question, any restriction imposed on the credible research methods that are considered acceptable severely limits the ability of the accounting academy to serve the needs of society and the economy by addressing the broadest possible range of research questions. From this perspective it is vital for academics to recognize that both positivist/quantitative and interpretive/qualitative methods produce high-quality credible research evidence.

Research limitations/implications – Any preconceptions within a nation's accounting academy over the unacceptability of either positivist or interpretive research will damage the health and relevance of that academy in the longer term.

Originality/value – The paper argues that both positivist and interpretivist research are needed, drawing on notions of subjectivity, objectivity and inter-subjectivity in the context of the social construction of both accounting information and research data, and in the context of the socially constructing nature of research evidence.

Keywords Accountancy research, Skills, Interpretive accounting research, Methodological diversity, Intersubjectivity, Social construction

Paper type Conceptual paper

Introduction

The aim of this paper is to explore and explain the role and function of interpretive accounting research and to advocate its adoption. While positive accounting research has been seen by many as the dominant paradigm for many years, and has addressed many significant issues and problems in accounting practice, this paper explains that the methods used in positivism are only able to address a specific range of issues. Many of the issues and research questions that can be addressed by positivist methods cannot be addressed by interpretive accounting research methods, but the inverse also applies. So there are many significant issues facing the accounting profession,



and facing society and the economy more broadly that require accounting solutions, that positivist research is not able to address but for which a range of interpretivist methods can provide high-quality insights and answers.

To appreciate the different but complementary roles and functions of positivist and interpretivist research, it is first necessary to explore issues related to the assumptions we have about the social world and the extent to which we are able to find patterns of behaviour that are governed by various forms of rules. In more formal terms, we are referring here to the ontological assumptions we make about the social world. This in turn relates to the nature of the epistemologies that are relevant – the way in which it is possible to discover knowledge. This exploration is undertaken in the first section of this paper, where these issues are linked to interpretive and positivistic approaches to research. Within a context of an assumption that the social world is socially constructed, the paper argues that the important issue to understand is the inter-subjectivity within the social world. Thus, the second section of the paper argues that the prime issue in designing any research project is the research question that needs to be addressed; it is the question that will define the method to be used. For avoidance of doubt, we maintain that the nature of the research question has primacy. We argue that this is a fundamental point but one that is often not explicitly addressed by many accounting academics working in a positivistic paradigm. The third section of the paper explores some broad characteristics of interpretive research and some interpretive research methods. The final section provides some examples of interpretive research and how interpretive research has provided very important insights for policy makers, managers and accounting practitioners.

The socially constructed nature of the social world, subjectivity, objectivity and inter-subjectivity

To set the context for understanding the key roles played by both positivist and interpretivist research, this section of the paper addresses the socially constructed nature of the social world and the implications of this for assumptions about objectivity and subjectivity. In doing this we will explore ideas of inter-subjectivity; the way that we construct our social world inter-subjectively in order to provide a sufficient level of shared understanding to enable us to negotiate what would otherwise be a chaotic social world (Berger and Luckman, 1966). This set of issues has two main implications. The first is that accountants must always remember that it is subjective judgements that are the foundation of our professional expertise and the underpinning of the financial reporting we often see and portray to others as objective. Thus, accounts are socially constructed. The second is that the social world is constructed as “objective” through the assumptions we make in social interaction with others and in the context of the material world around us. Thus, accounting information is not only socially constructed, it is also socially constructing (Tinker, 1985; Tomkins and Groves, 1983).

Consider first the socially constructed nature of accounting. As academics we know the world is much more complex than many simple dichotomies portray. As accounting academics we also know that “accounting numbers” in financial statements or management accounts, for example, are the outputs of processes that have usually involved many subjective judgements and assumptions (Deegan and Unerman, 2011). These subjective judgements and assumptions are made at many different levels.

Some of the subjective judgements adopted are made in defining accounting standards, where there are many different possible accounting policies, or rules governing accounting choice, that could have been selected. A final (for the time being, until they are revised in future years) set of standards has been developed and agreed through a sometimes highly political lobbying process, and this subjective set of rules embodied in the accounting standards will then be applied in transforming a series of transactions and events into final accounting numbers (Broadbent and Laughlin, 2002; Dhaliwal, 1982; Solomons, 1983; Watts and Zimmerman, 1978). So at this level, simply and rigidly applying accounting standards introduces subjectivity into the financial statement numbers. As accountants also know, in applying accounting standards there is also often scope for a degree of subjective judgement, and research has shown that managers will often exercise this scope for subjective judgement in a direction that is of benefit to them (Watts and Zimmerman, 1986, 1990).

While there is subjectivity within accounting numbers, most accountants are still able to understand what the final accounting numbers mean. The reason that we can understand the accounting numbers is because there is what is known as “inter-subjective consensus” about the application of subjective judgments used in arriving at the final accounting numbers. This inter-subjective consensus enables us to say that we have a broad consensus within society about the subjectivity involved in the processes used to derive accounting numbers. Not everybody will agree on this consensus position, but in very broad terms (using financial statements as an illustration): there has been a degree of consensus through the political process of setting accounting standards and there is a degree of consensus about how transactions are treated to arrive at a final profit figure. So although we know that there are many subjective judgements made in arriving at a final profit figure, we also know that the final profit figure is something that has sufficient (inter-subjectively) agreed meaning to enable users of accounting information to work with.

There is a lot of research showing that people in general are much more comfortable with certainty than with uncertainty (Beck, 1992, 1999, 2000). This also applies to accounting information, for example, Gallhofer and Haslam (1991) refer to the “aura” of accounting. People therefore have a propensity to regard phenomena they encounter as objective. But just because people regard something as objective does not mean it is a scientific fact; for example, like the force of gravity.

In the social sciences it is very difficult to say that there is the same degree of objectivity as that found in the physical sciences. Nevertheless, in day-to-day transactions, in day-to-day interactions, we need to be able to interact with each other on a basis of some level of certainty. We create this certainty through taken-for-granted “facts”, although we know these are not objective. These objectified facts are socially constructed and a result of an inter-subjective consensus.

This objectifying of the subjective (through inter-subjective consensus) is an important aspect of the power of accountants. This aspect of accountants’ power derives from translating inherently subjective issues into supposedly and apparently (to non-experts) objective numbers. People who are not experts in accounting tend to take these subjective (or inter-subjective) numbers and regard them as objective facts. We as accountants have the power to change what those numbers are and that can then change people’s perceptions of the underlying economic reality and change their actions and reactions to accounting information accordingly (Hines, 1988).

The fact that the accounting numbers presented have the power to change perceptions of the underlying economic reality are the root of the socially constructing nature of accounting. Changing an accounting standard or an accounting policy can change the ultimate results of a company. The closure of many mines in the UK coal industry came about because some were running at a loss according to accounting numbers. Later in the paper this case will be considered. Accounting numbers can also be used to control individuals and in so doing change behaviour. For example, short-term decisions may be made by managers seeking to ensure they maximize their bonus payments, which are (wholly or in part) calculated using inter-subjective accounting numbers that managers may then seek to influence (Healy, 1985; Holthausen *et al.*, 1995; Ittner *et al.*, 1997; Watts and Zimmerman, 1986, 1990) – the global financial crisis has illustrated the importance of the bonus culture in banks globally. In the examples that follow in the latter part of this paper we will seek to illustrate the extent to which significant implications of the socially constructed and socially constructing nature of accounting can be studied through the adoption of interpretive approaches to accounting research.

Research approaches in accounting research

In seeking to undertake accounting research, the approach that is taken by a researcher must adopt methods that are appropriate in the context of that researcher's assumptions about the nature of the social world and the development of knowledge about that social world. Two sets of methods have become associated with positivist and interpretivist approaches – quantitative and qualitative methods, respectively. Indeed the debate about the relative merits of positive and interpretive approaches is often characterised by discussion as to the virtues of either method. See, for example, the review of qualitative approaches to management accounting research undertaken by Parker (2011) and the three related commentaries.

What is at stake in these debates about method is an argument for the legitimacy of qualitative research, which is largely used in interpretive research. Often at the heart of these debates is the (flawed) question of whether highly mathematical analyses of populations of data, for example share price movements, provide objective knowledge that is superior to the more subjective understandings of qualitative researchers.

These highly mathematical analyses used in positivist research approaches are rigorous in their own terms, and analyse behaviour of these populations with reliable and well-proved techniques. They are based on approaches that build and test hypotheses and they seek to provide the possibility of replication in deriving data that are generalisable. Following our earlier logic, numbers or data used in such quantitative accounting research may well have some attributes of objective facts simply because they are historic and the result of inter-subjective agreement about their construction. However, this does not mean that the results of quantitative analyses of these data have predictive value for the future, although of course they might do so because social constructions of some realities may be relatively stable. Neither does the fact that the "objectivity" of the dataset is socially constructed render quantitative data meaningless, just as socially constructed accounting numbers do not lack meaning. Rather, inter-subjective consensus on the meaning of items of quantitative data in many research situations can make its interpretation using statistical techniques highly credible and plausible – but this crucially depends upon how it is to be used.

Equally, qualitative methods that use less objectified datasets and use approaches that seek to understand the inter-subjective understandings that are created and re-created in the context of everyday life, also deserve respect. The methods used lead to different types of knowledge, because they are seeking to understand the construction of realities in context rather than assuming that there is a single rule-governed and underlying reality that can be determined and that applies in all contexts. These interpretive approaches, which can draw on quantified data in addition to qualitative data, seek to understand not to predict – although the insights from an interpretive analysis can provide a basis for questioning other contexts.

Laughlin (1995, 2004) explores the range of different research approaches in advocating his own approach to research (middle range thinking). The framework he develops in the first section of his earlier paper (Laughlin, 1995) and that is expanded in the second paper (Laughlin, 2004) is of general interest to those seeking to explore the different research approaches that are available. He draws an analogy between the adoption of different approaches in different situations and the wearing of different pairs of spectacles that help us see different things; reading glasses for close work, distance ones for driving. He explores the extent to which some theoretical approaches and methods can define the nature of the research question, whilst other approaches see theory as emergent and defined by the empirical context.

Positivist and interpretivist research: is there a holy grail?

Given the range of research approaches available, each researcher needs to make a conscious decision about which research approach to adopt, rather than simply adopting unquestioningly and uncritically a particular approach just because many others have adopted this approach. Some academics might argue that the only valid approach to research is an interpretive approach, because they maintain there is no objectivity at all in the world. Because there is no objectivity in the world, they argue, positivistic research relying on statistical testing of objectified data is not valid. Equally many positivist researchers argue that we can only research issues if we have objectivity, because positivist research assumes the ability to undertake objective statistical tests.

A more sophisticated understanding of these issues recognises that the arguments are not as simplistic as the foregoing. Rather, a more balanced approach recognises that in some situations positivistic techniques work well and produce highly credible evidence, whereas in other situations interpretive techniques work well and produce highly credible evidence and insights. Positivistic research which uses methods that rely on the objectivity of the data can work extremely well in areas where there is a high degree of inter-subjective consensus on translating social phenomenon or economic phenomenon into numerical data. These data can then be treated as objectified data for inputting into statistical tests that can produce very important and very plausible results. Positivist research is good at handling populations of such data and considering their behaviour.

However, it is vital for the health of the accounting academy (and for the health of other areas in social science and humanities) to recognise that there will not always be sufficient inter-subjective consensus over the interpretation or meaning of data in every important area or topic of research to make positivistic methods valid or plausible. It is important to recognise that sometimes the question is about understanding why certain

behaviour or actions are happening or indeed simply understanding how they happen. This is where interpretive research comes to the fore.

Rather than adopting methods that handle objectified data, interpretive research takes a broader view of methods. It uses these methods to credibly capture and analyse more subjective data. In doing so, it recognises that there is a possibly high degree of subjectivity, with inadequate levels of inter-subjective consensus, within the data and then adopts methods to plausibly derive high-quality evidence and insights based on what is recognised as inherently subjective data. Therefore, it can handle situations where there is insufficient inter-subjective consensus on the quantified objectification of data, but where there are nevertheless still important questions and issues to research. It then draws from a broad range of different methods to research these questions and issues. In short, it can look at both the socially constructed nature of accounting and the socially constructing nature of accounting.

Research methods used in interpretive accounting research

Within interpretive accounting research, there are many different methods that can be employed – either individually or in combination with each other – to capture and then analyse data. A common attribute of these methods is that they analyse the data within its economic, social and political context – the social and political factors that lead to and constrain the development of a regulatory framework for example, or the reward structures that are employed in an organisation. It is considered important in interpretive research to understand and make visible the taken-for-granted assumptions of those involved and surrounding the issues being researched so that we can understand the nature of their own interpretations and do not impose our own frameworks of understanding on others. Interpretive researchers also need to gather evidence from a range of different sources, talking to people, observing their environment and behaviour, archival information and wider sources such as the press or associated organisations, such as trade associations or trade unions.

It follows that this type of research may well be more difficult to undertake than objectified quantitative research as it involves engagement with individuals and organisations. This engagement is often deep and time consuming, and access to organisations and to individuals within and related to those organisations may sometimes be difficult to achieve. Some research may be based on short-term engagement but often longer term involvement is required, especially if the research seeks to study changing systems. Some interpretive research may be based on a highly in-depth case study of one organisation, while other research projects may seek to explore change in a sector and will seek to engage with a number of organisations within the sector, providing comparative analyses. International comparisons of techniques adopted in different nations are also undertaken.

Among the many methods used within interpretive accounting research, a key method is the interview, often involving interviews with a range of different stakeholders. Interviews can be semi-structured or may even be unstructured. Interpretive accounting researchers also often use questionnaires, particularly to deal with descriptive data, but also with open-ended questions to ensure that the findings of the research are not overly structured by the shape of the questions. In contrast a positivist questionnaire study tends to focus on close-ended questions with quantified answers to facilitate statistical analysis. Participant observation is also commonly used

in interpretive studies, where the researcher is involved as an organisational member in order to seek to find the taken-for-granted understandings in an organisation. Equally non-participant observation is also sometimes used, observing activity, attending meetings and the like. Ethnographic studies such as these, observing how people use accounting processes and practices and how they develop, make use of research notebooks kept by the researcher and written up each day as a key record. Atkinson *et al.* (2003) provide a good overview of the above methods for the novice, and good advice about where to find more advanced discussions of relevant methods.

Documentary analysis within interpretive accounting research studies might seek to undertake content analysis or seek to understand the semantics of each individual sentence or each individual paragraph within a particular report. These discourse analysis approaches can also be adopted to understand minutes of meetings and various other types of reports.

Archival research is important in historical work – but this is very different from the methods of archival data research in many positivist studies. For example, the PhD study of one of the authors of this paper (Unerman, 2000) was based on analysis of 100 years of social and environmental reporting at Shell. It involved spending many months in the Shell archive, undertaking a form of discourse analysis on a broad range of reports that Shell had published over a 100-year period. This involved a combination of both quantitative and qualitative data, as is often the case in interpretive studies, but not analysing the quantified data as if it was objective data – rather using the quantified data in conjunction with the qualitative data to provide a richer evidence base upon which to interpret the practices being analysed.

We could write at length about each of the research methods we have briefly mentioned above, but space limits in this article preclude us from so doing. There are, however, many excellent research manuals, books and journal articles that explain each of these methods (Denzin and Lincoln, 2003; Humphrey and Lee, 2004).

One important point to stress about the use of all these methods in interpretive accounting research is that they need be employed with skill and care in both the collection and analysis of qualitative and/or quantitative data. This rigour in use of methods is necessary to ensure the insights resulting from a study provide academically sound and credible evidence, with this rigour distinguishing a high-quality interpretive study from the mere expression of personal opinion. For example, in the area of taxation research, a qualitative study that compared a taxation judgement in one country with a judgement in another country and speculated from the personal experience of the researcher as to the reasons for differences between the judgments and/or the interpretation of the law would often be largely an informed expression of the personal opinions of the researcher. However, a study that sought to understand the reasons for differences between the two judgments by drawing on and systematically analysing a range of credible evidence – perhaps both primary data from interviews of key experts/practitioners in the area of tax law and secondary data from reports written by such experts and data showing the economic impact of different tax laws – would have the potential to provide academically credible evidence rather than personal opinion. A characteristic shared by good quality, well-designed and carefully executed interpretive studies and positivistic studies is that they will both produce a reliable and highly credible evidence base.

Rather than exploring in more depth a range of different interpretive research methods, this paper will now address a fundamental methods-related question that cuts

across all research studies in accounting and more broadly: whether the research question or the research method should have primacy. It might seem obvious to many that a compelling and important research question should be the prime motivator in deciding the focus of a research study. However, it appears to us that for many researchers a fairly rigid belief in the supposed purity of a particular method narrows considerably the range of research questions that they believe can form the basis of accounting research. The next section of this paper demonstrates that this is a false and somewhat dangerous viewpoint.

Primacy of the research question: some examples of the questions interpretive research can answer

The previous section explained that positivistic research methods can credibly handle and investigate some research questions but not others, while interpretive methods can credibly handle and investigate many research questions that positivist methods cannot (and vice versa). Taken together, positivistic and interpretive research approaches provide a rich pallet of high-quality research methods that can be drawn upon to investigate a broad range of important accounting-related problems, issues and topics. Identifying a particular, and compelling, accounting-related problem, issue or topic is the first step in any research project.

More specifically, the point at which to start any research project is by asking the question: what do we wish to understand and then how best can we develop that understanding? This initial motivation may arise from a deep-seated and burning passion within a particular researcher, or it may be a response to a research call, or it may be the result of a collaborative initiative. One starting point can be the nature of the issues on which society needs insight; what do we need to know?

As academics we also live in society and are funded by society. As a result, many would argue, we (or more appropriately, the accounting academy overall) should serve the needs of society. Accordingly, we should not constrain the research questions we can look at but should be open to the possibility and need to research (across the accounting academy overall) a wide range of accounting-related problems, issues and topics. To do this we must recognise that to effectively research each accounting-related problem, issue or topic of relevance to society requires that we adopt the method(s) most appropriate to investigating the question at hand.

From this perspective, it is very important not to let methodological bias or purist methodological ideals restrict the range of questions that we can address. As noted above, across the accounting academy we have a broad palette of research methods available which, between them, can effectively provide sound research-based evidence to effectively address almost any conceivable research question or problem. The crucial point, therefore, is that we all need to start with identification of an important research question and then consider which specific research method(s) should be used to devise a research project that will credibly gather and analyse the data that will provide insights in accordance with the research question. If a researcher is interested in a particular research question, but does not have the skills to use the research methods needed to effectively address the research question, this does not mean that the research question cannot be addressed – it simply means that the researcher will need to collaborate with others who can bring the necessary methods and skills to the project.

We have in the past experienced research presentations by senior academics to practitioner audiences where, in response to questions from the audience about what insights research provides in relation to specific problems, the academics have responded that “our methods do not allow us to investigate these issues”. These types of response are not only non-sense, but are also dangerous to the health of the accounting academy. While it is perfectly acceptable for an individual researcher to specialise in the use of a very small number of research methods (indeed such specialism is necessary as in-depth knowledge of a method is a prerequisite for it being employed in a rigorous enough manner to produce credible evidence), it is important for all researchers to be aware of other methods that can be used to credibly provide evidence to answer questions that cannot be reliably answered using the methods in which that individual research specialises. To simply disregard all methods other than the one or two in which a researcher or group of researchers specialises has the real danger of narrowing the skills base across the whole of the accounting academy, especially if researchers using one particular type of method come to dominate the accounting academy overall, or in a nation (as appears to be the case with positivist methods in the USA – Ravenscroft and Williams, 2009). All countries need to have a vibrant accounting academy that can provide insights and solutions to problems that are unique to their country, region and society. Thus, to follow the narrow practices of countries that restrict academic evidence to only those issues that are amenable to research through large-scale positivistic quantified datasets will severely limit the relevance of the accounting academy to the societies that provide resources to enable academics to pursue research.

Examples of research problems that require interpretive methods

This sub-section provides examples of research studies that have only been possible because they have adopted interpretive approaches. Our examples are drawn from our own work and interests as well as from significant studies that exemplify the importance of interpretive research projects.

Our first example is the ability of accounting to help organisations identify and deal with social and environmental impacts from their operations. When social and environmental dimensions are coupled with the financial dimensions flowing from an organisational strategy, decision or action, a much more complex situation is highlighted. This added complexity requires a range of different methods to analyse and provide substantive insights related to many of the issues. Some of the issues can be investigated through use of positivistic methods drawing on large-scale quantified datasets, such as the reaction of share prices to the publication of additional social and environmental sustainability disclosures. However, the range of issues in sustainability accounting amenable to study through positivistic techniques represents only a small fraction of the novel accounting-related issues and problems in sustainability management that urgently require solid research evidence. It is therefore of concern that in countries where there is a lack of skill in application of high-quality interpretive accounting research methods, accounting academics are proving to be largely silent on this rapidly emerging area of practice – other than in providing a large and growing number of studies looking at the very small and fairly marginal issue (in the context of broader concerns over sustainability) of share price reaction to additional sustainability disclosures. To help organisations and societies develop sustainability accounting and accountability practices in a way that optimally serves the needs of society requires

a broad range of in-depth research that brings in multiple insights from both subjective and objectified data.

Another example of an important research question that requires interpretive research approaches is the practice (spreading to many countries) of governmental agencies periodically assessing the quality of research output from universities. This issue is one to which accountants can contribute important insights because the research assessment exercises are often used as a basis of distributing money to universities for them to use for research in the future, but based on the quality of past research. These exercises can therefore be regarded as an accounting control that has implications for universities as well as for individual academics: the perceived rating of an individual's research can have a material impact where the rules of a research evaluation exercise make that individual's research a tradable commodity. In these situations universities may employ valued academics in order to gain research funding in future (in effect developing a transfer market for leading researchers), and salary supplements may well be available for those perceived to be performing well in assessment terms. A key question for researchers into the operation of such systems is how the system of research funding allocation affects different individual academics. Large-scale population studies research can be undertaken to look at funding distributions and the relationships between gradings and publication outlets. However, more qualitative work can explore the effects on individuals and groups, how time is allocated by individuals and what the effect is upon their relationships with other members of their faculty. Extending this topic a little more broadly, there are also rankings of journals, rankings of institutions, rankings by the press, rankings by our students – all of these have the potential to act as a management control and to affect funding or rewards. All of these complex issues involve different incentives and are worthy of research. Such research requires a variety of different approaches to understand different aspects.

The interpretive approach to research has a distinguished history. A seminal study that recognised the complexity of accounting as a tool of control was the work of Hofstede (1968), *The Game of Budget Control* and now conveniently to be found on Google Books. It is old but speaks to those of us who have worked in accounting practice, as it recognises that people actually play games with budgets and that budgets as a control device do not work particularly well because people are infinitely good at avoiding rules and regulations. Many insights such as these require in-depth interpretive methods to provide a credible evidence base.

Another important early interpretive study mentioned previously in the paper was undertaken by a range of academics who were members of the Management Control Association (Berry *et al.*, 1995). They examined the UK National Coal Board (NCB) and looked at the NCB accounting processes and how these processes worked to drive behaviour. The situation at the time was that the NCB was in the process of closing down a number of mines because they were stated by the NCB to be uneconomic, a view that was contested at the time by the National Union of Miners. The study revealed that the overhead allocation for the central administration of the NCB that was made to each of the mines was the problem. Each of the mines individually were making a financial contribution to overheads, however, as more mines were closed, the overhead burden on each remaining mine increased as central overheads were relatively fixed. Hence more mines became financially unviable. The culture of the mines was production led by engineers. As sustainable reserves of coal were available in each of the mines,

those working in them saw the mines as viable. In essence, a production culture and a financial culture came into conflict. It was the detailed ethnographic research that led to this significant finding that helps us both understand the dynamics of the situation at the NCB (insights related to the case itself) and also alerts us more broadly to the importance of understanding organisational culture in the context of seeking to implement change in organisations.

This is a lesson used more recently by Broadbent and Laughlin (1997) in the context of work exploring the implementation of accounting approaches to control in organisations not accustomed to a financial orientation (schools and healthcare). They also found resistance to financial issues and saw that whilst there was a “first-order” adaptation to imposed change, there was an absorption of the changes imposed in order to “protect” what was seen as the real core of the organisation. Broadbent and Laughlin (1997) used an approach that is referred to as middle range thinking (Laughlin, 1995). This approach to interpretive research provides a theoretical framework which gives a language to start to explore and discuss the empirical detail of an individual study. In contrast to a positivist approach, this theoretical framework is not a theory to be tested. This is because it cannot stand alone without the empirical detail of each study. Laughlin (1995) refers to the theoretical framework as a skeleton that has to have empirical flesh added to it to make it whole in each individual situation. The theoretical frame provides a structure that considers the taken-for-granted assumptions within the organisation (the culture), the control systems within and without the organisation and the actual practices adopted. This is a discourse-based approach, but it relies on the gathering of in-depth empirical data from the site of research, gathered through ethnographic approaches. It uses documentary analyses and interviews. Having developed understanding within the research team, the researchers would go back to the organisations and offer these understandings to consider how well the understandings fitted what had happened in the organisation. The final stage of this approach to research is to allow people within the organisations to develop their systems and take them forward in ways that fitted with what they wanted.

Bringing this short review up to date, another and very recent example of interpretive research is provided by Dillard *et al.* (2011) that looks at the case of Enron. This study commented on the formal and informal norms within the Enron Corporation that allowed the failure of the company to happen. This is not a study that could be undertaken using large-scale quantitative approaches. Equally, Van der Steen (2011) considers accounting routines. His study undertakes very small-scale in-depth work to look at how routines are built and how they then encourage the persistence of management accounting systems. Often accounting systems and controls might be inefficient, yet they still persist.

The above are just some examples of accounting-related issues and problems where interpretive accounting research, often using qualitative methods alone but sometimes augmenting these with some quantified data, provide significant evidence advancing understanding of how accounting functions in organisations and society. Often positivistic large-scale quantified research approaches would not be able to provide this type of credible academic evidence. As should by now be apparent, a key difference between interpretive and positivistic research approaches is that where the latter provide large-scale evidence on a specific issue, interpretive research tends to provide in-depth contextually rich evidence and analysis across a much smaller sample – which

if the analysis is of sufficient depth, can credibly be as narrow as a single organisation case study. In other words, interpretivist studies are called for where in-depth contextually rich insights and understandings of empirical situations are needed to answer more complex research questions and/or investigate more complex empirical situations.

There are a lot of other situations where such in-depth interpretivist research work is necessary to capture the complexity of a situation. These include historical studies, cultural comparisons looking beyond Organization of Economic Cooperation and Development nations, considering different religious orientations and gender studies, to mention a few possibilities.

Interpretive studies therefore help us to consider different ways of seeing or viewing the world of practice, and this helps to give us another way of looking at our world and the functioning of accounting within this world. Interpretive research also provides the opportunity for developing different relationships with those who are the subject of our research. For example, some consideration, particularly in the context of the public services, has been given to the benefits of the co-production knowledge and how researchers engage with practitioners (see the themed issue of *Public Money and Management*, 2010).

In summary this section of the paper gives some indication of the range of questions that interpretive researchers have sought to explore. Whilst not exhaustive, it provides some indication of the range of issues and questions that can be answered by accounting researchers willing to move beyond the positivistic approach.

Final thoughts and implications

Our final thoughts and comments in this article relate to the challenges of some of the approaches discussed – which are highly relevant to all countries but perhaps especially so to developing countries.

On one level, it is clear that to understand situations is not enough. In a world of scarce resources, financially and environmentally, it is important to use those scarce resources wisely and accounting has an obligation to help in this. Thus, one of the major roles of accounting especially in developing nations is to help build enterprise and entrepreneurial institutions. Some aspects of this institution building will be common across many countries, but many of them will be context specific to individual countries, regions or societies. It will be important for accounting academics to address some of these context-specific questions that are unique to their country, region or society, as well as providing both skills and insights that help build their accounting academy.

If the purpose, or at least a part of the purpose, of accounting academics is to help develop the societies in which they live, then they need to have a broad skills set that is going to be able to look at any problems that arise – and there are many unique problems in most countries. Some of these unique questions can probably be resolved and addressed, and have insights and solutions proposed, using a sound evidence base derived from positivist research methods. However, many other accounting-related problems and issues that are unique to a country, region or society will require in-depth, contextually rich interpretive evidence, insights and solutions. This is why it is important that within each nation's accounting academy as a whole, the skills set is developed and nurtured that enables the broadest possible range of accounting-related issues and problems to be researched.

Members of each national accounting academy therefore have the choice over what direction their academy takes. It can either develop as a narrow academy that has the skills to answer very well and credibly a limited set of problems – restricted to only those that can be addressed by positivist approaches and methods – or it can develop as a methodologically broad academy. As argued earlier, not every academic has to be able to undertake both positivist research and interpretive research – indeed such a breadth of expertise in individuals would usually be a cause for concern as a considerable degree of specialisation within each academic is desirable, because deriving credible evidence from any method requires an expert not a generalist. However, across the whole academy it is necessary to have the breadth of skills needed to derive credible evidence to address the broadest possible range of research questions. This will involve some academics engaging in highly credible positivist research because there are very important questions that need to, and can only, be answered through positivist research methods. Equally, other academics need to be actively encouraged to develop the skills necessary to undertake high-quality interpretive research. From this perspective, it is very important to have a broadly based academy.

It is also important to recognise that accounting is both socially constructed and also socially constructing. We have to remember that when we construct our accounts, because they are socially constructing, they have material effects. They have effects on the resources we can obtain from government. They have effects on academic tenure decisions. They have effects on the way that institutions work. So it is important that we are very serious about what we are doing. As a community we have to celebrate the diversity of research approaches and this paper offers suggestions as to how that might be achieved and why this achievement is necessary for the future health and relevance of accounting academics.

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