

Constructionism in Accounting Research: An Investigative Tool for Corporate Social Disclosure Practices

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Abstract

Most of the researches in accounting are based on the positivist approach. It has been noted, however, that the positivist approach cannot answer all research questions in social sciences such as accounting. This paper looks at constructionism as an approach that can be adopted for accounting and other business management researches.

Key words: Constructivism, Positivism, Personal Construct Theory, Voluntary disclosures, Corporate Social Disclosures

1. Introduction

There are many authors who have argued that accounting is a social science, such as Hopwood (1989). This is because accounting is a “system of thought designed by humans to assist human decision making and influence (human) behaviour” (Gaffikin, 2006, p. 1). Recognising that accounting is a social science some authors (such as Gaffikin (2006)), have argued that to conceptualise accounting a social constructionist ontology, rather than realist ontology would be appropriate. However, mainly due to the fact that accounting is a sub-discipline of economics, researchers have relied more on economic theories and methodologies in conceptualizing accounting. We argue that though the economic theories and methodologies are important in accounting research, there should be more research based on the constructionist ontology. In this paper we discuss constructionism and its use in accounting research, particularly in the area of voluntary disclosures.

2. Constructionism

2.1 Definition

Crotty (1998, p. 62) defines constructionism as "the view that all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context".

2.2 Individual Constructionism

According to individual constructivists knowledge is “individually and idiosyncratically constructed” (Liu & Matthews, 2005, p. 387) by one owns mind exploring and developing meanings of events (Watkins, 2000). The construction takes place, “by means of the complementary adaptive mechanisms of accommodation and assimilation”, when one interacts with the environment around him/her (Marton & Booth, 1997, p. 6). Variations in abilities of individual to conceptualize and the fact that sometimes individuals interpret the same phenomenon differently results in differences in meanings (Watkins, 2000).

Sense-making is a way of interpreting what happens when individual scan and give meanings to situations in which they find themselves in (Daft & Weick, 1984). Scanning involves searching the environment to identify important issues that are likely to affect the organisations and interpretation is giving meaning to data in a way that it can be understood and be used for action (Gioia & Chittipeddi, Sensemaking and sensegiving in strategic change initiation, 1991; Thomas, Clark, & Gioia, 1993). Sense-making has also been described by Ring and Rands (1989, p. 342) as “a process by which individuals develop cognitive maps of their environment”. Sense-making involves people acting as if the construed interpretations are true (Weick, 1995; Daft & Weick, 1984). Individuals and groups form mental models which help process information, make sense and make decisions (Walsh, 1994). Social construction processes which include formal and informal communication processes (Porac, Thomas, & Baden-Fuller, 1989) and exposures to common events help in forming these mental images (Reger & Huff, 1993). Sense-making approach is therefore consistent with a constructionist approach (Berger & Luckmann, 1966) where organizations are described as acting with a perceived rather than a real environment (Basu & Palazzo, 2008).

Given that CSD practice is not regulated, accountants are likely to perceive its different aspects differently. This means that people in different stakeholder positions are likely to perceive the practise differently. A study of perceptions by accountants is therefore important in order to bring out why the practise is as it is.

The fact that the more evidence there is does not necessarily alter the meaning participants have already constructed is the first lesson of sense-making. Individual instead of seeing what they are told or taught see what they believe (Weick, 1995). The fact that meaning is not discovered or revealed but instead is constructed by the sense-maker is the central premise of sense-making (Christiansen, 2006).

Though there has been a tremendous growth in literature on CSR, some authors recognise that there is still a missing aspect (Margolis & Walsh, 2003; Campbell, 2007; Basu & Palazzo, 2008). Most of the CSR studies have

approached it from a rational perspective (Nijhof & Jeurissen, 2006) giving too much attention to its content and activities (Basu & Palazzo, 2008). Nijhof and Jeurissen (2006) and Basu and Palazzo (2008) claim that the sense-making approach can help in understanding CSR better because will help achieve greater clarity on the CSR practice because it can help to determine how opinion leaders make sense of CSR and also bring out the unique knowledge structures that have been developed in relation to CSR. In this case CSR is seen as emanating from cognitive and linguistic processes and not from external pressure (Basu & Palazzo, 2008).

While Gioia and Thomas (1996) investigated how sense was made of issues that affected strategic change by top management teams in higher education systems and found that essential to the sense-making process is top management perception of identity and while Mills, Weatherbee and Colwell (2006) in an investigation of how Canadian business schools and universities made sense of comparative rankings and concluded that because of the need for secure funding accreditation and ranking had taken on new meanings, which clearly relate to our interests, it has not been possible to find specific studies of CSD in particular from a sense-making perspective.

The possible criticism of the individual constructionism is that, if individual construction is correct, then it would be difficult to know what the other person means when communicating with each other (Watkins, 2000). It would then be difficult to share and communicate knowledge (Fox, 2001).

2.3 *Social Constructionism*

Social constructionism as an approach to knowledge creation is based on the studies of Berger and Luckmann (1966). According to the social constructivists knowledge is constructed not by individuals but by social groups and is therefore collaborative and based on the specific social context (Wittgenstein, 2001). Knowledge is constructed through a social process and it can only exist if shared with another person (Gergen, 1994). The social constructionists focus on the process of knowledge creation rather than content because they contend that no one person exclusively possesses the source of knowledge (Laird, 1993). Because knowledge is created through a social process, it is deeply rooted in previous agreements and therefore it is a negotiated body of meanings.

The meaning that individuals attribute to events determines their behaviour and this is why social constructionists are concerned with the meaning of interpretation (Lit & Shek, 2002). In searching for meaning to interpretations, individuals shift from their own construction of reality based on their experiences to focusing on how people interact to construct, modify and maintain the society construed reality (Freedman & Combs, 1996). This means that reality is produced by social negotiation and not by the individual constructing his/her own world (Gergen & Davis, 1985). Because reality is socially constructed it is historically and culturally relative (Burr, 1995) and therefore individuals' understanding of their external world is influenced by historical and cultural experiences and it is therefore contextual (Houston, 2001; Reed, 2005; Watkins, 2000).

Constructionism has been used in business research where the aim is to uncover cognitive maps, categorizations and representations guiding human action (Piaget, 1954; Gergen, 1999). Examples of empirical studies supporting use of constructionism in accountability research include studies by Sinclair (1995) and Newman (2004). However, constructionism has not been widely used in accounting research. The reason perhaps is because "meanings in accounting are (potentially) negotiated in a wider social setting than is envisaged in classical constructionism or can comfortably be embraced by direct observation" (Rutherford, 2002, p. 375). This seems to imply that in accounting meanings are already socially constructed. However, there are those of the opinion that financial accounting in communicating reality constructs that reality and therefore it is important to study what financial accounting is construed to communicate in different social settings (Hines, 1988). Construction is particularly important in CSD because standards have not been developed and therefore there has not been a socially constructed vocabulary and therefore different individuals may construe meanings differently. Though on the face of it social constructivist approach would appear promising, there are difficulties with it.

2.4 *Problems with Social Constructionism*

One of criticism of social constructionism is that the role of individuals in gaining knowledge is somewhat denied (Ogborn, 1997). Because of this, it has potential to contribute to the collapse of the individualistic paradigm originally advocated by constructivists and therefore has not been accepted by everyone (Rudes & Guterman, 2007). Social Constructionism studies have also been criticized for being contingent on the tacit knowledge of the researcher, data analysis and interpretation may not necessarily be straight forward and can be resource-intensive and time-consuming (Easterby-Smith, Thorpe, & Jackson, 2008). Other scholars have criticized social constructionism as not being a coherent theory (Burr, 1995) and because of this it contains disparate and sometimes conflicting ideas (Cromby & Nightingale, 1999). The gap that exists between the meaning attached to an event by one person and the meaning held by another is emphasized by sense-making (Parrot, 1996).

However, it is important to note that social constructionism has been applied widely in social research (Harris, 2010; Lock & Strong, 2010).

3. Personal Construct Theory

The Personal Construct Theory is more suited for disclosure studies because though it is based on individuals' sense-making of events it also acknowledges that these individuals are in social settings and therefore some of the meanings are shared. Because the CSD practice is not well developed individuals will make sense of it but there is also the fact that there could be shared meanings and also conflicts between different stakeholders which leads to a negotiation of the practice.

The Personal Construct Theory (PCT) was developed by George Kelly in 1955 and alongside it he also developed the repertory grid technique. The theory and the technique were developed in an attempt to understand what triggers emotions (Rogers & Lynette, 2007) and to help in gathering data about the way patients perceived the world they were living in (Bannister & Fransella, *Inquiring Man: The Theory of Personal Constructs*, 1971). Kelly wanted to know how individuals consciously or unconsciously construed their world (Fontaine & Fransella, 1988). The PCT by exploring individual's thoughts, feelings and beliefs aims at understanding his/her unique view of the world (Cooper, 1998) and therefore helps to explain how individuals interpret events occurring around them using personal perspective in sense making (Bannister & Fransella, 1986).

According to Kelly (1955), individuals make sense of the world around them through the system of constructs that they have built. They define what is important by creating a map of their perceptions and interpretations through a process of deletion, distortion and generalisation (Charvet, 1997). This means that individuals construct their world from different inputs and experiences which helps them define their "truth" (Stewart & Mayes, 2002) and therefore he/she forms his/her own cognitive map based on his/her perceptions which is different from the next persons perceptions (Baker, 2002). Even though some constructs are shared (Goffin, 2002) an individual's cognitive map is peculiar which creating multiple realities (Baker, 2002).

According to Goffin (2002) as a way of explaining and anticipating events, individuals develop and test constructs by perceiving the world based on the meanings they apply to it. In other words human beings construct meanings as they interpret the world (Crotty, 1998). This personal construct system helps in interpreting the current events and in anticipating future events (Tan & Hunter, 2002). This stems from the notion that each individual interprets and predicts events based on the hypotheses that he/she has created. Human beings therefore construct meanings and do not create them (Crotty, 2003) and their decision-making is based on their construct systems which represent their understanding of the world around them (Kakabadse, 1991).

According to this theory human beings base their actions on theories, hypotheses and experiments which they have developed and therefore each individual can be thought of as scientist (Kelly, 1955). Reality is therefore created in the minds of the individuals and the world people live in is understood based on what is perceived as real (Morgan, 1983). Individuals also constantly update their constructs depending on their usefulness in interpreting events (Goffin, 2002). The PCT can therefore be referred to as a theory of group and individual social and psychological processes that models cognition using a constructivist approach (Aranda & Finch, 2003; Fransella, 1988).

The PCT provides a framework for studies seeking acquisition of knowledge by engaging in cognitive mapping and through measuring attitude and personality (Aranda & Finch, 2003). The theory recognizes that all knowledge is based on individuals' perceptions and therefore is altered by "cognitive, social and cultural forces" (Hatch, 1997).

It also means that happenings in the word can be construed differently, and there are differences in the models individuals build and therefore events can therefore can be interpreted differently (Butt & Parton, 2005). This means that ideas are subject to change and it may be premature to institutionalise them before their organisational and social value has been agreed upon (Adams-Webber & Mancuso, 1983).

The PCT is organized into a fundamental postulate and 11 corollaries. Three of the corollaries are discussed here because they affect CSD: the individuality corollary, the commonality corollary, the sociality corollary. According to the individuality corollary, "Persons differ from each other in their construction of events". This means that everyone's construction of reality is different since they have different experiences. People will never construe the same event the same way no matter how events are similar. According to the individuality corollary accountants will not construe CSD similarly and therefore it would be important to understand how they construe it because this affects the way they practice it.

According to the commonality corollary, "To the extent that one person employs a construction of experience which is similar to that employed by another his psychological processes are similar to the other person". This seems to mean that though we are different we can be similar in the way we construct events and this depends on the extent to which we see things the same way. If our construction system is similar, our experiences, behaviours and feelings will also be similar. This explains why people in the same culture have a common understanding of events. In relation to CSD, this corollary implies that accountants in a particular culture are likely to construe it from accountants in another culture. This could explain why in some countries there are more social disclosures than in other countries. It could also explain why different accounting firms within the same national culture can construe things differently because of their organizational culture. It can also mean that different stakeholders may

perceive CSD practices differently. By looking at similarities and differences given to CSD by different stakeholders in Kenyan organisations, we seek to understand the particular form disclosure it takes in Kenya.

The sociality corollary says that, “To the extent that one person construes the construction process of another he may play a role in a social process involving the other person”. This seems to mean that people are capable of understanding others. This corollary has an implication in the practise of CSD in the sense that different stakeholders can understand each other in relation to the CSD practice and therefore the practice is likely be as a result of a negotiation amongst different stakeholders.

4. Conclusion

This paper has provided a case for using constructionism in accounting research. We discussed social and personal constructionism and advocated for the use of personal constructionism in accounting research and particularly in the social responsibility disclosure studies. We have argued that a constructionism approach to accounting research used in addition to the positivism, generates a deeper understanding of the issue. We argue that this is important because some of the accounting practices such as voluntary disclosures are socially construed.

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