Abstract: Since the 1980s there have been calls for more "alternative accounting studies (Chua, 1986a and Laughlin, 1987). One such strand of this alternative literature has incorporated the theories of Jurgen Habermas, including the Theory of Legitimation (Habermas, 1975) and the Theory of Communicative Action (Habermas, 1984, 1987), amongst others. The aim of this paper is to review this literature for the purposes of identifying the ways in which the theories of Habermas have been linked to accounting, identifying the research methods that have been adopted within these studies and identifying the main contributions of this literature to research in accounting. This review also highlights a number of potential future directions which are elaborated on in this paper.

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A review of Habermasian research in Accounting

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Abstract

Since the 1980’s there have been calls for more ‘alternative’ accounting studies (Chua, 1986a and Laughlin, 1987). One such strand of this alternative literature has incorporated the theories of Jurgen Habermas, including the Theory of Legitimation (Habermas, 1975) and the Theory of Communicative Action (Habermas, 1984, 1987), amongst others. The aim of this paper is to review this literature for the purposes of identifying the ways in which the theories of Habermas have been linked to accounting, identifying the research methods that have been adopted within these studies and identifying the main contributions of this literature to research in accounting. This review also highlights a number of potential future directions which are elaborated on in this paper.
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1. Introduction
Since the 1980’s there have been calls for an increase in the amount of ‘alternative’ research in accounting (Chua, 1986a and Laughlin, 1987). These calls have been motivated by the perceived shortcomings of ‘mainstream’ accounting research that has traditionally adhered to a positivist ontology and epistemology and has applied predominantly quantitative research methods as the preferred methodology. Commensurate with this criticism of ‘mainstream’ accounting research has been an ‘advancement of the case for a more subjective understanding of truth and knowledge’ (Laughlin, 1987).

A closer look at some examples of ‘alternative’ research reveals that there are a number of different approaches that can be classed under this banner. These include interpretive research approaches adopting naturalistic methods (see Chua, 1986b), as well as approaches incorporating various social theories, such as those of Marx, (see for example, Tinker & Neimark, 1987) and Foucault (see for example, Miller and O’Leary, 1987).

Another branch of research which can be labelled with the ‘alternative’ tag is that which has incorporated the theories of Jurgen Habermas. Habermas is a critical theorist of the Frankfurt School of critical theory and is responsible for such theories as Legitimation Crisis (Habermas, 1976) and his magnum opus, The Theory of Communicative Action (Habermas, 1984, 1987). The first aim of this paper is to review this literature in order to examine the ways in which Habermas’ theories have been applied to accounting. The second aim of this paper is to provide a more detailed discussion of how this research has been performed. Thirdly, an outline of the contributions provided by Habermasian accounting research will be discussed and finally, some thoughts on future directions for research utilising Habermasian frameworks are also offered.

2. The application of Habermasian Theories to Accounting
Although this review does not claim to include all published works incorporating the theories of Jurgen Habermas relevant to accounting, a number of the main areas where these theories have been applied are examined. This literature has been
grouped into three main categories; although it is acknowledged that a number of studies may actually cross categories and that the categorisation is inherently subjective. The categories include accounting studies that:

i) apply Habermas’ (1976) - Legitimation Crisis;

ii) apply Habermas (1984, 1987) - The Theory of Communicative Action;

iii) apply Habermas (1992) - Between Facts and Norms, and;

iv) recommend an appropriate research methodology by which to conduct research influenced by Habermas and German critical theory in general.

2.1 Literature incorporating Habermas (1976) - Legitimation Crisis

2.1.1 Legitimation crisis in outline

Habermas’ Legitimation Crisis (1976) is a social theory that attempts to explain the evolution of the modern welfare state and a number of prevailing issues and problems of this state. Habermas begins by arguing that there are three distinct components to society - the economic system in which goods and services are exchanged for money, the administrative system (also referred to by Rahaman, Lawrence and Roper (2004) as the ‘political sphere’) which roughly equates to Government administration, and the lifeworld, which is defined as:

“the social system dimension within which cultural norms and values are discursively formulated by the participants and ideally, provides the legitimating grounds for the actions taken by the administrators of the mode of production as well as the distribution of the wealth generated by the economic system”.


Habermas argues that within this societal structure there are four potential possibilities for crisis: economic, rationality, legitimacy and motivation (Dillard and Yuthas 2006). The causes of economic crises can be seen to stem from a Marxist explanation of economic crisis and are believed to be due to the inherent instability of the market economy. Rationality crises develop when the administrative system steps in to remedy economic crises in ways that may not necessarily appear rational to socio-cultural society (the lifeworld). This intervention may involve tariff protection or subsidies for businesses, and which may then reduce the motivation of actors to participate in the economy (motivation crisis) and to question the legitimacy of the government (legitimacy crisis) (Rahaman et al 2004). Habermas argues that while
each of these crises can be dealt with, dealing with one crisis will lead to increased potential for the occurrence of another type of crisis (Habermas 1976).

2.1.2 Applications of the legitimation crisis to accounting

Habermas (1976) is what can be described as a high level or grand theory (Llewelyn 2003). In other words, the theory itself does not make reference to any specific context beyond that of a generalised western welfare state. This situation has meant that authors of the literature in which the theory has been applied to accounting contexts have at times had to make a number of refinements in order to make the theory applicable. For example, Dillard and Yuthas (2006) attempted to overcome the high level nature of Habermas’ theory and refined it by altering:

- the nature of the administrative system to refer more restrictively to the executive management within an organisation
- the definition of the economic system to refer to the shareholders/owners of an organisation
- the socio-cultural element (lifeworld) to refer to the stakeholders of an organisation.

The crisis making tendencies discussed earlier were said to exist in a similar fashion when these refinements are taken into account and can be broadly seen to be the result of the administration of the organisation trying to weigh up the conflicting desires of both owners and the stakeholders.

Dillard and Yuthas (2006) apply Habermas (1976) to the increasing popularity and implementation of Electronic Resource Planning (ERP) systems within both organisations in general as well as to a specific organisation (Geneva Steel). They do this by arguing that the increased development and popularity of ERP systems is the result of the need for organisations to deal with market crises and issues of profitability. ERP systems provide a mechanism through which industry best practices can be implemented, costs can be cut and profits can be increased, all under the guise of economic neutrality. They also argue that the implementation of these systems may result in a number of crises. For example, rationality crises may develop because the actions of management contravene the existing norms and values held by
stakeholders, while the legitimacy of management in the eyes of the stakeholders may also suffer, as might the motivation of the stakeholders.

Rahaman et al (2004) is another paper that makes use of Habermas (1976). This paper examines the social and environmental reporting practices of a Ghanian Public Sector Organisation (Volta River Authority). However, unlike Dillard and Yuthas (2006), the researchers did not make any refinements to the theory and instead maintained the original societal focus. These authors argue that the social and environmental reporting practices, which are mandated by the World Bank as a part of the conditions of its loan to Ghana, have caused a legitimation crisis within Ghanian society. It is contended that the World Bank loan occurred firstly due to an economic crisis, and that the terms of the loan (which specify conformity with certain accounting practices) have proven detrimental to the Ghanian socio-cultural sphere (lifeworld), both due to the lack of emphasis on social and environmental issues in the accounting guidelines and the fact that the covenants attached to the loans mean that the electricity produced by the VRA is out of reach financially for most Ghanians. In other words, the accounting policies and practices of the VRA have been set up to support the World Bank and not the local population. It is argued within the paper that this follows the Legitimation Crisis theory because the Ghanian government found itself with a crisis of motivation and legitimacy, due in part to the imposed accounting practices that do not properly reflect the norms and values of Ghanian society/lifeworld.

A final noteworthy paper is that of Watkins and Arrington (2005). This paper provides discussion of the New Public Management (NPM) as being a product of the need of the governments of Western welfare states to deal with the various tendencies for crisis. It identifies that a dominant train of thought within western welfare states has been the pursuit of broad programs of economic reform, of which the NPM is one, due to the need to reduce taxation and government spending and hence the tendency toward perpetuating economic crises. This has meant that public sector organisations have had to replace ideals such as serving the public, and ensuring freedom, human rights, entitlements and civic virtue, with ideals such as value-added, productivity and efficiency. The authors suggest that accounting is the communication mechanism through which this incentive based framework has been implemented and that this has
since created legitimacy, motivation and rationality crises (Watkins and Arrington, 2005).

2.2 Literature incorporating Habermas’ Theory of Communicative Action

2.2.1 The Theory of Communicative Action

The theory of Communicative Action (1984, 1987) is said to be Habermas’ magnum opus. It is very broad in scope and shares a number of conceptual similarities with Legitimation Crisis, including reference to ‘lifeworlds’ and ‘systems’, as well as the concept of ‘steering media’.

Habermas (1984, 1987) introduces this theory with a discussion of broad epistemological and ontological themes, involving a rejection of exclusively positivist assertions about the world and knowledge. Habermas (1984, 1987) proposes a three-tiered approach to the key foundational issues of epistemology, ontology, rationality and communication. These three tiers include:

- An objective world, where valid knowledge equates closely to scientific (or positivistic) knowledge. Rational conduct in this world view is referred to as teleological (or goal orientated) action.
- An inter-subjective world, where valid knowledge comes about through discourse aimed towards shared understanding (communicative action, which is defined as action motivated by communication aimed at mutual understanding). Rational conduct in this world view is referred to as norm-regulated action.
- A subjective world of inner feelings. Rational conduct in this world view is referred to as dramaturgical action.

Habermas (1984, 1987) then discusses the nature of the lifeworld, systems and steering media. Lifeworlds, as mentioned in Habermas (1984, 1987), are essentially the same as those discussed in Habermas (1976), while systems can be defined as “expressions of these lifeworld’s in terms of functionally definable, tangible organisations” Broadbent, Laughlin and Read (1991, p. 3). Examples of systems
include government administrations and the capitalist economy (as found in Habermas 1976).

Finally, ‘steering media’ are seen as the mechanism through which the lifeworld is connected with its systems. The important steering media referred to by Habermas are those of power and money. It is through these media that the lifeworld is able to co-ordinate and reproduce systems as these media are able to bypass or condense the otherwise rather messy process of communicative action. Communicative action is defined as action that is motivated by mutual understanding that is achieved in the ‘ideal speech situation’. The ideal speech situation itself was likened by Brand (1990) to a giant debating club and is a place where the better argument will prevail and where all participants are equal and are able to voice their views without fear of retribution or coercion.

Habermas (1984, 1987) discusses the interrelationship of these concepts, in light of his three tiered world view. He argues that lifeworlds possess a symbolic element as well as a material element and that they require communicative action for their symbolic reproduction. Systemic reproduction occurs through ‘instrumental’ or ‘strategic’ action, which is action motivated by a specific goal. This type of reproduction occurs because systems are tangible and functionally definable, exist in the objective world and hence only require material reproduction. Strategic action differs from communicative action because rather than being motivated by communication aimed at shared understanding, it is motivated by communication aimed at a specific goal or purpose and hence may not necessarily involve the better argument winning out.

Habermas’ explanation of societal development is that as human society progresses over time, the lifeworld becomes more complex and its members are increasingly capable of rationalising it into its three components; the objective world, the intersubjective world and the subjective world. As this happens, systems reflecting the lifeworld also become more complex and as such can begin to diverge from the lifeworld in terms of norms and values. This divergence can occur because the steering media linking the system to the lifeworld can ‘get out of hand’ and the instrumental/strategic rationality prevalent within the system can end up colonising
elements of the lifeworld requiring symbolic reproduction and communicative action. While the original functional definition of a system may concur with the lifeworld, as the steering media of power and money are able to bypass communicative action, systems may end up colonising the lifeworld, which is essentially a reversal of the ideal order of things. The outcome of this is a loss of meaning and understanding in the lifeworld which, according to Habermas, has caused many societal problems within the western welfare state.

### 2.2.2 Applications of communicative action to accounting

Of Habermas’ various theories, the theory of communicative action has received the most application within accounting. Broadbent, Laughlin and Read (1991) is an important example and can be seen as being seminal because it made a number of refinements to Habermas (1984, 1987) in order to make the theory applicable to specific organisations rather than society as a whole. These refinements were threefold. Firstly, it was argued that while Habermas (1984, 1987) identified that society can be summarised as consisting of a lifeworld, systems and steering media, it can also be claimed that specific systems contain their own lifeworld, systems and steering media. Secondly, it was argued that if one wishes to make judgements about the colonising potential of steering media then it is necessary to look at a specific steering media at a specific time. Thirdly, it was argued that for judgements to be made about the colonising potential of specific steering media it is necessary to adopt the point of view of a specific organisational lifeworld (Broadbent et al, 1991).

Essentially, these refinements enabled the authors to take this high level theory and apply it within a specific context; in this case the British Government’s reforms of the public sector and the effects of these reforms on the National Heath Service (NHS). Broadbent, Laughlin and Read (1991) argued that the NHS can be seen as a system, while the UK’s Department of Health (DOH) can be seen as a steering media coming from the lifeworld of the Conservative British Government that was in office at the time. By arguing that the NHS was a system that contained its own lifeworld, the authors were able to posit that the Government was using the DOH to steer the NHS in manner that was incommensurate with the NHS’s communicatively formed values and norms (lifeworld).
Broadbent and Laughlin (1998) similarly applied these theoretical concepts in examining the effects of the New Public Management (NPM) on General Practitioners (GPs) and Public Schools in the UK. The authors argued that the accounting based reforms associated with the NPM in many ways exhibited colonising characteristics and that both GPs and Public Schools had taken steps towards resisting the changes through the use of ‘absorption groups’. These absorption groups tended to involve senior staff – head teachers at schools and senior GPs at General Practices – who were able to prevent many of the harsher reforms affecting those whom the organisations set out to serve.

Lawrence (1999) is another example of a study using Habermas (1984, 1987) to provide a framework for examining public sector reform, this time in the New Zealand Healthcare sector. Lawrence (1999) equated the use of accounting (namely, budgeting, costing and investment procedures) within the reforms to ‘steering media’ and that rather than being implemented as a result of the values of the health care industry or the public at large, changes were implemented based on arguments using distorted communications such as unquantifiable claims to ‘private sector efficiency and effectiveness’.

Broadbent, Jacobs and Laughlin (2001) provide another example of the application of Habermas (1984, 1987) to the role of accounting in public sector reform programs. Their paper follows similar themes to Broadbent and Laughlin (1998) in exploring practices of institutional resistance to public sector reform. However, the authors’ emphasis is shifted from informal ‘internal’ resistance strategies, to the formation of ‘external’ formal bodies. Case studies of UK GPs found that external organisations were set up by GPs to publicly resist Government policies and this was contrasted with the findings of Broadbent and Laughlin (1998) where the resistance to ‘colonisation’ merely involved internal strategies (such as the choice of employing nurses rather than doctors due to the reduced costs).

Lawrence and Sharma (2002) attempted to apply Habermas (1984, 1987) to the tertiary education sector in Fiji. Specifically addressed was the introduction of accounting based reforms including Total Quality Management (TQM) and the
Balanced Scorecard (BSC) into a Fijian University. Using a theoretical framework based on Habermas (1984, 1987) the authors argued that the introduction of these reforms were akin to setting up a ‘quasi market mechanism’ inside universities and hence represented a ‘colonization of the lifeworld’ because the norms and values of universities were incommensurate with those of a free market. Further arguments centred on the commodification of education and academic labour and the imposition of instrumental (goal) rationality into areas where it was not appropriate.

Dillard (2002), similar to Lawrence and Sharma, focuses on the University sector. Using both Legitimation Crisis (Habermas, 1976) and The Theory of Communicative Action (Habermas, 1984, 1987) Dillard rebukes a number of developments in accounting education such as those presented in the seminal monograph authored by Albrecht and Sack (2000) and the AACSB accounting accreditation guidelines. A central theme presented by Dillard (2002) was that recent criticisms of accounting education represented a colonisation of the lifeworld of the academy by corporate forces (such as the American Accounting Association) who wish to undermine the traditional role of the academy and impose on it a role of subservience to corporate goals. It is suggested that this contravenes both the traditional, mutually understood goal of the academy, as well as the role of the academy in being a conscious and guiding light for the corporate world.

Although mentioned in an earlier section, Dillard and Yuthas (2006) also make use of Habermas (1984, 1987) in analysing of the increased implementation of ERP systems. The authors suggest that the introduction of these systems, often based on industry best practice, can lead to a colonisation of the lifeworld, because the systems replaced with ERPs were often implemented over time on the basis of mutual understanding, whereas ERPs were implemented in a broad, sweeping manner that did not involve consultation with those effected (the lifeworld of the organisation).

While the discussion regarding the use of Habermas (1984, 1987) has predominantly focused on the interaction of lifeworlds, systems and steering media, it is noteworthy that the scope of this theory is not specifically limited to this area. There are a number of papers that have addressed the elements discussed by Habermas (1984, 1987)
focusing on the three world views of the objective, inter-subjective and subjective and their role in communicative action.

Arrington and Puxty (1991) is a one example of a paper with this type of focus outlined immediately above. The authors suggest that accounting can be seen to impact on each of the three world views. It can impact on the objective world by representing truths, where the role of accounting lies with the representation of the financial state of things as well as being a measure of success, such as embodied within the concept of profitability. Accounting can also be seen to impact on the inter-subjective world of norm-conforming action. This is because accounting creates a set of norms in terms of what issues are worthy of measurement and what sort of conduct is considered appropriate (such as being thrifty, efficient and profitable). Finally, accounting can also impact on the subjective world because, it is argued, individuals who are impacted by accounting results can end up judging themselves on the basis of these accounting related measures. For example, promotions and terminations can be issued on the basis of accounting information and such matters can impact on the sense of self (Arrington and Puxty, 1991). The authors also contend that while accounting may often breach all or any of these world views (perhaps by not representing the truth accurately, or by not conforming to society’s norms) it is allowed to exist because accountants are trusted as experts and are, to some extent, able to call upon their assumed expertise in times of questioned legitimacy. Habermas refers to generally accepted expertise as ‘warrants’.

While Arrington and Puxty (1991) only referred to accounting generally, Chua and Degeling (1993) applied the same ideas to a specific industry – that of US health. This setting is similar to much of the afore mentioned literature both due to the Health Care context being investigated as well as the focus on reforms that have involved changes to the use of accounting. The arguments presented by Chua and Degeling (1993) supported the suggestions presented by Arrington and Puxty (1991) that accounting not only existed to represent reality and achieve goals (such as cost efficiency), but it also resulted in a set of norms being implemented and used for judgement purposes which then impinged on people’s everyday consciousness (Chua and Degeling, 1993).
Wright (1994) adopted a different approach in that the aim of his research was to evaluate whether a Canadian bank had breached validity claims to truth, rightness and sincerity in the presentation of its annual reports in the years prior to its collapse. The author compared the evidence presented within the annual reports with evidence presented at the trials of the executive management of the bank and deduced that each of the validity claims had been breached at some point in the years leading up to the collapse.

Similarly, Yuthas, Rogers and Dillard (2002) attempted to assess validity claims according to the three world views, with the addition of a fourth – comprehensibility. The authors suggested that a breach of one of these claims was an incidence of strategic action, while adherence to each provided evidence of communicative action. The authors compared the Managements Discussion and Analysis (MD & A) section of annual reports with earnings results achieved in subsequent periods and attempted to predict whether firms with lower than expected results (negative firms) were more likely to breach validity claims than those who achieved higher than expected earnings results (positive firms). The results indicated that there was no demonstrable difference between the two groups in terms of the quality of their communications.

2.3 Literature incorporating Habermas (1992) – Between Facts and Norms

Only one paper discussing this theory is considered here, being that of Power and Laughlin (1996). This paper incorporated ‘Between Facts and Norms’ (Habermas, 1992) and discussed how, according to Habermas (1992), the cure for society’s ills was more efficient law making as well as an acknowledgement that while many possible courses of action based on any number of norms and values can be proposed and discussed, ultimately only one can be pursued. The implications of this for accounting suggested by the authors were that while critical theorists can criticise states of being and discuss alternatives, these alternative states will also suffer from similar issues because, inevitably, all accountings are simultaneously non accountings and therefore utopian views of a world with no accounting were unrealistic. This means that critical theorists had to become more practical if they wished to move beyond the theoretical utopia of the ideal speech situation into the realm of action.
Given that Habermas (1992) had identified more efficient law making as the solution to society’s problems, Power and Laughlin (1992) drew a similar conclusion. The law is said to be a particularly effective mechanism in dealing with societies ills because it is in a unique position to reconcile lifeworlds and systems. This is because while the law, demands certain actions (and hence demands goal rationality), it is formed on the basis of societal norms and therefore the law can provide a nexus between the three world views.

2.4 Habermasian applications to accounting

Based on preceding discussion, it is clear that the theories of Habermas (1976, 1984, 1987 & 1992) have been applied to a wide array of accounting scenarios. The theories have been applied to modern management accounting techniques (ERP, BSC & TQM), international loan arrangements, the NPM manifestations of accounting, and analysis of annual reports. Furthermore, these applications have been made to both public and private sector organisations. In addition to the range of accounting scenarios in which Habermasian theories and concepts have found life, there have also been a variety of approaches adopted in carrying out this research.

3. Methodological approaches to Habermasian research in accounting

Two main elements are considered in this section of the current paper. In addressing the first element, a summary is provided of the main approaches to research evident within the literature reviewed thus far – thus encompassing methodology particular to accounting studies. The second element however concerns a review of the literature that discusses approaches to Habermasian research specifically and offers guidance for potential future applications of Habermasian theories in accounting.

3.1 Research methods in the Habermasian Accounting Literature

Of the fourteen main studies reviewed in this paper, patterns in the choice of research methods can be observed. Firstly, in relation the reviewed literature incorporating Habermas (1976), there appears to be a heavy reliance on document review as a method of research. Using a Habermasian framework Dillard and Yuthas (2006)
analysed documentary evidence that was originally developed from another study (O'Leary, 2000). Rahaman et al (2004) chose to incorporate Habermasian (1976) notions from a broader societal level and hence the data used and interpreted in this study represented a wider array of documents, including the annual reports of the organisation being studied (VRA) and documents from the World Bank, as well as data from interviews with members of the organisation. Watkins and Arrington (2005) also adopted an approach involving the review of documents in their analysis as evidenced by the predominant reference to policy documents regarding public sector reform.

The primary observation that can be noted from this research is that the use of similar theories corresponds with similar research methods. All the research methods eschew quantitative data, and all rely to some extent on the use of argument and rhetoric to present a case (as opposed to repeatable objective testing common to positivist approaches to research). While there are some disparities between studies, including the application of the theory, such as application at an organisational level or a societal level, as well as some of the specific methods (for example Rahaman et al (2004) used interview data while the other studies did not) there is an evident consistent set of approaches.

This pattern of consistent research methods and data sources is further demonstrated by the literature incorporating later work of Habermas (1984, 1987). There are generally three main research methods used:


- **Interviews**, as used by Broadbent and Laughlin (1998), Broadbent et al (2001), and Lawrence and Sharma (2002). Observations have also been used to compliment interview data in some cases (for example, Lawrence and Sharma, 2002).

- **Analytical methods**, as used exclusively by Power and Laughlin (1996), and Arrington and Puxty (1991). These methods have tended to rely on logic,
rhetoric and argument. It should also be noted that all Habermasian studies have use this method to some degree.

Also of note is that, with the exception of Yuthas et al (2002), all the above mentioned papers use qualitative data for the purposes of their studies. Yuthas et al (2002) is the only paper that is unique in this regard because of the use of Diction 5 software and hence the analysis of some replicable, quantitative data (although once produced these numbers were subjected to analytical methods).

In spite of these similarities, there are several issues worthy of mention regarding the research approaches evident within this literature. Firstly, while similar methods are being used, there is an absence of any consistent, prescriptive framework that can be identified within these studies. In other words, the methods seem to have been adopted to suit the purpose of each specific study, without reference to methods that have been used in previous, similar studies. Secondly, any justification for the use of the methods is done on the basis of meeting the needs of that particular study, rather than with reference to a consistent, generally accepted framework or research program. This situation can potentially lead to difficulties in comparing studies and may therefore hinder the development of a consistent body of knowledge. Thirdly, a number of studies, especially those involving analytical or documentary review methods, do not provide any justification for the research methods adopted and often the actual methods being used are not made clear to the reader until the actual data analysis is presented (see Broadbent et al 1991 or Chua and Degeling 1993). Finally, there is seldom much discussion of research issues such as epistemology, ontology and methodology, beyond broad acknowledgment of Habermas’ three tiered approach to these issues. In other words, any formal discussion of research methodologies of the kind normally associated with mainstream/scientific research is absent.

3.2 Literature specifically addressing approaches to Habermasian research in accounting

While no consistent, generally accepted framework or research program for Habermasian research in accounting has emerged, one such framework that has been proposed is that by Laughlin (1995), known as ‘middle range thinking’. Laughlin
(1995) can be seen as an extension and elucidation of the ideas originally provided by Laughlin (1987) and which have since been further discussed by Laughlin (2004). This approach is so named due to its claim to hold the middle ground on the important methodological issues of prior theorisation, critique of the status quo and the influence of theory on the choice of research methods. This approach to research essentially prescribes or recommends the use of theory prior to the ‘empirical’ phase of the research for the purpose of creating a ‘skeletal framework’. Laughlin then suggests that an array of qualitative methods (document review, interviews and follow up interviews) should be used to ‘flesh out’ the theoretical framework with rich contextual data. The final results should then be presented to the researched group with the hope of establishing a consensus in an environment that aspires to that of the Habermasian concept of the ‘ideal speech situation’. It can be argued that ‘middle range thinking’ is not necessarily a radical development in relation to Habermasian research in accounting as the specific methods suggested by Laughlin (1995) are already often seen within the Habermasian literature, even though the tag ‘middle range thinking’ may be absent.

Broadbent and Laughlin (1997) is a study that discussed the application of ‘middle range thinking’ and the experiences presented in the paper are used to support the usefulness of that framework. The actual results of this study can be found in Broadent and Laughlan (1998), which was discussed earlier. As proposed by Laughlin (1995), the researchers used Habermas (1984, 1987) as a skeletal framework and fleshed this out with data acquired in the manner outlined above. They then went back to the organisation, having written-up their findings, in an attempt to achieve a mutually shared consensus with the organisational participants.

Lodh and Gaffikin (1997) also address broad methodological issues both in relation to critical studies in general and the theories of Habermas specifically. This paper argues that no specific research framework or agenda within critical research has prevailed, that there are no specific research methods recommended within the writings of Habermas, and that his writings remain well within the field of broad social theories and hence can be difficult to apply to specific organisational settings. Lodh and Gaffikin (1997) conclude by recommending a methodology that involves researchers building a body of knowledge, gathering empirics, and then developing an
‘emancipatory’ discourse through the writing of a critical ethnography’ which is specifically relevant to an ‘emancipatory interest’ and is presented to the public (Lodh and Gaffikin, 1997). It could be suggested that there are some broad similarities between the approach suggested by Lodh and Gaffikin (1997) and Laughlin (1995) in that they both share a qualitative methodology involving prior development of knowledge, and the involvement of the researched group in the development of the ethnography. As with Laughlin (1995, 2004), it can also be identified that these recommendations are not significantly different to what is already occurring in Habermasian accounting research.

3.3 Summary of Habermasian research methods

The central theme that can be identified from this discussion is that while there is no consistent, generally accepted research framework or program evident within Habermasian research, there is significant consistency in the methods that have been used, and this is evident by the predominant use of qualitative methods such as document reviews, interviews, and analytical methods. While more specific frameworks for Habermasian research in accounting can be found within Laughlin (1995, 2004), it is evident that the vast majority of papers adopting the theories of Habermas have not adopted Laughlin’s (1995, 2004) recommended approaches, although the methods suggested are essentially consistent with Habermasian literature that does not adopt the ‘middle range’ tag.

4. Contributions of this research

When this research is examined holistically a number of contributions can be identified including: contributions to examinations of accounting and change; contributions to evaluating accounting as a means of communication; and contributions to critical theory development in accounting generally.

4.1 Contributions to organisational change and accounting

One consistent theme across much of the Habermasian research is a focus on matters of accounting and organisational change (see Chua and Degeling, 1993, Broadbent et al, 1991, Broadbent and Laughlin, 1998). It can also be seen that much of the literature deals with public sector organisations and while this can be attributed to the
widespread reforms of public sector management in various western economies, there are a number of Habermasian studies also discussing change to private sector organisations (see Dillard and Yuthas, 2006) and societies as a whole (see Rahaman, 2004). Given that Habermas’ theories are theories of societal evolution, the appropriateness of this application is quite clear. Also, as Habermas’s work is of the German critical tradition, his theories are particularly useful in further diagnosing and providing insights into problems with instances of accounting, which can broadly be said to be due to the imposition of accounting ‘values’ and priorities within spaces that have developed according to differing set of values and norms. This is of particular relevance to public sector organisations that have faced significant changes to the norms and values through which they operate, including heavy reliance on accounting and accounting numbers as means for bringing about this change. Furthermore, unlike other branches of critical theory, Habermas’ theories provide some ideas about means of dealing with accounting related problems and this involves better communication through communicative action and more efficient and effective law making.

4.2 A means of evaluating communications

Further to the contribution in analysing accounting in instances of organisational change, Habermas’ theories are also useful in examining specific communications. As Habermas (1984, 1987) has argued that all speech acts make claims to either comprehensibility, truth, truthfulness and rightness, it is possible to judge speech acts based on any of these with instances of any breaches of these being referred to as ‘strategic/instrumental action’ (or goal rational communication). Given that many accounting reports contain large volumes of rhetoric and discussion, it is possible for researchers to examine these communications against the criteria, as exemplified by the studies of both Wright (1994) and Yuthas et al (2002). This means that not only are Habermas’ theories useful for diagnosing issues with change, they are also useful in examining discourse in a systematic manner that is connected intrinsically with a researcher’s given beliefs about the world, knowledge and rationality.
4.3 Contribution to alternative and critical research in accounting

As noted in the introduction, alternative research in accounting is something that has been championed by a number of authors (see Chua, 1986a; Laughlin, 1987). As a result of this movement, the literature in the field has been expanding, as evidenced by the volume of studies contained in this review and the fact that this review represents only a small sub-set of the ‘alternative’ literature as a whole. It is noteworthy, however, that the term ‘alternative’ is very broad and hence a number of different approaches to research and theory choice have been adopted (Humphrey and Scapens, 1996), not to mention the somewhat heated discourse that exists in debates regarding various methodological choices within the alternative literature (see Tinker, 2006), and that often no significant coherent research programs or options for future research are discussed within the literature.

The theories of Habermas make a considerable contribution to a number of areas of critical theory development. Firstly Habermas provides a coherent framework that links the issues of epistemology and ontology to communication, action and societal development. This allows for Habermas’ three world views, (the objective, subjective and inter-subjective), to be applied within the studies that have applied Habermasian theories, for example, in evaluating communications, rationality and societal/organisational development. The relative clarity regarding epistemology and ontology can be compared with other types of research using critical theories, where the beliefs about knowledge and the world may not be overly clear.

Secondly, while it has been mentioned that many social theories, including those of Habermas, are at the broad, high level (Llewelyn, 2003), these theories can be refined and applied to specific institutional settings, evidenced by Broadbent et al (1991) and Dillard and Yuthas (2006).

Thirdly, as discussed by Power and Laughlin (1996), while Habermas is very much a critical theorist, his prescriptions for change assume the continued existence of the western welfare state and as a result he can be seen to be more pragmatic than many other critical theorists. While the ‘ideal speech situation’ may be something that is difficult, if not impossible, to achieve, better communication does remain a worthy
aspiration and is something that will only improve accounting practice both in specific organisations and in terms of impact on society as a whole.

Finally, while Habermasian accounting literature can be criticised for falling into the trap of using the same ad hoc set of inconsistent research methods as any other branch of critical research, it does however provide an implicit contribution to the methodological debate. This is because, in spite of the lack of an explicit, consistent research framework or program, the methods that have prevailed have been consistent. Also of particular note is ‘middle range thinking’ (Laughlin, 1995, 2004), which, while being suitably non-specific in some areas, does provide broad guidance on how to go about the development of a critical ethnography, which is more than is offered by various other branches of the critical literature. Even though the majority of Habermasian studies do not adopt ‘middle range thinking’, the specific methods used can be found in a number of studies that make no mention of ‘middle range thinking’. It can also be argued that the lack of an explicit research framework is evidence of the broad applicability of Habermas’ theories. For example, ‘middle range thinking’ is heavily reliant on interview data, which itself is restricted to a given time and place. Habermas’ theories however can be applied to the study of accounting over longer periods of time, hence the existence of studies that rely more heavily on document reviews and analytical methods as opposed to the interview, focus groups and observational methods that are inherent within ‘middle range thinking’.

5. Future directions

Further research into the public sector would be fertile ground for additional Habermasian studies. The alignment of this setting with Habermasian interpretations arises from the extent of change that has taken place within the public sector, not the least of which being specific change to the traditional norms and values by which these organisations go about their business. Habermas’ theories can not only contribute to elucidating and explaining the effects and drivers and outcomes of change in particular organisations, but can also contribute to analysing the causes on a broad societal level. For example, questions informed by Habermas’ theories could be levelled at the motivations behind public sector reform on a broad societal level, such as the role of economic crises giving rise to the need to institute reforms. Questions
could also be investigated about the extent to which the reforms have aligned with the values and norms of both public sector organisations themselves as well as the groups served by these organisations. In other words, ‘do the norms and values adopted by these organisations correspond to those of clients and customers?’ Furthermore, questions could be asked in terms of the imposition of unrestrained capitalism on those whose values do not necessarily correspond with such goal rational behaviour. Such questions as these need not be restricted to realm of the public sector, as evidenced by studies such as Dillard and Yuthas (2006).

Finally, any discussion of future directions in relation to critical research should address issues of methodology, given the lack of an explicit framework or program. As noted above, attempts to establish a methodology have been made by Laughlin (1995, 2004), however this approach has not been widely adopted. These methodological inconsistencies and vagaries may be criticised for being ad hoc and for making paths for future research unclear and problematic, however, it can also be argued that there is an emergence of consistent methods within the literature. The lack of explicit frameworks and programs also has some merit and is entirely consistent with the broad philosophies behind critical theory in general and Habermas (1984, 1987) in particular. At the core of Habermas (1984, 1987) is the notion of the ‘ideal speech situation’, which as noted by Brand (1990) can be thought of as a large debating community. This ideal speech situation is not only the space where communicative action takes place, but can also function as the space through which research should be created and evaluated. This point is made particularly clear by Habermas (1982, 1987) as he explicitly noted that he wanted to create a theory that was capable of meeting its own standards. The implications of this are that it is important to maintain an open discourse when evaluating the usefulness of research and for this reason excluding certain approaches, or limiting valid knowledge to that which is derived in a certain, regimented manner, will only limit the channels through which open discourse can occur. Research should be evaluated on its merits as judged by discourse in the ideal speech situation, where participants are free to express themselves in an open, egalitarian manner. The specific implications for accounting research are that any recommendations for appropriate methodologies will have to remain suitably broad so as to encourage appropriate discourse. Thus any criticism
based on adhockery which is levelled at the state of the Habermasian research in accounting would only be contradictory to the ideal speech situation.

6. Conclusion and contributions of this paper

This paper has attempted to summarise the main body of Habermasian literature in accounting in a manner that makes this literature accessible to those who may not necessarily be familiar with the theories of Jurgen Habermas or the applications of his theories to the discipline of accounting. This review has revealed that the literature has applied the theories of Habermas (1976, 1984, 1987 & 1992) in variety of institutional and societal settings, with particular focus being placed on spaces that experienced change. In relation to the research methods that have been used, it has been argued that while no explicit, framework regarding the ‘doing of’ this research exists, a consistent set of methods have emerged and these involve documentary reviews, interviews and analytical methods. It has been argued that public sector reform remains a fertile area within which Habermas’ theories can be applied due to the congruence between the scope of the theories and the issues being tackled as part of the public sector reform agenda, particularly the vast changes being made to the norms and values of these organisations. It has also been argued that while there is no specific framework for performing Habermaisan research, the array of situations in which these theories have been applied is in itself meritorious, not only because the research demonstrate the versatility and broad relevance of the theories, but because it allows for the uninhibited flow of discourse which is a goal of Habermas’ theories.
7. References


