Habermas and Critical Accounting Research: A Reflection of Working at the ‘fag end’\(^1\) of things

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Abstract

**Purpose:** This paper is about recognising what was a golden age in Critical Accounting Research and the trials and tribulations that existed even between Critical Theorists of opposing camps of thought.

**Design/methodology/approach:** The approach used in this paper may be described as a form of Critical Discourse combined with a touch of Postmodernist critical textual reflection.

**Implications:** The reflection portrays events from a time past and along the way hints at social issues that are prevalent in today’s academic institutions. It provides some insights into the potential for future critical accounting research.

**Originality/value:** The originality and value of this paper may be said to emanate from the story documenting the trials and tribulations for academics and revealing just how reality is stranger than fiction.

**Keywords:** Critical accounting research; Habermas; critical theory.

\(^1\)‘\textit{Fag end}’n 1. The last and worst part, esp when it is of little use. 2. \textit{Brit. Informal}. The stub of a cigarette. (Collins English Dictionary, Australian Edition, 1991)
Introduction

Research is part of the academic’s trilogy of skills – teaching and administration representing the remaining tragedies of this Dionysian festival called ‘academic life’. Or at least that was the case in the 20th century in this the 21st century universities now have a sub-class of academics that are classified as teaching only and they exist only to serve one master/purpose.

My story starts with the events that unfolded at the 1993 doctoral consortium hosted by the Department of Accounting at the University of Wollongong. Distinguished speakers from other academic institutions, from far and wide, were invited to address a gathering of staff, students (mostly candidates for a PhD or Masters) and interested visitors. Three speakers gave presentations and each, at the conclusion of their talk, invited questions from the assembly. Postgraduate students were especially encouraged to use this forum as an opportunity to seek guidance in coming to grips with their own research projects. One of these speakers from a neighbouring university had prepared a paper on the works of Max Weber within the context of the Sociology of Organisations. It is from the event that occurred in the interrogatory session after this speaker’s presentation that inspired the title and this paper.

When asked why he had ignored the work of Habermas in his paper, he took a moment to contemplate, came to attention and placing his hands on the lectern as if to straighten and square up his papers he then proceed to make the following statement.

“Firstly, because this is a paper about Weber, not about Habermas, and (secondly) Habermas really represents the fag end of the enlightenment project - It's the last gasp, and the position of critical rationalism that he seeks to ground is ... essentially not groundable.”

The speaker himself appeared to take a moment to wonder about the ‘heresy’ of this statement2 given that a solid core of research informed by Habermas’ critical theory, was at that time predominant in the Department of Accountancy at the University of Wollongong. There were of course some staff and postgraduate students who were undertaking accounting research within a Foucauldian framework, while others were exploring the intricacies of Jurgen Habermas’s theories of communicative action and the rationalisation of society. There were occasions when colleagues would allude to how lucky both staff and students were to be at a university where critical research of this nature was allowed to take place. From anecdotal evidence (tea room war stories) elsewhere such ‘freedom’ was not available. Scuttle-butt at the time of other academics in other universities, being ignored or actively ‘persecuted’ for indulging in non-mainstream ontological, epistemological and methodological inquiry I had hoped would enter the mythology of accounting research.

Evidently, by adopting a so-called non-mainstream research methodology, I as a researcher, was confronted with the prospect of having my work rejected, marginalised or treated with indifference outside of my university.

If what follows does not represent an inquiry supposedly predicated on an a-priori understanding of the very nature of critical theory with its dual imperatives of interpretation and change, then patently it would be fatally flawed. From my perspective, it is the result of reflecting on the idea of a critical theory, the writings of Habermas and the nexus these elements might enjoy with accounting research. Intuitively, not one of these issues is unproblematic.

My inquiry demands the learning of a new language, one found within the lexicons of the sociologist and the philosopher. Another task is to determine whether there is an entry level to this alternative research methodology for strangers to the theories of societal evolution, If there is an entry level, how is it best negotiated?

Some research within a Habermasian framework has already found its way into international journals – do these represent a useful starting point for other prospective researchers or would a reconstruction of these works, abinitio, enrich our understanding of the prospects for this line of

2 With the benefit of hind sight this now seems prophetic since his work on a tobacco firm (the fag end as it were) would prove to be the cornerstone of his theoretical contribution.
inquiry? With this in mind, I start by considering one article by Laughlin (1987) that pioneers research within a Habermasian framework. To conclude I briefly reflect on accounting issues that may benefit from inquiry within a critical setting.

**Critical Theory - A Problematic Concept**

Held (1980) nurtures the idea of at least two branches of thinking that fall within the title, ‘Critical Theory’. Firstly, the work of Horkheimer, Marcuse and Adorno - key figures at the Institute of Social Research, both pre and post World War 2, and more recently, Jurgen Habermas, contemporary German sociologist/philosopher. These two branches are separated by at least a generation in years and a vast chasm between the political environments of pre-war and post-war Europe.

In the 1960’s and 70’s the theoretical grounding was identified with the writings and protests of the ‘New Left’. The term ‘New Left’, by implication infers the pre-existence of an Old Left. The Democratic Socialists and the Communists of the German and former Soviet countries, formed a broad if barely united alliance of parties that sprang from the political turmoil of post World War 1 Europe. Theirs was a revolutionary, reformist brief with a sphere of influence that continued through to the early 1960’s. The New Left grew out of the student protest movement of the mid to late 1960’s.

There was plenty to protest about including the dangerous games of brinkmanship and subterfuge that manifested itself in the Cold War. Furthermore, despite the experience of France in Indochina in the 1950’s at Diem Bien Phu, the United States and a number of its allies, (including Australia) were engaged in a war that was between the states of North and South Vietnam. The New Year Tet Offensive by the armies of the North in January 1968, was dissected and reported on both graphically and endlessly by the electronic media, this drove home the futility of the efforts of the vast United States war machine. Sheer ‘grist for the mill’ to the New Left.

According to Caute (1988) the Old Left accepted that the hierarchies of elites in the bureaucracy and the corporate world were facts of life. The New Left however, concentrated as it was in France and Germany, found these institutionalised foci of power and privilege inherently corrupt and unacceptable. The New Left especially challenged the paternalism of the universities and the government bureaucracies. So it was that events such as Indochina, the civil rights protests of African-Americans, global imperialism, the revolutionary movements such as that of Che Guevara and many other phenomena, spawned the student protests of 1968.

Caute (1988) offers a most interesting observation, from an even more interesting source, about the student protesters themselves:

“Jürgen Habermas noted that the student protesters were almost exclusively bourgeois youth, representing neither the working class nor the blacks, nor the underdeveloped countries, yet eager to act on their behalf. They set no store by bourgeois rights and constitutions, So we are confronted here with the first bourgeois revolt against the principles of a bourgeois society that is almost successfully functioning according to its own standards.’(p. 12)

If ‘bourgeois’ is for Habermas, a derisive term in this context - and I think that it is, it constitutes a hint of what is to come in terms of his view of the rationalisation of society.

Nevertheless, it was the cadres of the New Left that were the natural consumers of critical literature, with its stern critique of the capitalist state and the questionable maintenance of the status quo.

The Critical theory writings rejected the ontological and epistemological assumptions of the natural sciences. In accounting research, these functionalist empiricist approaches have been clearly identified as subsisting within a positivistic, objectifying, scientific paradigm. See, for example, within an accounting context, articles by Chua (1986), Tinker et al (1982, and Hines (1989) as a very limited sample. Critical theory cannot be explained or understood using the
tools of the scientific method. It discards the assumptions that support an objectified existence for human relations together with the assumptions of what constitutes knowledge within the realm of human thought, actions and relations. The notion that empirical observations of human actions and behaviour reified into objective ‘facts’ that are co-opted to analyse, explain and predict is rejected. The idea of this objective data being used as some sort of technical control is the foundation for positivistic research proposals in accounting.

“Knowledge for the positivist is generated in monological fashion. The scientist studies an object and makes observations about it that are then interrelated and checked for their logical consistency with hypothetical, law-like statements … The positivistic response to … critical approaches may be conceived of as considering them … as deviations from the ideal of purely cognitive, disinterested, inquiry. … (C)ritical theorists allow their values to influence their observations … fail(ing) to maintain the positivistically desired stance of disciplined objectivity.” (Bredo et al, 1982, 423-4).

Returning to an historical perspective, Held (1980) insists that the founders of critical theory pursued many of the concerns of the German idealist tradition that focused on the nature of truth, reason and aesthetics but couched their inquiry within an historical horizon even while contemplating the possibilities for radical change in the future (p.14).

To expose the interests that hindered change was one thing but to seek transformation, emancipation of the oppressed was the supposedly unique assignment of the theory. This responsibility lead the early theorists to critique and reconstruct the works of their forebears including Khant, Hegel, Marx, Weber, Lukacs and Freud. Habermas extended these dialogues to include Mead, Durkheim, Parsons, Austin and Wittgenstein. These latter two constitute his foray into the arena of language and communication.

There is a meta-issue that Nielson (1991) raises concerning the very idea of a critical theory and its imputed capacity for emancipation. Nielson posits that:

“On the one hand ‘critical theory’ means a substantive, neo-Marxist theory of advanced capitalism whose parts have been propounded by some or all of the Frankfurt School and its followers. On the other hand, ‘critical theory’ refers to a metatheory of (a certain type of) social science … In its former sense ‘critical theory’ means a theory of society; in its later sense, a theory of science.” (p. 127).

For if critical theory is to expose the interests of capitalist societies, then it must confront the notion of an ideology. This notion represents the attempt of any subgroup to privilege or promote its interests as those of the population as a whole (Guess, 1981, p. 15). Ideology, or ‘false consciousness’ is the target of critical theory.

One dilemma that I faced was whether to embark on a spirited defence of the ontological and epistemological assumptions that underpin a critical approach. Restating the critical position with an imperative of persuading a doubting audience while employing a critical rhetoric is an important issue for me. We’re always looking for converts. But would anyone change their research orientation on the basis of my rudimentary explanation of the goals of critical theory? For many it is a matter of ‘preaching to the converted’. Others are unlikely to be convinced by my efforts.

I do believe however, that as long as critical accounting papers continue to lead with a justification for alternative methodologies, intuitively, this invests the mainstream research profiles with an efficacy that demands challenge. For me it impugns the authority and authenticity of a critical approach. And Yes! You’ll find evidence of that device in this paper.

The Inaccessible Habermas

“The importance of the Theory of Communicative Action is, however, matched by its inaccessibility. Presentation was never Habermas’ strongest side. ‘The reader’ says a German reviewer, ‘who is a considerable theorist in his own right, has to climb steep heights, hurry through wide plains, go over dangerously narrow ridges and winding paths.”
From time to time there are menacing masses of theory on the side in front of which one cannot tarry, intimidated, because one has hardly looked around or the author presses further forward’…” (Brand quoting Bubner, 1990, p. vii).

The imagery of negotiating mountains and narrow, dangerous roadways is curiously apt when referring to the writings of Habermas. Commentators almost universally express the same sentiments. Rasmussen (1990), White (1998), Pusey (1987), and Braaten (1991) all allude in some way to the intellectual rigour of Habermas’ work.

For accounting researchers without a grounding in the language and jargon of the social sciences both the primary and secondary sources make substantial demands on research time. Output is sacrificed for input.

Critique, reflexivity, instrumental and communicative rationality, discursive ethics, ideology, class conflict, communicative competence, truth/validity claims, epistemological and ontological foundations, Modernity, the ideal speech situation, lifeworlds system and steering media - these are just some of the concepts that readers need to grapple with.

For me, the lure of the work is in the way it leads from one source to another. The commentaries guide and direct the reader to primary sources. The breadth of those sources inspire wider and wider inquiry. For example, to read Habermas without the least reference to Lukacs’ History and Class Consciousness, seems foolhardy. Habermas nominates Lukacs’ magnum opus critique of Marxism as an influence in his philosophy (Honneth, 1980, 5). Yet Roberts (1988, 235), refers to Lukacs’ recantation and disavowal of this work on the grounds that it was an accommodation with Stalin.

The natural path to Habermas seems to be via Hegel, Kant, Marx, Weber, Lukacs, Mead, Austin and Wittgenstein. Now I’m talking real sacrifice. There is a certain irony that a theory of societal evolution, built upon a premise of communicative rationality lacks an ‘entry level’ rational communication within Habermas’ works.

Influences on Habermas

Habermas was born in Dusseldorf, in the Rhine-Westphalia district of Germany in June of 1929. Bernstein (1985, 2) quotes from a speech given by Habermas:

“At the age of 15 or 16, I sat before the radio and experienced what was being discussed before the Nuremberg Tribunal; while others, instead of being struck silent by the ghastliness, began to dispute the justice of the trial, procedural questions, and questions of jurisdictions, there was that first rupture, which still gapes. Certainly it is only because I was still sensitive and easily offended that I did not close myself to the fact of a collectively realized inhumanity in the same measure as the majority of my elders.”

An accident of fate separates Habermas from his ‘forebears’ of the Frankfurt School. He may have escaped the persecution at the hands of the Nazis that would have doubtlessly
lay in store for Horkheimer and Adorno but as this passage shows, he was acutely aware of the paradox of his society’s traditional values when contrasted with the wave of facism at the time.

On the matter of his position in relation to critical theory Honneth (1981, 5) asked Habermas if he accepted the characterisation that he was its modern representative. Habermas replied:

“I’ve always felt myself over-estimated. After all, it was the older generation who produced critical theory in the 1930’s ...” and; “I am more than a generation younger than the ‘old ones’... and also come from a different background. For example I am the first one who is not Jewish, who grew up in Nazi Germany and who experienced the fall of fascism quite differently from the others.

The ‘older generation’ Habermas refers to were those who worked within the programs of the Institufur Sozialforschung (The Institute of Social Research) founded in Germany in 1923. The members of the Institute would become better known as the ‘Frankfurt School’.

The Institute boasted among its leading lights, Max Horkheimer, Herbert Marcuse and especially Theodore Adorno with whom Habermas worked closely in the later part of the 1950's.

Held (1980) suggested that the period from 1930 to 1944 were the most active years of the Institute - coinciding with the prominence of Nazism and Facism in Europe. Institute members worked on several themes including:-

“‘The European labour movements’ (failure to) develop into a unified struggle of all workers. What blocked these developments?; Capitalism was in a series of acute crises. How could these (crises) be better understood? What was the relation between the political and the economic? Was the relation changing?; Authoritarianism and the development of bureaucracy seemed increasingly the order of the day. How could these phenomena be comprehended?; Areas of culture appeared (were) open to direct manipulation. Was a new type of ideology being formed? If so, how was this affecting everyday life.” (p. 35)

For Habermas there were influences both at and beyond the Institute:-

“(George) Lukacs led me to the young Marx. Adorno played, shall we say, an absolutely electrifying role. It was he who taught me that one need not restrict oneself to an historical approach to Marx” (Honneth, 1980, p.5).

By reading Lukacs, for example, Habermas was exposing himself to one of the most influential interpreters of the works of Hegel (1770 - 1883). Singer (1983) claims that no philosopher of the nineteenth or twentieth centuries has had as great an impact as Hegel (though no doubt neo-Kantians may argue the toss). For Hegel, his ‘philosophy’ of history is as a meaningful account of the significance of history going beyond the raw data - beyond the sense that history is a “meaningless jumble of events” (Singer, 1983, p.10).

Immanuel Kant (1724 - 1804), on the other hand has also been generally regarded as the greatest modern philosopher (Roberts, 1988). Kant’s major works within an idealist
character represented critiques of Pure Reason, Practical Reason and Judgement. The word ‘critique’ is borrowed from the French language. In terms of Kant’s writings, it appears to be the English translation of the German word *Kritik* and is designed to give a sense of a mode of inquiry that aims to reveal the terms and conditions for the existence of certain ideas and perceptions. A debate concerning the competing claims to pre-eminence of Hegel and Kant is left to you, the reader to conclude.

While Kant and Hegel provide the idealist foundations for Habermas, it is the works of Marx and Weber that are most subjected to a rigorous reconstructive process. This involves a dismantling of the various parts of their arguments and a reassembly in such a way that carries Habermas’ own theory forward. In the case of Marx, Habermas is concerned to shift the emphasis of his (Marx) work away from a strictly economic grounding towards a more inclusive theory of the role of a state, ideology and mass democracies (Pusey, 1987, 27). Marx’s explanation of society’s production and reproduction is inadequate for Habermas’ purposes. Habermas seeks a better understanding of societal evolution towards the modern capitalist state, an understanding that goes beyond the reduction of human action to elements in an economic transaction and that takes account of the role of reason in the development process. Evidently, for Habermas, Marx’s interpretation of the rationalising process – that set of relations in action that creates, recreates and reworks our society is inadequate.

Habermas exercises his reconstructive talents on the wide sweep of Weber’s understanding of societal evolution. Max Weber’s concept of the ‘rationalization and disenchantment’ of society leads to his framed description of the ‘iron cage’ of bureaucracy – a degenerate condition of modern capitalist society with a particularly pessimistic prognosis for the health, wellbeing and, by implication, the future of the modern capitalist state.

Using the foundation work of both men, Habermas projects a path for the rationalisation of society built upon a theory of communicative action. The theory represents his magnum opus and can be found in volumes 1 and 2 of *The Theory of Communicative Action*. Presumably, it is this work that represents the ‘fag end’ of the enlightenment project that the speaker mentioned in the quote in the introduction.

**Putting Critical Theory and Habermas to ‘work’ - a brief overview**

Accounting research that claims to adopt a critical theory foundation, within a Habermasian framework, has been around for some years now. Examples of this approach, include the works of Laughlin (1987), Broadbent et al (1991), Broadbent et al (1992), Laughlin et al (1991), Laughlin and Broadbent (1992) and Arrington and Puxty (1991).

For this paper, my interest revolves around Laughlin’s 1987 paper entitled “Accounting Systems in Organisational Contexts: A Case for Critical Theory”. At this stage a comprehensive review and critique of this paper is not my intention. That will follow at some time in the future, but I selected this paper because it represented my ‘entry level’ into Habermas and accounting research.

Laughlin (1987, 483-484) launches into a spirited case for the relevance of critical theory in research into accounting systems. He highlights three characteristics of the theory that can illuminate accounting research:-
1. The dynamic linking of theory and practice;
2. The idea that critique, change and development are vitally necessary components of a practically based research endeavour;
3. Viewing social organisations in an historical and societal context can expose hidden meanings that reside in those contexts.

Laughlin (1987, 485) further claims that adopting a Habermasian methodological approach offers the best prospects for understanding and changing accounting systems design, and proffers three reasons in support of this claim:

a. Habermas’ concentration on a linguistic and communicatively based theory of societal rationalisation offers the best prospects for understanding (enlightenment) and no-violent change;
b. Habermas’ methodology does not presume a pre-existing ideal state for accounting systems before investigation can progress; and
c. Habermas explicitly specifies the processes that generate understanding and change.

Interestingly, Laughlin draws on a structure from Habermas’ Theory and Practice, (a work that pre-dates the ‘linguistic turn’ in his work) for a three stage process to expose, understand and change the subject systems within a discursive framework.

Initially the researcher is in a state described as ‘quasi-ignorance’ where he or she knows little of the nature of the formal and informal accounting systems under review. Subsequently, critical theorems about the nature of the technical status and the social roots of the system are formulated. Then, the researcher together with the researched, by engaging in discursive processes articulated around the Ideal Speech situation, analyse and redefine these theorems in a “PROCESS OF ENLIGHTENMENT” (am I at the ‘fag end’ yet?)

Finally, both researcher and researched continue with the discursive process and explore the possibilities for change in both the technical aspects and the social impacts of the accounting system and select an appropriate change strategy Laughlin, 1987, 489).

Accordingly, a critical theory approach has achieved its aims of exposure, understanding and change. The change is viewed as an emancipation from forms of subjugation that the technical aspects of a system and its supporters impose upon the social actors involved. Correspondingly, the idea of emancipation firmly holds the centre ground of the methodological process.

This is a highly truncated review of Laughlin’s work but there are a number of issues raised in the paper, two of which I propose should be pursued beyond this paper.

Firstly, Laughlin’s interpretation of the Habermasian instrument places the researcher at the centre of the three stage process. [This invests the researcher with powers and elements of control that intuitively raises cause for concern. The researcher becomes the focus of change and by implication the change agent.] This strikes me as a particularly powerful role with implications for all three stages of the process. These skills are maintained by a powerful elite. This leads me to the second concern of Laughlin’s analysis.
Laughlin recommends a ‘personal profile’ for those selected to engage in the process. In which, both researchers and the researched must be carefully conscripted.

“Only those who have the potential power to effect change in the phenomena being investigated should be chosen.” (p.490).

This must necessarily favour the pre-existing power bases in the organisation. The empowerment process identified with the emancipatory potential of critical process tends to become derailed when existing structural authority is maintained.

If the Habermasian framework is to realise its implied potential to accommodate exposure, emancipation and change then alternative procedural strategies must be explored.

**Concluding Remarks**

By adopting a teleological approach to this form of research one can accommodate certain hermeneutical concerns. When Laughlin and others interpret Habermas – they are (unless they return to the original German text) relying on a pre-existing interpretation – that of the German to English translator. A side issue it may be, but in adopting a theoretical structure that has as a centrepiece discursively negotiated processes, the importance of language, linguistics, hermeneutics and meaning is intensified.

It would be quite arrogant to suggest that accounting researchers in general who intend to explore this methodology adopt a genealogical approach. But for me, an historical investigation of the provenance of Habermas’ core concerns is almost unavoidable. By implication it can reduce any investigation to a snails pace. For all intents, I am well out of my ‘element’ in this project and yet intuitively I feel that worthwhile insights are available here.

For now all energies are diverted to the process of enlightenment. Am I working at the fag end of things? Who Knows? And what’s more, who cares?

Habermas’s experience spans German social history from pre-World War 2 and his Hitler youth days to his professorship at Goethe Uni in Frankfurt and his sabbatical at UCLA Berkeley. He has witnessed the Nazification, de-Nazification, the splitting of Germany and its post-wall reunification, the failure of a rule of law society and its post war redemption in the new German state and growth to an economic powerhouse. Nearing the end of his life he witnessed a centre-right government admit nearly a million refugees and economic migrants - strictly counterintuitive for Merkel. In retrospect, he has written about all these fascinating events in a wonderfully productive manner.

It has been twenty four years since I first wrote and presented the original draft of this paper! Has Critical Accounting research achieved any significant outcomes? - hardly any noticeable to speak of! Has it become accepted or is it still marginalised? Again, it seems the more things change the more they stay the same - indeed universities are now more concerned with benchmarks and the provision of a commodity within the capitalist society than working to improve society! I was fortunate to have worked at a School of Accountancy that was synonymous with the mythical Camelot where
critical accounting research was nurtured and there was an analogous search for the holy grail through critical accounting research.

References


End Note
Fowler’s ‘Dictionary of Modern Critical Terms’ considers Kantian critique as concerned with the discovery of the nature and limits of human understanding – theses elements to be found within the structures of the human mind. Later, Marxist ‘critique’ centred on ideology and the economic organisation of society. Later still, Weber and Durkheim continued to refine the nature of Kantian critique into a sociology of knowledge. Fowler describes it as a process of transformation. Substantially critique most closely associated with critical theory for its ability to expose and analyse the various interests at work within our culture, language and society.