



Conceptualisation of Accounting Communication through the Lens of Deontology, Ontology and Epistemology

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Abstract: accounting as an information system is somewhat exclusive from other genre of communication systems; it conjures legitimacy through the accountants' claim of objectivity. This paper inclines on the philosophical theories of deontology, ontology, and epistemology to deconstruct accounting communication. The objective of the paper is to provide a critical conceptualisation of accounting communication through the lens of deontology, ontology, and epistemology and to propose a framework for further research and to guide the communication of accounting information. The approach is a critical and intuitive Hermeneutical deconstruction of philosophical texts on deontology, entomology, and epistemology to provide a mirror of accounting communication. Findings show a criticism from critical scholars, which decries accountants' claim of objectivity in accounting communication as rather partial given the one-sided construction of reality. The paper is thus significant with a critical discussion of accounting communication, which bridges a gap in the literature. It provides academic and practical significance for improving accounting theory and discourse in higher education and for accounting practice. The paper adds novel value and contributes to the philosophy of accounting communication with the development of a framework for accounting communication which integrates deontology, ontology, and epistemology of accounting.

Keywords: accounting communication; deontology of accounting; ontology of accounting; epistemology of accounting; professional ethics; professional norms

1. Introduction

Tracing the origin of the discipline of accounting back to the commerce era (Yamey, 1980), it becomes more credible to deontologically relate that accounting communication is seen more from the perspective capitalism (Ahmed, 2006). This

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is because commerce and/or accounting functions more like a cloak of capitalism – as it is difficult to acquire capital in the absence of commerce except for acquisitions of capital related to feudalism or in the hands of autocrats and despots that rule nations with iron fists to silence dissent and expropriate common property (Burrows, 2004). Furthermore, accounting communication's inclination on capitalist hegemony is propelled firmly by the free market and private ownership structure of capitalist system of wealth creation and ownership (DifferenceBetween, 2014). In consideration of the nature of commerce thus and the attendance duty-bound prescripts of profit whereupon the CEO must reach a certain level of profit to earn his/her incentives or at least to keep their job, it becomes imperative that accounting communications is seen to tilt toward the deontological genre of ethical communication. This is because the making of profit is duty-bound and therefore profit is the natural tone of accounting that stands in contrast to the consequences to human welfare – an inclination that gave rise to social and environmental accounting to moderate the apparent capitalist and/or economic dominance of pre-19th century accounting information and communication. Albeit apparent moderations and modernisation of accounting's goals and ethics, some critical theories with deconstructions of accounting are still sceptical of the extent of credibility of accounting's modern claim of social and environmental citizenship and the communication thereof. Hence some scholars of ethical accounting communication regard the modern bourgeoning social and environmental accounting communication as a legitimising transformation of accounting in search for credibility. Accordingly, institutional theorists opine that social and environmental responsibility of accounting diffuses upstream from the society pressure to the institutions with attendant ripple to their supply chains. This is perceived as such because the implementation of society demand for environmental responsibility is more of a compliance strategy of enhancing accounting legitimacy (Greve & Argot, 2015). An analysis of the commentaries and scholarly empirical findings might suggest that contemporary accounting communication toward the social and humanism might not be traceable to the early origin of accounting, which was meant to keep accountability of merchants' wealth and hence the growth of those wealth. Therefore, drawing from critical perspectives, accounting communication can be seen to be mutably complaint to society's changes and/or demands – but the extent to which accounting's compliance to its community demand is rooted to core corporate strategy remains contestable. Therefore, scholars have identified that whilst some accounting communication of corporate social and environmental responsibility may be

credible for some companies, there are signs that some companies may be reporting pretentiously. Accordingly, scholars indicate two sides of the coin regarding accounting's communication of sustainability, namely strategic and credible sustainability, and phoney sustainability (Elkateb, Yousfi & Omri, 2023; Delmas & Burbano, 2011).

Accounting as an information system is somewhat exclusive from other genre of communication systems. This is because accounting conceptualisation as an information system assumes a grander diversified configuration, which is broader as other systems are subsumed within the accounting information and communication system. Accounting is conceptualised within a flexible and dynamic apparatus, which imbues it with the capacity to communicate the language of every other discipline of human endeavour. The dynamic and strategic import of accounting also enables it to pivot the nature of communication in other disciplines. This is because accounting communicates finance – the pillar of all human activities using the vocabulary of humanity, social, environmental, economic, fauna, flora, and those of other eco-systems – thus making accounting the emperor of information and commination.

2. The Problem

Scholars decry the apparently asymmetry nature of claimed objectivity in accounting communication (Morgan, 1988; Micheli & Mari, 2014), and suggests the need for a more balanced accounting communication, which integrates interpretivist and pragmatist philosophical approaches. Albeit this call, there is little effort in the literature, which provides critical discuss of accounting communication and attendant framework, but this current paper bridges this gap in the literature.

3. Objective

The aim of this paper is to provide a critical conceptualisation of accounting communication through the lens of deontology, ontology, and epistemology and to propose a framework therefrom.

4. Method

The paper adopts a critical review of related accounting philosophical literature on the nature of accounting communication. It chiefly draws from the application of intuitive Hermeneutical deconstruction of philosophical texts on deontology, ontology and epistemology to provide a mirror of accounting communication and to propose a framework of accounting communication through a fusion of deontology, ontology and epistemology. The paper thus contributes to the accounting communication writings through the application of Hermeneutics approach that is largely absent in the accounting communication literature. Experts concur that Hermeneutics approach is fitting when presenting critical enquiries that involve philosophical deconstructions (Stanford Encyclopaedia of Philosophy, 2021).

5. Revenue, Cost and Profit Communication

The realm of accounting information and communication is couched under the vocabulary of revenue, cost, and profit. By implication therefore, the language of commerce and/or commercial activities – whether small or big is communicated via the objective of commerce or business, which is the generation of revenue and ultimate profit. Revenue and profit may be described as an opium of business – a deep inquiry into the conduct of businessmen and women reveals the extent of commercial shrewdness and the unquenchable penchant for profit (albeit gargantuan ethical misdemeanour – at the expense of health and life in some instances) (Quinlan, 1980; Brueckner et al, 2010).

6. From the Lense of Deontology

Accounting communication is strictly guided by accounting professional policies under the umbrella of objectivity, accountability, transparency, comparability, efficiency, etcetera, as enunciated by the International Financial Reporting Standards (IFRS, 2023).

Perhaps accounting information and communication may fit into the philosophical genre of Kantian deontology, which advocates that actions are best judged on duty bound or professional rules and not necessarily on the consequences of the actions on humans (Barrow & Khandhar, 2023). In Kantian deontology, actions are

morally right in so far as they are duty-bound and conform to certain characteristics, standards, principles, or rules but not obligatorily based on their eventual effect on humans (Britannica, 2023). Thus, the Kantian deontologists adhere to professional values and norms prescribed by the organisation they belong to given that adherence to the shared value of the organisation ranks paramount in what is regarded as ethics compliance. Accordingly, accountants under each accounting jurisdiction of the world have an absolute obligation to the institute of chartered accountants in that country. This means that individual chartered accountants serve as a representative of a country's-chartered accountancy body under which they work. Their accounting communication thus must be in alignment with the prescripts of the country's-chartered accountancy body. This also means that application of individual opinions or beliefs rather than the codes of conduct of the chartered accountancy body might constitute conflict and hence transgression to the rules of the profession. As an example, in the US, the American Institute of Certified Public Accountants (AICPA) body, members are cognisance of the fact that they are bound by AICPA Professional Code of good Conduct. This is clearly stipulated by the AICPA as follows:

“All AICPA members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services” (AICPA, 2023, p. 1)

In Romania (EU), professional accountants' conduct, practice and communication thereof are guided by the Romanian CECCA (Body of Expert and Licensed Accountants of Romania):

*“Due to its fundamental commandments, CECCAR provides **quality** assurance of the services supplied by its members, guarantees initial **education** and continuous development of the professional accountants, oversees knowledge and application of **ethics** and the deontological conduct of the professional accountants”*. (CECCA, 2023, p.1)

7. From the Lense of Ontology and Epistemology of Accounting

Given the contestations that surround the nature of accounting and specifically, the nature of cost and profitability, scholars of accounting and business have paused to inquire about the reality of accounting profit. Hence, the ontological nature of the accounting concept of profitability remains the crux of communication inquiries in accounting (Lukka, 1990; Morgan, 1988; Lavoie, 1987).

In Morgan (1988), accounting communication is first seen from the accountants claim of objective appraisers of reality of accounting information and communication. However, Morgan (1988), argues that accountants' construction of reality is rather asymmetry and as such limited. Hence, Morgan (1988), rebuffs the claim of absolute objectivity in accounting communication but proposes the integration of dialogue in accounting communication to enable accountants approach issues from multiple dimensions that draws from interpretivist approach. Morgan (1988) opines as follows:

“Accountants often see themselves as engaged in an objective, value-free, technical enterprise, representing reality “as is”. But in fact, they are subjective “constructors of reality”: presenting and representing the situations in limited and one-sided ways. They are not just technicians practising a technical craft. They are part of a much broader process of reality construction, producing partial and rather one-sided views of reality, exactly as an artist is obliged to produce a partial view of the reality he or she wishes to represent” (Morgan, 1988, p. 477).

In the above quoted lines from Morgan (1988), the scholar does not completely say the accountants are not objective, rather Morgan (1988) draws attention to the incompleteness of the accountants claim of objectivity – arguing that accountants and their “objective” communication are only one side of the coin of reality that can assist to understand wholistically the true economic situation of the commercial enterprise. He argues with a metaphor of the artist whose paintings represents reality partially. Hence, Morgan (1988) critical essay can rightly be seen as an advocacy for interpretivism philosophy of understanding reality – wherein the professional gives room to interpret reality from diverse perspectives that accommodates diversity of human environment where reality is construed and nurtured. He thus argues that keeping the contemporary view of accounting objectivity from the apparently partial angle may somewhat becloud a wholistic reality of future development of accounting thought and communication. In support

of Morgan (1988), other scholars such as Micheli and Mari (2014) corroborates by advocating the improvement of accounting performance measurement through the application of pragmatic epistemology of measurement. Accordingly, the pragmatist advocacy in accounting information and communication aligns closely with the Morgan (1988) submission for the inclusion of interpretive approach to accounting communication of reality. These views function in tandem as a combination of objective and interpretivist epistemologies converge on the angle of pragmatism. Accordingly, considering the modern expansion of accounting communication to social and environmental issues, this paper conceptualises and proposes accounting communication under the philosophy of pragmatism (a fusion of objective measurement and interpretivist epistemology).

From the foregoing, it is apparent that accounting communications invokes legitimacy, to attract and retain investors, customers and employee loyalty for incessant widening of market share, profit retention and profit growth. Legitimacy and credibility seeking is communicated internally and externally. A sample of forms of communication is briefly highlighted below – but not sacrosanct, there are a lot more communication in accounting and because of the dynamic nature of accounting, its communication genre metamorphoses with innovations in accounting's environment – hence with limitless flexibility.

The interpretivist and pragmatist communication and the attendant impact accommodates some characteristics beyond cause-and-effect relationships. As an example, a communication of corporate name change may be accomplished via a discretionary aspect of accounting prescripts, yet the effect at the end of communication may impact corporate financial standing. The approach of such communication and the timing possess the propensity to influence the psychology of stakeholders into taking a positive or negative reaction that may affect the corporate finance. An example can be seen from the review in the following paragraph.

8. Communication of Corporate Name Change – Seeking Financial Value

Accounting communication may manifest in the form of change in corporate name – yet in attempt to seek a rekindling of legitimacy and entrenched patronage to increase financial value (Park & Song, 2023). Accordingly, through the communication of change of corporate brand name, many companies adopt a

communication strategy of re-imaging as this might have a renewal of customer/consumer, investors and lenders psychology of trust (Jaju et al 2006). Researchers have also introduced another line of accounting communication, which is not preponderant as such in accounting information communication, namely the effect of corporate name rebranding during mergers and acquisitions of companies. whether this communication contributes to the creation of significant brand equity capital should be an important information for managers and shareholders. Accordingly, in their research Jaju et al (2006) examined the level of importance which corporate branding communication play on brand equity capital after mergers and acquisitions. The results by Jaju et al (2006) show evidence of reduction in corporate brand equity which is attributed to corporate branding resulting from mergers and acquisitions.

In some proven examples, communication of corporate brand name may be an effective means of engendering positive financial attraction to the company. As an instance, Park & Song (2023) examined the variation in the influence of market response on a firm's financial stability following a corporate brand name change, based on companies' delistability category. To achieve this aim, they applied a regression analysis, which was conducted on information technology (IT) firms listed on the KOSDAQ market from 2000 to 2019. KOSDAQ is an official acronym for the Korean Securities Dealers Automated Quotations, in South Korea. It is a stock exchange known as Korea Exchange (KRX) which was founded in 1996. It was originally created by the Korea Financial Investment Association, which is an autonomous stock market independent from the Korean Stock Exchange, it was established based on a benchmarking similar to the American equivalent called the NASDAQ. KOSDAQ is a specialised electronic stock market, similar to the USA counterpart called NASDAQ. The key findings from Park & Song (2023) research includes the following: Firstly, a higher market response to the corporate name change corresponds to a higher level of financial stability for the firm. Secondly, the financial stability differs depending on the potential of the company for delisting. Specifically, for firms classified as delistable (listable), the implementation of a corporate name change leads to a negative (positive) impact on their financial stability. Thirdly, irrespective of the delisting status, a more favourable market response to the corporate name changes strategy results in a more positive effect on the financial stability of both groups. Consequently, Park & Song (2023) study suggests that KOSDAQ IT firms can elicit diverse market reactions based on their approach to the corporate name change strategy, potentially influencing their financial stability. This is exemplary research that

provides evidence that communication of corporate brand name change may prove effective in bolstering the financial standing of companies. Based on these critical discussions about the need to improve objectivity in accounting communication, this paper proposes a conceptual framework for improving accounting communication, which integrates a deontology of accounting, improved ontology of accounting, and epistemology of accounting.

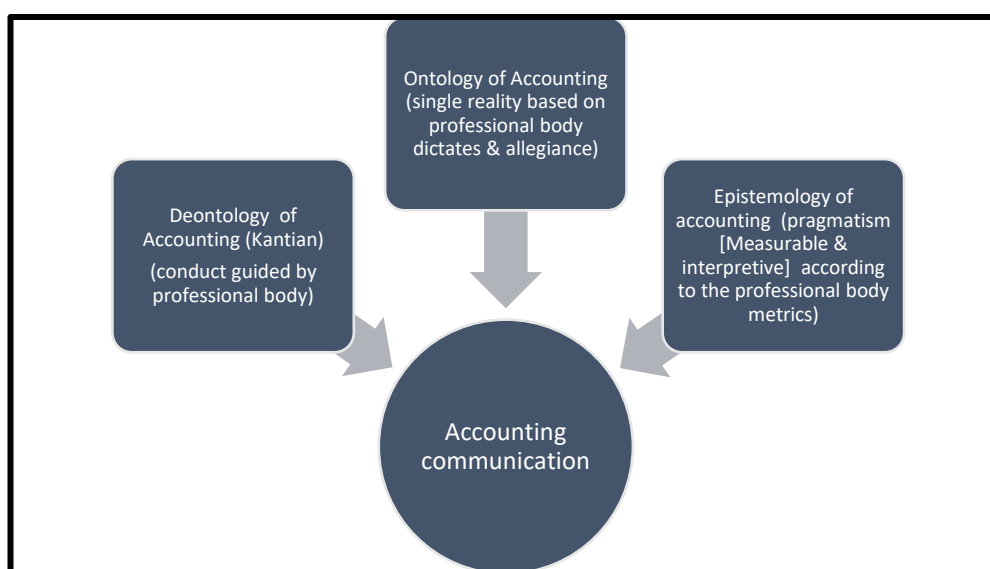


Figure 1. A Conceptual Framework for Accounting Communication

Source: Author

9. Conclusion

This paper has presented a brief critical conceptualisation of accounting communication through the lens of deontology, ontology, and epistemology and to propose a framework therefrom. The paper has been written as a response to scholars' criticism regarding the apparently asymmetry nature of accountants' claim of objectivity in communicating accounting information (Morgan, 1988; Micheli & Mari, 2014). Hence extant critical research has called for a rethink and a newer approach to accounting communication, which integrates interpretivist and pragmatist philosophical approaches.

This paper is thus significant as it has provided a critical discussion of accounting communication, which bridges a gap in the literature. The suggestion for a improved symmetry view of the construction of accounting reality provides both

academic and practical lessons for improving accounting theory in higher education accounting discussions and accounting practice. Overall, this paper adds a new value and contribution to the philosophy of accounting by proposing a framework of accounting communication which integrates deontology, ontology, and epistemology of accounting.

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