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New development: Keeping up with accounting in society—public sector challenges

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IMPACT

This article offers a critical reflection on taken-for-granted underpinnings of public sector accounting vis-à-vis the diversity of accounting in society. The authors encourage academics and practitioners to consider values other than those usually embraced in public sector accounting, such as enabling and anticipatory over coercive controls, co-operation over competitiveness, resilience and social equity over efficiency, and we make a case for turning public sector accounting into a catalyst for change. The authors challenge the public sector accounting community to respond to changing accountabilities in a society that is often divided on matters of public concern, exemplified by current debates around climate change.

ABSTRACT

Building on the publication of the 'Handbook of Accounting in Society', this article calls for wider debate about the role of public sector accounting in society. In exploring accounting beyond its technical understanding as a professional practice, the handbook draws attention to the diversity of accounting in society. We discuss the implications of this diversity for understanding public sector practice, particularly with respect to enabling or coercive forms of control, orientations towards competition or co-operation, efficiency or resilience, and social equity. Changing accountabilities and conflicting accountings are considered, and we close by briefly exploring the position of public sector accounting in the divisive politics of our changing climate, drawing attention to the need for further engagement with the diversity of accountants and accountings who are active out there.

Keywords: accounting; society; social change; accountability; control; co-operation; counter accounting; climate change.

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Seeing accounting everywhere

The *Handbook of Accounting in Society* (Vollmer, 2024) offers a selection of current research into accounting as social practice. This research is part of a broad stream of studies that have increasingly abandoned textbook views of accounting in favour of an empirical understanding of whichever accounting shows up wherever it operates (Hopwood, 1983; Carnegie et al., 2021). The 31 chapters in the handbook demonstrate the increasing diversity in our understanding of how and where accounting takes place, along with the diversity of accounting practice itself (Carnegie et al., 2021). Many who nowadays practise accounting in one way or another are not accountants by virtue of a special education or job title. Once we recognize an activity as accounting—whether it means populating a spreadsheet, filling a form, or rating an online shopping experience—we are beginning to see accounting just about everywhere (Vollmer, 2024, chapter 1). (Note that, due to space restrictions, we refer to contributions to the handbook in this article by chapter numbers only. As chapter authors are not being named individually, it merits emphasising that the chapters and the handbook as a whole represent the work and combined effort of 48 authors.) To be an accounting realist in this sense has implications not just for spotting accounting in general (just about everywhere), but also for spotting public sector accounting—almost anywhere? For example, is filing our tax returns public sector accounting or is it a form of household accounting, or possibly both at the same time? When we are rating the quality of a public service, are we public sector accountants, or is it the people at the other end who will be doing the actual public sector accounting work?

The accounting realists contributing to the handbook avoid drawing a line around the ‘true’ accountants. If we follow this course, the citizen who can afford the time to engage in participatory budgeting will sit alongside the user of a public service struggling to find a minute to fill out the necessary form. The designers of spreadsheets and scorecards will be seen as getting accounting done in collaboration with those who populate their boxes. In themselves, such observations do not necessarily contest the status quo of public sector accounting practice. For example, a ‘citizen accountant’ rating a public service would seem

entirely congenial to managerial and consumerist views of public sector organizations (Hood, 1995; Gruening, 2001). However, where accounting practitioners do not submit to the roles assigned to them, the status quo can become problematic. Chapters in the handbook point to the influence of accounting activism (chapter 20), particularly in community organizing (chapters 21, 22); in industrial conflict (chapter 15); in accounting education and scholarship (chapter 13); and, naturally, in the public sector (chapter 6). If we include these alternative and, at times, antagonistic accountings (see also Brown, 2009; Vinnari & Dillard, 2016; Manetti et al., 2021) in our understanding of public sector practice, what would it mean to give them standing?

In facing up to new public management (Lapsley and Miller, 2019) and its continuing diffusion (chapters 6, 8), there have been various attempts to help public sector accounting overcome established boundaries (Steccolini, 2019; van Helden et al., 2021). Once we recognize the diversity of positions, experiences, and concerns that inform accounting in society (chapters 6, 24, 26, 30, 31), it seems almost inevitable to reconsider public sector practice against this plurality of values (chapter 7). Along with plural values come diverse stakeholders and ‘counter-accountants’ (chapters 15, 20, 22, 29, 30). As a result, public sector practice faces up to new missions (McCandless et al., 2022) alongside conflicting accountabilities (Aleksavska and Schillemans, 2022).

To put such challenges in context, in this article we start by revisiting the values that have been underpinning much public sector practice. Having considered alternative orientations, we come back to discussing the changing accountabilities associated with the diversity of conflicting accountings. This leads us to offer, in conclusion, a tentative view of the emergent role of public sector accounting in the today’s divisive climates.

Transforming accounting in society: changing public sector practice

New public management had invested significant hope in the transformative potential of accounting. Performance metrics were meant to facilitate accountability and control and have served to create new fields of competition (Brankovic, 2022; Van der Kolk, 2022). Relatedly, economization (chapters 11, 12), financialization (chapter 4), and biopolitics (chapters 10, 14, 27) continue to be prominent themes in research about accounting in society. Accounting often seems like an amplifier of powerful currents within society, and the

chapters in the handbook acknowledge the enduring association of accounting with coercive forms of control (chapters 12, 19, 24). However, they also point to possibilities of putting accounting at the service of emancipation and care (chapters 6, 13, 20, 21, 22, 24, 26, 30, 31). There has been a long-standing discussion about making control 'enabling' (Adler and Borys, 1996) by stimulating information sharing among employees, which can be a fertile soil for learning and improvement, empowerment and trust. In their review of risk management systems in the public sector, Bracci et al. (2022, p. 398), for example, point to tensions between prevailing practices of top-down controls and enabling controls that contribute to an increasing ability among employees to manage and respond to risks.

Similarly, accounting practice has transmitted dominant forces from society into public sector practice by associating with notions of competition and competitiveness (see, for instance, Gruening, 2001). Accounting has been used to reinforce a view of public sector organizations as service providers on a market, driven by external as well as internal competition. For example, accounting devices for overhead allocation to departments or services have been used to encourage organizations to create internal markets for services. Much public sector accounting research on these devices has been conceptual and technical. Empirical studies, in contrast, have pointed to more diverse forms of control. For example, a study of overhead control in Dutch public sector organizations found central steering and internal markets alongside an in-between option combining central steering with a user-provider interface (van Helden and Huijben, 2014). Conspicuously, internal market control was by far the least chosen option as economic reasoning was outweighed by administrative burdens and risks for the coordination of service delivery. In a similar vein, the study by Kastberg and Siverbo (2008) about a Swedish municipality as a purchaser of healthcare services shows that the ambition to create internal markets can be difficult to reconcile with the interests of the public sector organization as a whole. These studies support a critical view of the seemingly undisputed concepts of competition and competitiveness. One way of further disputing these notions would be to consider public services as subject to collective ownership rather than market allocation. Once fairness considerations override the obsession with market competition, accounting devices can be realigned towards facilitating a equitable allocation of cost (chapter 7).

Coercive control and competitiveness, still dominant underpinnings of public sector practice, can therefore be contested by turning accounting around towards enabling control and co-operation. Ideally, such changes would cut through to the core of public sector accounting from how it is practised to how it is studied, developed, and taught. A recent review of the literature about public sector accounting education (Karatzimas et al., 2022) notes that technical issues, such as budget preparation, budget execution and financial reporting, remain core to the curricula, whereas the relationship between accounting and society remains largely unexplored. Recent developments in society, such as attention to environmental affairs, growing inequalities in society, and the need for strengthening democratic processes, are at the core of transforming accounting in society (chapters 13, 15, 20, 22, 24, 26, 28, 29, 30, 31) but have seemed to pose challenging themes to cover in public sector accounting education and training. Links between accounting education and broader social and political sciences are desirable but often missed.

To give another example, a strongly emerging literature on the role of accounting in crises has been highlighting how accounting can support preparedness and response by supporting anticipatory and coping capacities and sensemaking processes at critical junctures (Barbera et al., 2020; Barbera and Steccolini, 2024; Vollmer, 2024, chapters 7, 9). This requires recognizing the use of budgets, reports and performance measures in governing uncertainty and complexity, which must complement and at times sideline efficiency and economy considerations in favour of critical thinking, ambidexterity, redundancies, diversity and inclusivity—all of which strengthen individual, organizational and community resilience. Along similar lines, calls have been increasing to escape a narrow view of public sector accounting to develop its potential in addressing the current crisis of unsustainability and rising inequalities. Developments around social equity budgeting and participatory forms of budgeting and assessment highlight the potential of accounting as both a medium for expanding what is being measured and accounted for, and for allowing citizens to take an active role in deciding what should be measured, and how (chapter 7). Given the often-strategic position of public sector accounting in the exercise of government, such changes in professional accounting, on the level of practice as well as in accounting education, promise to have a substantial impact on society as a whole.

Changing accountabilities and conflicting accountings

Given the many positions from which accounting is done within society, what is considered worth accounting for (and how) is subject to debate (see also Boltanski & Thévenot, 2006). To account for something is often a prompt to decide between competing values (chapter 5) and public sector practice will be under particular scrutiny in that regard (chapters 6, 7). But even being under scrutiny by ‘the’ public means different things to different people. Among the many ways of counting—and accounting for—citizens and members of the public (Roberts, 2021; Vollmer, 2021), different views will invariably contest how public sector accounting is being practised. How can public sector accounting research help us understand this precarious position and the dynamics of contestation between activists, counter-accountants, and beleaguered professionals?

At a time when representative democracies are under scrutiny, official annual reports prepared by public sector accountants, and more generally government-generated performance measures may no longer be considered sufficient for public sector entities to manage their accountability (Brummel, 2021). Along similar lines, the legitimization of public sector accounting standards has been increasingly questioned, as standard setting fails to be sufficiently inclusive of relevant interests (Dabbicco and Steccolini, 2020; Bisogno et al., 2022), which sheds doubts on whether standards (and the ensuing reports) reflect the needs and perspectives of stakeholders or rather those of private-sector accounting firms and affiliated professional bodies. Moreover, with the rise of participatory forms of citizen engagement or even citizens' direct initiative, the discharge of public accountability is increasingly seen as requiring stakeholders' engagement through forms of participation and co-production in the evaluation of performance (so called co-assessment), or even the direct initiative of citizens (Barbera et al., 2023). Citizens, be they taxpayers, users of services, activists, influencers, or intermediate organizations representing specific interest, can take advantage of the potential of digitalization, big data, and social media, to collect data, and have a say on public services and their performance (Agostino et al., 2022a, 2022b; Vannhommerig and Karrè, 2014).

Rising forms of armchair auditing, websites that collect and provide reports but also counter accounts about specific services performance are just a few examples of how traditional

vertical, mono-directional forms of accountability, generated by governments and dominated by 'the profession' are being supplemented, if not replaced, by horizontal, bottom-up, diffused and decentralized forms of accountability (Barbera et al., 2023; Agostino et al., 2022b). These emerging phenomena require more attention. They indicate openings for marginalized voices to be heard and for a plurality of accounts to strengthen democratic accountability. At the same time, they might exclude citizens who do not have the motivation, time, technical or social capital to participate in new forms of accountability (for example Mizrahi and Minchu, 2019). Furthermore, these new channels of accounting and counter accounting present opportunities for spreading fake news and misinformation, which might in turn trigger a demand for more traditional forms of reassurance. According to Heald (2012), accountability needs to consider multiple dimensions of transparency, and balances need to be struck between old and new forms of accountability, accounts and counter accounts (Stafford, 2023). Accounting researchers will be well-advised to connect with recent studies in political science on accountability and polarization to understand the complex dynamics involved (Broockman et al., 2023).

Public sector accounting in a changing climate

These wider accountabilities discussed in the previous section create an ever-changing climate of accounts and counter accounts that public sector managers and their accountants need to navigate (Stafford, 2023). When we talk about 'climate' today we rarely think of these political atmospheres but, more likely, of the global warming that we are all involved in creating on a planetary scale. The delicate role of public sector accounting in relation to the politics of climate change, perhaps the overriding public concern of our time, in many ways exemplifies the challenges of its position in a divided society.

Notwithstanding the mounting evidence for climate change as one of the most pressing issues confronting society and government, there are growing divides about the measures that are necessary between the reduction of agricultural livestock, the degrowth of the economy, the transition to more sustainable form of transport, or the closing down of industries. In lieu of a neutral climate change agenda to support, there is no way in which public sector accounting could claim a position of merely technical expertise in, say, adequate forms of performance measurement with which shore up policy advice or public

service provision. Public sector accounting scholars and practitioners alike will need to consider the positions they wish to hold and support on our changing planetary climate and in the divisive public climates associated with it. One option would be to confine accounting support to measures that are taken by a ruling and, ideally, democratically-elected government. However, accounting research can (and often does) actively accommodate perceptions and preferences of diverse and at times marginal groups in society and this might be expedient too in relation to diverging opinions about climate change policies and interventions. Accounting is getting involved in developing and implementing performance indicators, ecosystem services valuations, and wider accounts of ecological degradation and renewal and these could serve the interests of environmental activists or, in the extreme, those of climate change deniers. Is there a role for public sector accountants in mediating between the groups, the publics, people, and managers, in these changing climates? If so, it must also require mediating between the diverse accountants and accountings who are out there in society, putting themselves and us, public sector workers included, on the record.

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