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Accounting, the Public Interest and the Common Good

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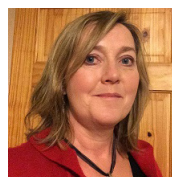
At a global level, we face significant challenges which are best addressed by working together in a communal approach characterised by mutuality and a focus on common goals to benefit society at large. The UN Sustainable Development Goals (SDGs) are a good example of how such goals can operate in the long term; the COVID-19 pandemic demonstrates the urgency of communal approaches in a crisis. In either case, we propose that the common good is a key concept underpinning how accounting can be mobilised in the service of such goals. Tracing the origins of the common good to Aristotle - through the lens of Thomas Aquinas - can open the possibility of a less utilitarian view of accounting, allowing us to see what might lie beyond a current conception of accounting that is entity-based and focused on serving the specific needs of a narrow group of stakeholders. This way of looking at the common good offers a foundation to accounting that is bigger than the public interest, and arguably, more appropriate to a world that faces significant, dynamic and overlapping challenges. Reconsidering the common good offers a way of thinking about accounting and the public interest that recognises the kinds of collaborative actions and relationships required to work on common goals, and also opens new avenues of research.

The common good is often applied in thinking about business and the markets in a way that is heavily influenced by a

neoliberal interpretation of the ideas of Adam Smith and the thinking of John Rawls. This frame understands the common good as something that can be observed by summing the individual "good" of all elements in society. Accounting very naturally lends itself to this kind of measurement at an entity level. A Thomist (relating to the thinking of Thomas Aquinas) view, however, would suggest that such individual measurement and incentivisation will not capture key elements of the common good, that of social relationships, interdependencies and collaborations. These interdependencies have a value that is held in common, outside of the boundaries of each individual and organisation. This perspective on the common good matters because the challenges we currently face highlight the interdependency of humans and human institutions, and also require new levels and forms of cooperation. The urgent responses required involve effective partnering between actors who hold differing perspectives, and who may be unfamiliar with such collaboration. Accounting has a role to play in both enabling and promoting the trust between organisations that will facilitate such responsive and collaborative action. Revisiting the origins of the common good and indeed of accounting itself offers a way of thinking about how to account for such collaborations in a way that is responsive and enabling.

The origin of our modern ideas of the common good are generally traced to Aristotle and

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Aquinas. For Aristotle, the common good is valuable because it benefits a large number of individuals. His concept of good is essentially relational, and rooted in both the social and the collective, but focused on the city state, limiting its impact. Aquinas holds a more holistic view in which the common good as a whole includes, but exceeds, the sum of the good of all the individuals. It includes elements of relationship between individuals, common goals and ambition, ways of flourishing, and leaves us with a conception of the common good that cannot be “accounted for” simply by summing the good of all the individual parts. This way of framing the common good is very distinct from the foundations of neoliberalism.

Accounting as currently framed falls short of supporting this perspective. The focus of most reporting remains squarely on the individual entity, and on how it is performing, with an implicit assumption that if all organisations and entities strive in the same direction, the sum of their individual efforts will produce a common goal. However, the world now faces challenges that require a different response. Can such collaboration be measured and motivated by a form of accounting that assumes continued focus on self-measurement of progress towards individual goals? Using the Thomist lens to consider the common good reveals a limitation in the scope of accounting as we currently understand and practise it. Accounting is well suited to serve a neoliberal conception of the common good; it falls short of actively supporting a Thomist one. It is not that accounting as it is currently practised precludes collaboration; it may, however, not catalyse it to the extent that is required.

A sporting analogy can help to conceptualise the issue. Some sports or games are essentially individual in nature, although they can be played as a team. Teams of golfers, for example, each play their own individual game, and the outcome of the team – the players’ “common good”, if you will – is derived by aggregating what is measured at the individual level. This is how accounting is currently framed, motivating all organisations to do the same thing, and measuring at the entity level. A game like soccer or basketball, however, is a true team sport. The players all perform slightly different roles, and must act collaboratively and responsively to achieve their common objective. Their relationships matter, as does their awareness of each other on the field of play. Their “common good” is something other than their aggregated individual self-interest. The common good of a golf team could be easily accounted for in the tradition of Adam Smith and utilitarianism, and lends itself naturally to the way in which we have come to understand accounting as entity-based and individualistic. The urgent

challenges we now face cannot, however, be addressed by continuing in the vein of individual self-interest. This presents us with a situation far more analogous to that of a soccer team, requiring concerted, non-homogenous action to achieve a common goal. This form of “common good” requires a synthesis of individual and collective goals that relates more to the thinking of Aquinas than of Adam Smith.

Accepting that the common good is more than the sum of individual parts, that there is a value in relationships and that each individual entity may not need to pursue identical goals requires us to reconsider the relevance of a die-cut, standardised form of accounting focused on individual self-interest. At the same time, we need to avoid a focus on the greater good that subsumes individual interests. The Thomist view of the common good is particularly helpful in this respect, in that it largely avoids a polarity of the individual and the communal. This perspective, can also reconfigure and broaden our understanding of the public interest mandate which affords the accounting profession the privilege of legitimacy. Significantly, it presents a frame of reference for “public” that transcends what can be seen and measured from within a single entity, without compromising the importance of individual action.

In the pursuit of a new way of thinking about accounting for the common or public interest, and for relationships that support it, it is important to consider the behavioural impact that a tight definition and measurement of social interaction might have. In part, the Thomist view of the common good has traction because it is not too tightly specified. Aquinas developed the concept at the level of analogy, and so in concrete terms it remains somewhat elusive. There may be value in retaining this looseness, particularly where a value is being placed on relationships and social bonds.

If accounting for the social is too closely allied to metrics and audit, it risks evolving into a dystopian, measurement-obsessed function. A different way of considering the issue would be to focus on trust, an element that underpinned the origin of accounting as we know it. This can complement and alleviate an oppressive and obsessive focus on validation of what is owed and owing, and is a fruitful area for future accounting research. This also points to the value of new accounting research that returns to foundational texts, and how returning to the foundations of the common good in an accounting context may allow for a reconsideration of how accounting and accountability might contribute to a more cohesive and equal society.

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