

## Dialogue I

### Another Christian Perspective on Accounting

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#### Introduction

White offers an engaging analysis on accounting from a Christian perspective. White's review of the functionalist and power perspective of professionalism, specifically as it pertains to accounting, is interesting and challenging. Especially appreciated is White's candid critique of the accounting profession, which, though accurate, is often grim and unflattering.

Many ideas proposed in White's essay merit further discussion. This rejoinder will comment on two. First, White's suggestion that accountants' ulterior motives are typically consistent with the power perspective (i.e., retention and augmentation of status and power) will be broadened. Second, it will be argued, and examples provided, that accountants are not always pawns of business nor are they unfettered with respect to outside controls. Finally, it will be

proposed that Christian accountants need not *reinvent the wheel*, but should collaborate with the many who are working towards a similar outcome via socio-economic accounting. Christian accountants must then build upon this foundation, extending it to a higher level.

#### Are Accountants Self-Serving?

White exhorts us to question the ulterior motives behind accounting decisions and practices. As an example, White discusses the accounting profession's exclusion of human resource utility models, because "accountants seem to perceive utility models as a threat to the status of the accounting profession and therefore prioritize the self-interests of the profession over the interests of society."<sup>1</sup>

White neglects to discuss the many other motivators of accountants. For example, due to the looming threat of *litigation* and *malpractice*, accountants' decisions are often based more on

self-preservation than self-interest. Accountants are frequently punished, both monetarily and by tarnished reputation, when prudence is not demonstrated and financial statements are determined misleading. Neither external nor internal accountants escape judgement. Arthur Andersen & Company (external auditors) was penalized an estimated \$80 million in 1998 for scandals at Sunbeam and Waste Management. A marginalized internal audit team that did not verify accounting practices is blamed for the debacle at Cendant (Barrett, p. 70). Given incidences such as these and others, it is understandable that self-preservation may frequently govern accountants' decisions. Novel accounting practices (e.g., White's example of human resource utility models), therefore, receive scrutiny prior to adoption and implementation, not unlike the rigorous testing new medical treatments undergo before introduction.

The acronym CYA<sup>2</sup> is often explained to accountants early in their career. Unfortunately, this is a prevailing mindset of many accountants and other professionals (e.g., doctors, lawyers, and teachers).

The unbiblical nature of this mentality is obvious (Matthew 5:39-42, I Corinthians 6:7-8). Possible litigation should be but a minimal decision criterion for Christians, including accountants.

#### Are Accountants Independent?

White writes that "... accounting *lives* within organizations and it therefore tends to engage in activities which make its hosts happy." Environmental accounting is given as an example where "... the Financial Accounting Standards Board has yet to make any recommendation." The reason being, according to White, that, "... organizations rarely support any new accounting technique that potentially increases the level of liabilities they are responsible for reporting."

Debatable is White's implied premise that accountants, rather than being independent professionals that properly scrutinize clients, are pawns, used by business organizations to perpetuate business' goals. Admittedly, the accounting profession maintains a precarious position. "CPAs are hired by—paid by—the corporations they audit. There is a terrible tug of war in every CPA firm between

requiring a client to be forthright and truthful in their financial reports and keeping the client and the lucrative fees” (Kamoroff, p. 12).

However, it is extreme to state that the accounting profession is unharnessed by other governing bodies and is a puppet of business, consistently making decisions that make *its host happy*. Two recent examples show otherwise. On February 8, 1999, the Security and Exchange Commission panel recommended several measures that would diminish the accounting profession’s conflict of interest, shifting the oversight of auditors to outside board directors on the audit committee. Currently, outside auditors are often hired and fired by the same finance executives whose work they review. Lynn Turner, chief accountant at the SEC states, “We have to do something to make sure the auditor is skeptical” (Byrnes, p. 92). From within the profession, on April 21, 1999, the Financial Accounting Standards Board (FASB) made the unpopular decision to “eliminate pooling of interest accounting for mergers, perhaps by the end of 2000” (Holland, p. 52). This FASB decision is unwelcomed by the

business community that has long favored pooling because it eliminates future profit hits from goodwill and allows the use of “ever-soaring shares to complete deals” (MacDonald, p. A4).

### **Working Within The Current Environment**

Laudably, the end of White’s essay urges “...Christian accountants both to encourage the profession to see more broadly its societal responsibilities and to encourage it to be guided by the biblical principle of accountability.” As one reflects on White’s closing, and White’s essay in its entirety, one might conclude that only Christians seek to redeem accounting. Fortunately, this is not true. A survey of literature, from a non-religious context, finds many that share White’s vision. Christian accountants may find that the groundwork for biblical accountability has been laid in *socio-economic accounting* and that there is a high acceptance of these principles. “Socio-economic accounting is a call for the measurement of the total performance of economic and government units and their contribution to the quality of life of all the members of a nation. Most people would

enthusiastically espouse this goal” (Belkaoui, p. 4). Briloff and Sporkin express similar sentiments. “I urge my colleagues in academe to take the lead in casting off the shackles of authoritarianism imposed on the profession by the FASB” (Briloff, p. 58). “For the system to flourish, we must insist the accounting profession be staffed with accountants that are both capable and possess the highest degree of integrity” (Sporkin, p. 101).

The Christian accountant’s task is to go further, including the integration of the paradoxical calling of servant leadership (John 13:12-15; Page, pp. 68-69; and White). White’s portrayal of *servant accounting*, “By focusing the accounting profession’s attention on service to society as opposed to increasing its own authority in society,” is little different from socio-economic accounting. Further research might explore how Christians should build upon the foundation of socio-economic accounting, providing specifics for extending accounting to an even higher plateau of serving.

### **ENDNOTES**

<sup>1</sup>Accountants may not yet fully embrace human resource utility models, per se, but

within, they are consciously attempting to implement good human resource management. Deloitte and Touche, a big five accounting firm, exemplifies this endeavor and has been recognized as the eighth best company to work for by *Fortune* magazine (*Fortune*, p. 121).  
<sup>2</sup>Cover your *derrière*.

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