

2010

Accountants' Truth: Knowledge and Ethics in the Financial World by Matthew Gill
[Book Review]

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This book review in a scholarly journal was originally published as:

Gilchrist, D. (2010). Accountants' Truth: Knowledge and Ethics in the Financial World by Matthew Gill [Book Review]. *Australian Journal of Public Administration*, 69, 340-342.

http://doi.org/10.1111/j.1467-8500.2010.00688_5.x

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Accountants' Truth: Knowledge and Ethics in the Financial World

Matthew Gill (Oxford University Press, Oxford, 2009, ISBN 9780199547142, 198pp + x.)

Whenever there is commercial scandal the role of accounting and accountants in that scandal has been a constant source of interest to academics, the media and the community in general. It would seem that scandalous episodes, such as those involving Enron and HIH, carry an enduring fascination as well as a lesson for people in all walks of life. In response to such scandals, analysis is undertaken with a view to explanation, to punishment and to avoidance of repetition. Explanation and punishment are usually effected, however, avoidance of repetition is often less than successful. In "Accountants' Truth", Dr Matthew Gill has, in a very accessible and readable way, undertaken a study of accountants' behavior by focusing on the day to day work which he argues is actually more important. He considers that, fundamentally, an understanding of the way accountants construct knowledge in their daily work provides more answers with regard to appreciating the implications of what accountants do than the examination of specific and extreme cases involving criminal activity. Gill demonstrates his thesis by way of a brief discussion of the Enron episode, but this book does not become yet another expose on the shock and horror of the Enron case. Rather, it is a thought provoking and mature look at the underlying problems ultimately causing such outcomes.

From a policy or regulation perspective, Gill is adamant that we need to understand the "underlying norms according to which accountants approach the rules, rather than the rules themselves" (2009, 8). This idea sends a very important message to policy makers and regulators in that the creation of accounting standards needs to be nuanced to take into account the way accountants use the accounting standards as guidance in their work. The implications of this are broad as they affect accountants' work, clients' responses, the Users' perspective and the financial world in general. There is no doubt that Gill is suggesting that standard setters, those regulating the implementation of standards and the accounting profession as a whole need to focus on these behavioural issues if they want to be successful in what they are looking to achieve.

In his book, Gill considers a number of central themes related to how accountants derive the information they use, analyse and certify. Approaching accounting from an insider's perspective – Gill is both a London School of Economics PhD and prize winning Chartered Accountant – the book traces accounting practice from a number of angles via the direct interview of practicing accountants in Big Four firms operating in London. Specifically, he describes the results of a number of interviews he has undertaken with subjects who are members of the accounting profession and uses those interview results to support his various theses relative to accountants and their work. In one sense, Gill is covering old ground, however, the problems tackled are ubiquitous and his approach is both novel and impactful. Broadly, Gill considers that in essence

we trust accountants to construct financial information, that the fundamental problem of trust in the financial world is really one of knowledge and that “while accounting knowledge can seem indisputably factual, the process of constructing it is contested and opaque” (2009, 1).

Throughout the book, Gill refers to an accounting scenario described in chapter three. This scenario establishes, via the description of an imaginary client, an accounting problem. The treatment of this problem will either enhance the balance sheet of the fictitious organisation or diminish its reported operating results. That is, the scenario generates an accounting problem that could be reported in positive terms to the benefit of the management of the company or in negative terms which is naturally more conservative and less attractive to management. The scenario is introduced to the interviewees and a number of questions are put to them. Their answers are then expanded upon via direct questioning. Exploring these answers, Gill develops his various theses focusing on truthfulness and performance, technocratism, pragmatism, professionalism and ethics. Chapters are devoted to each of these areas in a manner that allows the reader to build a useful and comprehensive picture of what accountants do in developing information and also what elements are taken into consideration by accountants as opposed to those elements that are simply ignored.

The interview responses are used to reinforce points that the author is making relative to his various theses. They are not reproduced verbatim but are constantly referred to in such a way that it is possible for the reader to develop both a sense of the personalities of the interviewees as well as a sound appreciation of Gill’s themes and how those themes impact on accounting work. This impact is developed from the perspective of the users of accounting information but in such a way as to provide both the initiated and the uninitiated with a pragmatic and considered understanding of the way the behaviour of accountants affects the information they develop. Of course, the utility of that information can then be considered. Overall, the book provides a very important resource for anyone involved in working with accountants and/or using the results of accounting work. It also sets a very important precedent for future studies of accounting activity as well as the sociology of the financial world in general.

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