Douglasian cultural dialogues and the Financial Reporting Council complexity project

Abstract

There has been near-universal reliance upon Hofstede’s cultural dimensions as the theory base for culturally-related accounting research. Given the criticisms that have been raised in respect of Hofstede this paper proposes Mary Douglas’s cultural theory as a more appropriate theory base for future research. Central to Douglasian cultural theory is the notion of cultural dialogues which proposes that within any community four solidarities will be present and in constant competition. The paper identifies cultural dialogues through an analysis of comments letters submitted to the Financial Reporting Council (FRC) in response to their ‘complexity of corporate reporting’ discussion paper. To understand how a particular solution has been arrived at when an accounting or auditing issue is reviewed, the debates that precede the outcome need unscrambling by reference to cultural dialogues and the analysis of the comments letters reveals the voices of the different solidarities as they seek to persuade others of the validity of their way of life. The paper proposes a clumsy solutions approach is appropriate for resolving debates on accounting and auditing issues. This approach recognizes that, because the solutions offered up by each culture have limitations, all four voices need to be heard in any debate.
1. Introduction

There has been significant research undertaken examining how culture may influence accounting and auditing practice. With respect to the theory base that underpins this research Heidhues & Patel (2011) document the dominance of Gray’s (1988) framework on accounting values. Gray’s conceptualisation of accounting values is founded on Hofstede’s research into national cultural differences and Baskerville (2003) verifies that culturally-related accounting research has had a near-universal reliance upon Hofstede’s cultural dimensions as the underlying theory base. Hofstede’s ubiquity in accounting-culture research has been previously observed by other researchers; for example, Harrison & McKinnon (1999) note that “Hofstede's typology, together with the country rankings contained in his work, has been extensively, almost exclusively, adopted by cross-cultural researchers in management control systems in recent years” (p. 485).

The employment of Hofstede as the prime theoretical underpinning in accounting-culture studies, whether directly or indirectly via Gray’s accounting values, is highly problematic as important deficiencies have been noted in respect of his cultural indices (see for example, McSweeney, 2002; Baskerville, 2003; Heidhues & Patel, 2011). It is for this reason that Heidhues & Patel (2011) maintain there is a need for accounting research that is not “blinded by the simplicity of Hofstede’s … and Gray’s framework … but (that) … focus(es) on capturing the complexity of cultural and contextual influences on accounting by including more holistic perspectives” (p. 274).

The purpose of this paper is to propose Mary Douglas’s cultural theory as a suitable theory base for culturally-related accounting research. Over a period in excess of forty

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1 Reference is made to Douglas’s cultural theory to ensure it is not confused with other ‘cultural theories’. However, it is important to note that others have made major contributions in aiding Mary Douglas in the development of the theory including: Aaron Wildavsky, Michael Thompson and Richard Ellis.
years Douglas developed a formal and explicit typology of social structures. This holistic systematization of cultures uses a grid-group framework to connect social structures and worldviews, resulting in a typology of four solidarities; individualists, hierarchists, egalitarians, and isolates.

A large body of studies have confirmed that cultural theory is generalizable (6, 2004) and some prior accounting research has successfully employed Douglas’s work in the contexts of audit failure, emissions trading schemes and the socialization of risk (Linsley & Shrives, 2009; Mete et al., 2010; Moerman & van der Laan, 2012). Importantly, these prior accounting studies have not drawn on Douglas’s notion of cultural dialogues which is an essential component of cultural theory. Cultural theory proposes that within any community (or organisation or nation) the four solidarities are present and in constant competition, and this gives rise to cultural dialogues as the adherents of the four ways of life promote their worldviews and attempt to sway others to join their cause (see for example, Douglas, 1997, 2004). Consequently, the notion of cultural dialogues implies that culture is not static and cultural theory does not equate nation states and cultures; on the contrary, it questions the idea of unchanging groups and emphasises the dynamic nature of culture (Patel, 2007).

To support the proposal that Douglas’s cultural theory may usefully be adopted as a theory base for culturally-related accounting research the paper is structured as follows. In section two, key facets of Douglas’s cultural theory are clarified and it is argued that the problems commonly raised in respect of Hofstede do not pertain to cultural theory. The second section of the paper also rebuts criticisms that are commonly raised in opposition to cultural theory. In the third section we seek to show that Douglas’s cultural theory can be usefully applied in an accounting context by employing the notion of cultural dialogues to identify and analyse the voices of the
different solidarities. The case used for this examination of cultural dialogues is the set of comments letters submitted to the Financial Reporting Council (FRC) in response to the discussion paper issued at the outset of their ‘complexity of corporate reporting’ project. The paper is not seeking to assess the efficacy of lobbying activities upon regulatory proposals. Rather, the paper relates the responses in the comments letters to the four solidarities, and analyses how the relative power of the different solidarities affects how each seeks to have their voice heard. In this section the voices of the two solidarities that hold most power are analysed; these being the individualistic and hierarchical solidarities. The fourth section identifies and analyses the egalitarian voice. Typically, egalitarian groups are less influential than the individualistic and hierarchical solidarities (Douglas & Wildavsky, 1982).

Consequently, the egalitarian voice is more strident and will seek to find ways for its voice to be heard. The final section of the paper discusses how the complexity project can be categorised as a ‘wicked problem’. That is, the problem is “intractable ... (in an) inherently contestable arena ... and while we often turn a collective blind eye to such problems we cannot avoid making a decision at some point” (Grint, 2008, p. 12). The authors propose that the best approach to solving ‘wicked problems’ in accounting, such as complexity in corporate reports, is a clumsy solutions approach. Clumsy solutions are messy and require tolerance of imperfections as they eschew elegance and, instead, opt to recognize the alternative perspectives of the different ways of life.
2. Douglasian cultural theory

2.1 The principal ideas

The foundations of Douglas’s ideas on cultural theory are located within *Purity and Danger* (1966) and then progressed and refined in a series of texts and papers (see for example, Douglas 1970, 1978, 1982, 1986, 1989, 1990, 1992, 1993, 1994, 1995, 1999, 2003, 2004, 2005; Douglas *et al.*, 1999; Douglas & Mars, 2003; Douglas & Wildavsky, 1982; Douglas *et al.*, 2013). In *Natural Symbols* (1970) the principal concern is to establish that the ordering of social relations is far more systematic than might be presupposed. The grid-group diagram first presented in *Natural Symbols* is provided to support this argument as an “impressionistic account of cultural controls drawn from anthropologically reported examples from all over the world” (Douglas, 1982, p. 1). The grid-group model expounded in *Cultural Bias* (1978) represents a progression from the previous diagram as it establishes a framework that can be used to investigate and analyse societies in connection with culture. Accordingly it facilitates the formulation of hypotheses about, and the analysis of, behaviours and cosmologies in the resulting four different solidarities.

The grid dimension relates to the amount of regulation that is imposed upon individuals in selecting social roles and in negotiating with one another (Douglas, 1982; 1993). Where there are extensive prescriptions controlling individuals’ behaviours this denotes a high grid society; conversely, in a low grid society individuals self-select social roles and are free to interact with whoever they choose. The concept of group is concerned with an individual’s commitment to other members. High group denotes a society where individual actors have a strong allegiance to one another; where individuals feel little or no commitment to other members of society and pursue their own agendas this would constitute a low group.
society. The grid-group model therefore results in a typology of four solidarities (figure 1): individualists, hierarchists, egalitarians (or sectarians), and isolates. It can be noted that cultural theory follows Boas in rejecting orthogenetic accounts of culture, asserting that the four solidarities apply across all societies regardless of scale or geographical location or historical period; hence, Douglas’s remark that there is “no such thing as traditional culture” (Douglas, 2004, p. 86). In addition, Douglas’s cultural theory is sometimes referred to as ‘neo-Durkheimian theory’ as this calls attention to how her theory can be partly understood as an extension of Durkheim’s two-fold classification of social integration and social regulation.

**Figure 1 about here**

The hierarchical solidarity (high group-high grid) “is a system of coordination based on authority, precedent, rules, and defined statuses (often hereditary, or based on age or gender) ... Its upholders justify it by appeal to traditions to be conserved” (Douglas, 2004, p. 291). Within the group social roles are restricted and strong internal boundaries ensure there is clear differentiation between roles. It is a form of society that values tradition and expects authority to be respected; rules are to be followed and the maintenance of order is important. Douglas perceives hierarchy as an environment where “an individual knows his place in a world that is securely bounded and stratified” (Douglas, 1982, p. 4). Hierarchists, in seeking to preserve their way of life, are especially concerned about dangers to the boundaries. Hence, loyalty to the group is of great importance and acts of social deviance committed by insiders will be dealt with robustly as this constitutes a threat to the internal boundaries. Outsiders are
also perceived as potentially dangerous as they may violate the external boundaries, but they may become group members if they will conform.

By way of contrast, actors within an individualistic solidarity (low group-low grid) are at liberty to co-operate and network with whomever they choose. The cosmology of the individualist tendency is that it “explicitly sanctions individual competition” (Douglas, 2004, p.291). Hence, Douglas conceives of this form of solidarity as an entrepreneurial form of society that is unconstrained by internal or external boundaries. The primary motive underlying individual transactions is to gain resources. There is no loyalty to others and “people are expected to go forth entrepreneurially, get new ideas, work hard, and compete for esteem and income” (Douglas, 2003, p. 1358). Consequently, the “prominent virtues are individual courage, intelligence, perseverance, and success (whilst) (p)ower and wealth are the rewards” (Douglas, 2005, p. 28). This is a very demanding form of society and those who fail have only themselves to blame; equally, those who fail cannot expect to receive assistance from others. The difference between a hierarchist’s and an individualist’s perceptions of dangers is that the former is focused on the breaching of boundaries whereas the latter is most concerned about threats relating to the acquisition and maintenance of personal wealth. Thus, any threat to the legitimacy of the ‘marketplace’ will be responded to vigorously (Wildavsky & Dake, 1990).

The high group-low grid typology corresponds to the egalitarian solidarity (or “sect” or “enclave”) (Douglas, 1992). This combines facets of both the individualistic and hierarchical cultural forms. The external group boundary has, however, even greater significance than in the hierarchical culture, as it lacks internal divisions. Admission of new members to egalitarian groups is monitored very carefully as preservation of the group boundary is so important (Douglas, 1978). To unite its members the enclave
defines itself by setting itself in opposition to the wider community. This can result in enclaves “striving to hold the moral high ground” (Douglas, 1993, p. 31) and, for this reason, ideas of equality and justice are important. In short, insiders bond together against outsiders (Douglas, 1992). Commitment to the group is of the utmost importance and disloyalty considered a heinous act likely to result in exclusion. Although egalitarian groups are close-knit communities, establishing authority is difficult. This is because there is no demarcation between internal roles with the result that asserting authority is problematic.

The final classification is the isolate solidarity (low group-high grid). This comprises individuals who are highly restricted in their selection of social roles and in the “kinds of contracts they can negotiate” (Douglas, 1993, p. 30). Relatively excluded and isolated, they possess no sense of community. Their perception is that unfairness is an inherent feature of life. Because the world is arbitrary and capricious the isolate has a passive attitude to risk. Their perception is that they have no control over events and are simply victims of fate.

An important aspect of the relationship between the four solidarities concerns Douglas & Wildavsky’s (1982) deliberations on the ‘center’ and the ‘border’. The hierarchical and individualistic solidarities are at the center as they “constitute the major line of control and command in any society” (Douglas, 2004, p. 291). These two solidarities “make a formidably stable combination” (Douglas & Wildavsky, 1982, p. 181) and there is some reciprocity as “individualism needs a political base to assure its basic security (whilst) … the hierarchical (solidarity) needs an economic base” (Douglas, 1990, p. 12). Thus, these two solidarities are both collaborators and adversaries, and the dominance of the center is particularly evident when the interests of the hierarchical and individualistic solidarities coincide (Douglas, 2004).
Conversely, the border comprises egalitarian groups who are remote from, and critical of, the center and its power. The critical stance that egalitarian groups adopt towards the institutions of the center, and that arises from the identification of the outside world as inequitable and unjust, both strengthens the egalitarian group through reinforcing the group boundaries and results in hierarchists and individualists perceiving egalitarian groups as troublesome and a possible threat. The “sectarian tendency presents an opposed identity ... (and) stirs the conscience of society” (Douglas, 2004, p. 291).

2.2 Clarifying Douglas’s cultural theory and addressing criticisms of Hofstede

It is important to clarify facets of Douglas’s cultural theory as it has been misinterpreted. These clarifications also provide an opportunity to explain why the problems repeatedly raised in respect of Hofstede do not apply to cultural theory. Baskerville (2003) summarises the criticisms that are commonly raised against Hofstede as being: the need to understand cultures from-within rather than from-without, problems in the adoption of numeric dimensions, the inappropriateness of positing a direct association between nation states and cultures, and that it is unreasonable to assume that cultures remain static.²

Douglas’s research is firmly rooted in the anthropological tradition of ‘understanding from within’. For example, Purity and Danger (1966) developed out of fieldwork undertaken in the then Belgian Congo (now the Democratic Republic of Congo). Further, the grid-group model was founded upon analyses of ethnographic studies (see for example, Douglas, 1970). Therefore, the first criticism that Baskerville (2003) raises in respect of Hofstede does not apply to cultural theory. Notwithstanding that

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² As previously stated Baskerville is not alone in her criticism of Hofstede (see for example, Greer & Patel, 2000; McSweeney, 2002). However, Baskerville raises the most important key concerns.
Douglas’s work derives from experiencing societies in action, it is commonly argued that the grid-group framework is ineffective because it is an oversimplification of the real world. However, inherent in this criticism is a failure to recognize that the grid-group framework is intended as a heuristic device having been developed as an aid for understanding how social structures result in distinct worldviews. It needs to be understood that grid and group are continuous dimensions and should not be construed as comprising purely a high or low status. Douglas (1982) is fully aware that she is “gently … push(ing) what is known into an explicit typology … (and) … reducing social variation to a few grand types” (p.1-2) and that “eleven thousand or a million (types) would not be enough to cover the variety that is out there” (Douglas, 1999, p. 411). However, an explicit and parsimonious typology is necessary for meaningful analyses of cultural dialogues; even though at the level of nations this will likely be an especially difficult task (Douglas, 1999; 2004). Baskerville’s second criticism in respect of Hofstede is that culture cannot be quantified using numeric dimensions and the preceding discussion on the grid-group framework indicates that it is not intended that this framework be used as a measurement device. Very importantly, nor is it expected that a particular society or group will solely exhibit the features that would typically be associated with one of the four solidarities. As Douglas develops the ideas associated with her version of cultural theory she continuously emphasises that any community will comprise all four solidarities and there will be continual cultural dialogues as to which way of life should be favoured (Douglas, 1997; 2004).

A community at any one time is constituted, not by one, but by four distinctive cultural tendencies, each based on its part in the organization of the whole system … They constitute the community as a four-fold cultural unit engaged in a continuous internal dialogue. At all times a
culture is responding to the individual culture bearers and how they are dealing with each other. (Douglas, 2004, p. 290).

Consequently, the four solidarities are not detached from one another and interaction between the four is a fundamental aspect of cultural theory. They are perpetually debating which form of organization is ideal and whilst they are in opposition to one another, this opposition sustains them as the debates between the solidarities (whether the debates concern immigration, terrorism, accounting regulation or whatever) reaffirm what the respective forms of life represent (Douglas, 1993). As important, each solidarity needs the others to remain viable. For example, individualists need hierarchists to implement laws that provide remedies if contracts are reneged upon, whilst hierarchists need the taxable profits of entrepreneurs to maintain welfare systems. Further, the tensions between the four solidarities help ensure that they do not become parodies of themselves; for example, egalitarian groups can restrain hierarchies who may have a tendency to repress deviant individuals (Verweij, 2004). The cultural biases of the four solidarities will, therefore, be observed within any society as each attempts to win the debate as to the most appropriate “form of life to be led in common” (Douglas, 1997, p. 129). As Douglas (1997) states:

Because I need to avoid giving the impression of a culture as a sharply defined group of people, I would like to try presenting culture as a dialogue … Intercultural dialogue is inherently agonistic … the contest is about the form of life to be held in common. (Douglas, 1997, pp. 128-129).
Douglas’s cultural theory has also been criticised as being deterministic. This charge was raised against Douglas when she first proposed the grid-group model in Natural Symbols (1970). By Douglas’s own admission Natural Symbols is confusing and this initial attempt at presenting a ‘grand theory’ of types resulted in a conception of the grid-group model that had not been fully thought through. Douglas later acknowledged that the, then under-developed, ideas might be misconstrued as deterministic for she had presented an inert model within Natural Symbols which plotted values onto four seemingly fixed solidarities and the “role of individuals appeared to be passive in a determining social environment” (Douglas, 1999, p. 412).

Douglas significantly developed the ideas underlying cultural theory subsequent to the publication of Natural Symbols. Importantly, Douglas was aware that cultural theory needed to be able to account for cultural change; in the sense of understanding how and why the dominant solidarity in a community may be replaced by a different solidarity and, relatedly, how and why individuals change allegiance from one solidarity to another. The creation of a dynamic ‘version’ of cultural theory cannot be solely attributed to Douglas and she particularly acknowledges the role that Michael Thompson played in its development.

If Douglas’s later ideas are reviewed then it is inappropriate to apply the charge of determinism to cultural theory. Rather it can be seen that cultural theory is seeking to connect agency and structure in a particular way. Douglas (1986) is concerned that the dynamic association between ‘minds and institutions’ (that is, the relationship between individual actors at the micro-level and communities or societies at the macro-level) is understood in terms of an interaction between agency and structure. A fundamental tenet of cultural theory is that we are social beings who are predisposed to want to live with others and, hence, that the ‘self’ is constructed by
reference to others (Douglas et al., 2013). It is because we are inherently social that we consent to the creation of social institutions that have claims over us (the types of claims being dependent upon the outcome of the cultural dialogues about “the form of life to be held in common”) and, hence, that constrain our behaviours. These structures impose constraints on individuals, but there are also compensations that derive from the chosen way of life.

This rejection of individuals acting on self-interested preferences, and the argument that it is patterns of social relations that matter, have lead some to conclude that cultural theory assumes there is no agency and that structures determine behaviours. However, in Douglas’s conception of cultural theory individuals are active, not passive, agents and patterns of social relations are not forced upon individuals from without. The way of life (and the associated pattern of social relations) that is dominant at any particular time in a society is the product of all the separate cultural dialogues that have been taking place and is an outcome of individuals’ verdicts on what form of life they would prefer. If the existence of cultural bias were to permanently tie an individual to a particular form of society then changes in the dominant way of life would not be possible and nor would it be possible for an individual to move from one solidarity to another.

As Douglas (1978) clarifies: “(w)hat I claim to be stable … is not (a person’s) individual positions but the range of cosmological possibilities in which they can possibly land themselves” (p. 15). Cultural dialogues imply a dynamic relationship exists between the four ways of life and cultural theory permits individuals shifting support for one way of life to another should they find their current way of life
unsustainable. Without individual agency it is not possible to explain how support for different ways of life change over time.\(^3\) Hence, Douglas notes that:

Culture is not a mechanical control on the individual members of a community. If enough individuals want to be free to compete, they will abolish the rules that check competition ... If the consensus prefers a society that will honour the old, and care for the infirm, or reduce accidents, or maintain a monarchy, they will set up regulations to restrain free enterprise.


Further, Douglas does not argue that an individual will always conform to the expectations of the solidarity of which they are a member. For example, although there will be pressures to support traditions within institutions created on the basis of a hierarchical pattern of social relations, an individual in that setting can still choose not to uphold the traditions. The consequences that result from rejecting the traditions will vary, dependent on the relative importance of the traditions rejected, the manner in which they are rejected and whether the rejection is performed overtly or surreptitiously; but there is always freedom to think for oneself and to reject the traditions.

It is evident that cultural theory, with its attendant notion of cultural dialogues, accords with Baskerville’s view that nations are not susceptible to being analysed as one relatively homogenous unit (the third criticism Baskerville raises against Hofstede). If we analyse a nation we should expect to find the four solidarities to be

\(^3\) For a full account of the dynamics of how individuals’ support for different ways of life change over time see Thompson et al. (1990) who explain that “(t)he movement of individuals between the different ways of life is not some additional complication that the … (cultural theory) framework has somehow to cope with; it is essential to that framework’s very existence” (p. 190). For analyses of changes in respect of the dominant way of life see, for example, Heap and Ross (1992) and Linsley and Linsley (2010).
co-existing and, whilst this will not be a peaceable co-existence, there is some mutual
dependence between the four ways of life.
Baskerville’s final criticism of Hofstede is to question whether it is reasonable to
assume that cultures remain static. Cultural theory does not presume this to be the
case and fully allows for change. It has been explained that the four solidarities will
be present in any society and competing to win adherents. Consequently, in any given
society a particular solidarity may be dominant for a period of time, until another
solidarity gains ascendancy. For this reason Wildavsky (1987) proposes that we
should be “comparing countries by contrasting their combinations of culture” (p. 18).

3. Cultural dialogues: the case of the FRC complexity project

3.1 The FRC complexity of corporate reporting project

The case selected to apply the notion of cultural dialogues in an accounting context
concerns the Financial Reporting Council’s (FRC) complexity of corporate reporting
project.⁴ The FRC is the “UK’s independent regulator responsible for promoting high
quality corporate governance and reporting ... and ... monitor(ing) and enforc(ing)
accounting and auditing standards” (FRC, 2010). In June 2009 the FRC issued a
discussion paper, ‘Louder than words: principles and actions for making corporate
reports less complex and more relevant’ (FRC, 2009b). The FRC requested feedback
on the proposals set out in the discussion paper and thirty one comments letters were
received during the consultation period. The comments letters were submitted by a
range of individuals, professional bodies, companies, and professional services firms,
and it was possible to analyse the responses according to Douglas’s typology
consistent with the individualist, hierarchical and egalitarian solidarities.

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⁴ Hereafter referred to as the complexity project.
A thematic approach to content analysis was adopted to code the comments letters and to identify the dominant solidarity and, where applicable the sub-dominant solidarity, pertaining to each respondent. Coding individual words was deemed inappropriate, as words can only be interpreted in the context of a sentence or paragraph. Further, as sentences often only represent part of an argument it was concluded that paragraphs should be used to identify a codeable ‘moment’ (Unerman, 2000). The paragraphs in the comments letters were coded to solidarities independently by the two authors, both of whom have substantial research coding experience. Detailed coding decision (disambiguation) rules were created by the authors to improve coding reliability (Beattie et al., 2004). These decision rules were based upon the characteristics associated with each of the four solidarities. Initially, a sample of five comments letters were independently coded by both authors and the results compared. The results of this pretesting were used to refine the decision rules (appendix 1 sets out indicative characteristics of the four solidarities used for coding and further coding details are available from the authors). The remaining twenty six comments letters were then also independently coded by both authors. There was minor disagreement in respect of a number of paragraphs in six of the comments letters, requiring the two coders to discuss the allocated codes and to re-code. This resulted in full agreement on coding for all thirty one comments letters. Table 1 details the dominant and sub-dominant solidarity identified for each respondent. In summary, there are seventeen individualistic responses, twelve hierarchical responses, two egalitarian responses and no isolate responses based upon the dominant solidarity.

Table 1 about here
The next two sub-sections of the paper analyse and discuss these patterns of responses for the individualistic and hierarchical solidarities.

3.2 The individualistic cultural bias in the framing of the discussion paper and supporting individualistic responses

It is evident the FRC’s framing of the paper has an individualistic bias. The FRC executive summary prefacing the discussion paper states there is a need for re-focusing the corporate report towards the provision of decision-useful information for investors (in preference to other stakeholders) and this is re-emphasised in the main body of the paper (FRC, 2009b). This view that the primary function of the annual report is to assist investors to evaluate risky decisions as they seek to build wealth implies a free-market orientation that accords with the individualistic solidarity. Additionally, the FRC recommends that a “commonsense approach” needs to be adopted to simplify regulation for businesses preparing corporate reports. This recommendation alludes to the belief that interventions in the marketplace, regardless of whether by the state or other actors, hinder the operation of the market by impeding the individualist’s ability to act without constraint. The individualist has a desire for self-regulation, albeit there is an acceptance that some limited degree of regulation or legislation is required to permit the enforcement of contracts and to keep the market functioning.

That the initial framing of the discussion paper by the FRC is biased towards the individualistic culture is not unexpected. The FRC’s overall strategy expresses a belief in: “wealth creation”, the promotion of “enterprise”, attending to “signals from the market” and “not imposing unnecessary burdens” (FRC, 2009c). This overall strategy upholds the individualist’s primary concern - wealth creation - and
promulgates the individualist’s key policy mantra - do not burden the market as we must be given freedom to transact as we see fit.

As the FRC discussion document has an individualistic bias, those respondents identified as also holding an individualistic worldview (see table 1) are able to endorse the discussion paper. The central argument presented in these individualist responses is that those engaged in business activities need to be left free to get on with ‘the business of business’ unimpeded. This argument provides the justification for asserting there is a need to reduce complexity, forms the basis for appealing for relief from “the ever increasing burden of regulation” (The Quoted Companies Alliance response) and judging that “cut(ting) clutter” (British Land response) is of central importance. That is, this group of respondents are cleaving to the individualistic belief that if businesses are given freedom to operate and are not constrained by regulation then the marketplace would ensure that “his (the individualist’s) activities will leave the future better off” (Douglas & Wildavsky, 1982, p. 99).

This aversion to regulation on the part of the individualist is related to the individualists’ idea of time. Malsch et al. (2012) explain how hierarchists deliberate upon present actions by constantly referencing the past; whereas individualists do not consider the past an appropriate guide for making decisions as they view markets to be in a constant state of change. Therefore, individualists view markets as “ahistorical ... (and) (i)n line with this conception of time, rule-based regulation is seen as paralyzing the vitality of market mechanisms and restraining the scope of individual negotiations” (Malsch et al., 2012, p. 402).

For an individualist, regulation is problematic not solely because it potentially constrains freedom of entrepreneurial activity. Additionally, it is asserted that “complexity has a cost for companies ... which costs are ultimately borne by
shareholders” (Confederation of British Industry response). Thus, individualist respondents are concerned that the costs of regulation mar profits and, in turn, this threatens wealth acquisition.

A further indicator of the individualistic response is a preference for practice over theory. There are two aspects of the individualistic culture that give rise to this preference. First, it arises because for the individualist ‘doing’ is more important than ‘thinking’. You cannot think your way to material success. You have to get your ‘hands dirty’ and be proactive to achieve success. Underlying this propensity to want to act is the awareness of the individualist that if you do not perform to a high level then failure could arise, and if failure occurs this is a serious matter as you cannot expect support post-failure. Second, theory is of little interest to individualists as they consider that knowledge need only be adequate for the matter in hand, whereas the hierarchist has a preference for knowledge to be whole and systematic (Thompson, 1992).

Relatedly, differences in cosmology between the solidarities has an important influence upon the preference for principles-based or rules-based accounting standards. In the low group-low grid setting of the individualist one would ordinarily expect a preference for a principles-based approach to accounting and accounting standards. This preference is present in the complexity project responses identified as individualistic with, for example, the British American Tobacco response stating “the balance has swung too far from principles”. This preference arises as it permits the individualist the use of individual judgement rather than being tied to rules. The individualist wants freedom to take whatever action is necessary that best allows them to pursue success. They prefer practice that, typically in accounting, allows for a variety of possible treatments (rather than having to follow the treatment that is
theoretically best) and this permits them to adopt a treatment that suits their purposes. Equally, they also prefer principles-based standards which can be manipulated to suit their own purposes, rather than being compelled to follow a rule.

In summary therefore, the individualistic responses are built upon the principle that businesses need to be left to get on unhindered. Further, the individualistic responses are identifiable because of the investor focus, advocacy of the removal of regulation and associated costs, a preference for practice over theory and support for principles over rules.

3.3 Hierarchical responses and self-assurance of the center

Hierarchists will not accommodate any measures that pose a danger to either group loyalty or the social hierarchy as this threatens the hierarchical worldview. As the framing of the FRC paper matches the individualist’s worldview, we might expect hierarchist’s to promulgate their worldview with some diligence. A caveat to this relates to Douglas & Wildavsky’s (1982) observation that the individualist and hierarchical cultures are at the center because of the power they hold. One outcome of this is that complacency can arise whereby individualists and hierarchists alike assume they do not need to expend great effort to garner support for their worldviews.\(^5\)

In respect of the complexity project it is evident that whilst the comments letters of hierarchically-biased respondents do not match the brevity of the individualistic comments letters, they are still more concise than the responses from the egalitarian solidarity. Notwithstanding this observation, it is apparent that there is a set of respondents who are promoting views that have a strong correspondence with a

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\(^5\) This complacency only dissipates when the dominance of the center is threatened and this is discussed later in the paper.
hierarchical bias (see table 1). The three principal factors that suggest these respondents are adopting a hierarchical position relate to discussions concerning: goal commonality and the avoidance of conflict between different parties, stability and conformity, and a pro-regulation disposition.

The perpetuation of a hierarchical society requires group members to possess shared aims. This strengthens group cohesion and militates against societal conflict. This aspiration that the interests of the group be placed above individual interests is present, for example, in the response from the Institute of Chartered Accountants in Scotland (ICAS) who claim that a suitable outcome could “only be achieved if all those involved; the regulators, the preparers and the users, can adjust … their behaviours sufficiently and in a combined effort to work towards a common goal. The collective buy-in, not self-interest, is essential ...” (ICAS response).

The avoidance of discord through the setting of common goals in a hierarchical solidarity is intimately connected with the issue of blame. Hierarchists have well-established systems of justice that can attribute blame to, and punish, individuals who transgress internal or external boundaries. These systems exist because transgressors threaten the existing way of life. However, a hierarchical society is also careful not to jeopardise the notion of collective responsibility. That is, the hierarchical society will normally wish to avoid situations where, when common goals have been set but are then not met, one individual (or a small cluster of individuals) is held to account. This is because it could be divisive for this to occur. For this reason such a society is careful not to fashion unrealistic or unattainable goals. The Institute of Chartered Accountants in England and Wales (ICAEW) makes reference to these interconnected issues of goals, blame and the wish to avoid destabilising group relationships in the context of standard setting, maintaining that it is unfair to blame standard setters for
unintended consequences arising out of the standard setting process. This is because it is unreasonable to “assume that the standard-setter can always get things right first time … perfection is an unrealistic objective” (ICAEW response). It is also significant that this respondent chooses to defend the standard setter. Hierarchists are prone to place trust in professional expertise and look to these professionals to uphold order. The respect that hierarchists accord to expertise and to the theoretical bases that underpin this expertise is also present in the ICAEW’s suggestion that the accounting expertise of professional services firms serves a valuable role as “(a)ccounting manuals produced by audit firms seem to us to be a useful way of helping preparers cope with complexity” (ICAEW response).

A pro-regulation stance is also present in the hierarchical responses. Regulation aids hierarchical organisations to maintain order and the need for regulation is defended in different ways by the hierarchically-biased respondents. For example, both the ICAEW and ICAS argue that financial report-related regulation is needed on grounds of ‘necessary complexity’ to satisfy the disparate requirements of user groups. Hence, again there is reference being made to the need to avoid discord amongst different sub-groups. However, there is an avoidance of equating regulation with bureaucratization. This may be deliberate, with the hierarchists judging that a message that implies increasing bureaucracy would be difficult to ‘sell’ to potential recruits from either the individualist or egalitarian camps.

A hierarchically-oriented pro-theory stance is also observable. Hierarchists prefer knowledge to be complete and, hence, are supportive of theory (unlike individualists). For example, the ICAEW defend their view that theory is necessary in the following manner:
The (discussion paper) talks about the view of some that 'accounting is becoming too theoretical' and no longer describes business reality ... The restrictions on hedge accounting are given as an example of ‘theoretically correct’ requirements, which lead to reported results that do not match economic performance as perceived by management. But users surely would not want a complete free-for-all and so some level of restriction is required. (ICAEW response).

It is notable that of the six professional body respondents, five have been identified as corresponding to the hierarchical solidarity (table 1). This might be expected as internal and external boundaries are important in the context of professional bodies. The importance of expertise and trust in the hierarchical context has been discussed above. To maintain the expert status of its members, a professional body needs to monitor its external boundary carefully and it can do this in different ways. For example, members will only be admitted after successful completion of professional examinations and after completing relevant work experience with authorised training employers. Those who become members can be expelled from the group and, hence, disciplinary committees and the like are used by professional bodies to identify and deal with transgressors. These types of mechanism protect the external boundary and maintain order. At the same time, internal boundaries corroborate the status of members; delineating between trainees, newly qualified members, or fellows of the institute. In addition, internal boundaries matter as the professional qualification signals status both in a work and social context.

4. Cultural dialogues: the egalitarian voice

4.1 The egalitarian worldview: the border attacks the center

It is not unexpected that only two of the thirty one responses are identified as matching the egalitarian solidarity (the Local Authority Pension Fund Forum
Complexity in financial reporting is not an obvious subject likely to arouse the interest of egalitarian groups. It has been previously explained that egalitarian societies have a predisposition towards ideas associated with justice and equality, arising from their classification of the outside world as a threat, and that this is coupled with the low-grid dimension. Hence, egalitarian groups seek out causes that more obviously involve issues of injustice, inequality, discrimination or the like. These types of cause enable them to act “as the conscience of the larger community” (Douglas, 1993, p. 31), challenging the center (the hierarchists and the individualists) which, in turn, unifies the group.

Overall, the center (the individualists and the hierarchists) is inclined to speak with greater confidence and self-assurance. The egalitarian camp is less powerful and, therefore, to have its voice heard it must be much more assertive. Hence, a more strident tone is present in these two egalitarian responses.

The first section of the LAPFF response outlines a commitment to ‘corporate social responsibility’, ‘high standards of corporate governance’, ‘working conditions’ and ‘the environment’. These ideas accord with the aspirations of the egalitarian solidarity for the creation of a more just society:

LAPFF is … a voluntary association of 49 local authority pension funds based in the UK. It exists … to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest … LAPFF’s interest in this (discussion paper) arises from the effects of the financial reporting system on real economic decision-making. This impacts on business choices affecting job creation, working conditions, salaries and pensions, tax receipts, training and development, the environment and other issues across society (LAPFF response).
The LAPFF elaborates on its opening comments by explaining that it wishes to pursue a campaign for “more effective communication” because of its potential to engender transparency. The attitude to transparency of the individualistic, hierarchical and egalitarian solidarities differs markedly. Individualistic organizations consider that transparency should apply to others, but not to themselves. This is because access to information relating to rival organizations can be advantageous to the individualist; for example, when bidding for a contract or developing a marketing strategy. Conversely, individualists do not want transparency to be required of their organization; they want to hoard their own information to ensure no benefit falls to competitors. Hierarchists do not want transparency if it emphasizes the privileges that accrue to those of higher rank in the social hierarchy as this may cause discontent. Transparency is only relevant to the hierarchist if it facilitates monitoring of boundaries as this aids in identifying (and subsequently dealing with) transgressors. However, for the egalitarian solidarity, transparency is important for its potential to publicly expose unethical or dishonest practices when these are undertaken by the center. In turn, egalitarian groups hope this exposure will help in building a better society. Thus, in the context of the FRC discussion paper the LAPFF explain that “the numbers produced by management are incapable of being properly scrutinised … (and consequently) (r)ather than seeking to reduce complexity in reports, LAPFF believes the FRC should be seeking to increase transparency … increased scrutiny can act as a spur to raise standards … and … in holding the board to account” (LAPFF response).

The LAPFF also argue that transparency is important as it can aid in stopping individualistic companies from ‘gaming the system’ to achieve their own objectives:
It cannot be healthy … that company accounts are understandable by relatively few rather than subject to wider informed debate. This leaves the field open to those who would exploit it either to game the system for their own ends … (LAPFF response).

The LAPFF’s commitment to a justice-based notion of transparency is also observable in other parts of its response to the discussion paper. For example, the discussion paper asks the question: ‘Would a project on disclosures help stem the constant growth of accounting disclosure requirements?’ (FRC, 2009b, p. 60). The LAPFF’s reply is that transparency is a far more important objective than stemming the growth of accounting disclosures. The LAPFF bolster their claim for the necessity of transparency through citing “the UN Principles for Responsible Investment (which) call on investors to be both informed and engaged” (LAPFF response). This lends a moral tone to their argument and is further evidence that the LAPFF response can be categorised as egalitarian.

The perspective of the LAPFF on regulation is also rooted in an egalitarian worldview. In an ideal world it would be unnecessary to have to enact regulations compelling people to act appropriately as “(r)esponsive boards will seek to understand, and … meet the information demands of their shareholders – whether they are required to do so by regulation or not” (LAPFF response). However, the egalitarian-rooted LAPFF assert that businesses in the ‘center’ are prone to interpreting regulations to benefit themselves as “there are … boards that will rely on a certain interpretation of the letter of the regulations to their own advantage” (LAPFF response). This distrust of the center in respect of its attitude towards regulation also leads the LAPFF to raise doubts about how these firms would act should regulation be simplified:
Simpler regulation does not guarantee that companies will not simply adopt a boxticking compliance approach rather than seeking to achieve best practice. (LAPFF response).

The LAPFF has little empathy with individualistic calls for the removal of some of the regulatory burden. For example, the LAPFF dismisses the argument that regulation could be unhelpful because it might lag behind market practice stating that, “(r)egulation takes time to catch up with market practice and there will be a certain amount of irrelevant information as a result of regulation that becomes outdated. But, as supporters of transparency, LAPFF considers this to be less of an issue than premature removal of data” (LAPFF response).

Similarly, the LAPFF’s response to the FRC question, “Would it increase or decrease complexity if national and international regulators worked together in a more joined-up way?” is to reason that directors need to understand that “regulation is the cost of doing business in a certain jurisdiction” (LAPFF). This is because, for an egalitarian group, the purpose of regulation is not to address issues of complexity; rather regulation is to serve the purpose of creating a fairer world.

The second respondent identified as egalitarian, A. Blair, expresses similar views to the LAPFF. His judgement is that supplanting the ‘center’ is extremely difficult because of its dominance and, consequently, the tone of his response is somewhat less optimistic. He is similarly concerned that annual reports lack transparency and to support his contention he cites an example of the disclosure of share-based payments in “which the company did not make that figure clear ... (and that) (t)hose extraordinary mortals who attempt to read it will struggle to understand much of the material” (A. Blair response). He then claims that “(i)t is open to any chief executive ... to cut through the ... “cackle” and describe what is really important ... (b) ut they’re simply not going to do that ... (as) (i)nformation is power and those in possession of it
are ... going to disburse it sparingly” (A. Blair response). His view on regulation is that The Companies Act, IFRS, and the FRC’s Corporate Governance Code are “gumph” and merely complied with. He argues that regulation of itself does not improve transparency and concludes that the FRC’s suggestion that companies simply need to be encouraged to communicate clearly will not result in any change. Instead, he suggests ‘naming and shaming’ those companies with the most opaque annual reports might be the only way to bring about improvements in transparency.

4.2 Egalitarians and leveraging current events

Egalitarians believe they need to work hard to counter the power of the center and will look for means that enable them to have their voice heard. One method is to leverage support by reference to current events. If these events are unsettling or disruptive then it may make an individual susceptible to re-consideration of their cultural bias. The publication of the FRC discussion paper was in June 2009 and at this time the recent global financial crisis was well advanced. The crisis had resulted in significant criticisms of the banking industry and there were grave concerns that there may be a repetition of the Great Depression (Linsley & Linsley, 2010). The problems stemming from the financial crisis had the potential to make the center vulnerable to losing adherents. For example, resentment towards bankers had arisen in many sections of the UK population (see for example, Bowers, 2008; Hanson, 2009). Cultural theorists have observed that the border (egalitarian groups) “tend(s) to ‘recruit’ members most successfully when individuals become critical of organizations at the center” (Linsley & Shrives, 2009, p. 505). That the FRC discussion paper was released at a time when there was persistent condemnation of the established order presented an opportunity to attempt to gain wider acceptance of
the egalitarian view. The LAPFF response states that the financial reporting system prior to the crisis had “failed to effectively warn of the risks that companies were taking ... (and the LAPFF is seeking) ... a change in mindset from those boards that have treated shareholders’ views as an inconvenience” (LAPFF response). The LAPFF references specific aspects of the financial crisis and in different contexts, and this provides a means of attempting to ‘sell’ an egalitarian vision. For example, the LAPFF revisit the theme of transparency and situate it both in the specific context of Lehman Brothers’ well publicized bankruptcy and in relation to more generalised concerns about the questionable motives of bankers and the wider business community. A further example of leveraging the crisis occurs when the LAPFF makes direct reference to the precautionary principle as follows:

... at a time when investor confidence has been severely shaken, we consider the precautionary principle makes it incumbent on the producers of the accounts to demonstrate why the publication of information is not appropriate (LAPFF response).

The precautionary principle holds great significance for egalitarian groups. A key aspect of the worldview of individualists and hierarchists is, respectively, the world is wholly resilient and the world is resilient within parameters. By contrast, egalitarians perceive the world as fragile. Hence, it is imperative for egalitarians that due regard must be had for the fragility of the world by adhering to the precautionary principle. In emphasizing the crisis the LAPFF’s response can be understood as an attempt at creating a landmark narrative that will draw in new followers (Nichols, 1997). The second egalitarian respondent, A. Blair, makes no reference to the credit crisis; however, limited references are present in responses of those identified as individualistically-biased or hierarchically-biased (see table 1 for which respondents
made reference to the crisis). The remarks made in respect of the credit crisis by these two solidarities are brief and supportive of their particular worldview.

Individualistically-biased respondents who mention the credit crisis focus upon explaining the credit crisis as providing an opportunity for re-examining and better understanding shareholders’ requirements. Hierarchically-biased respondents who refer to the crisis either suggest it is a technical (expert) issue in that it is a matter of how to account for financial instruments or that it signifies more regulation is needed in the form of increased disclosure requirements.

5. Discussion and conclusions

In the FRC complexity project the voices of three of the solidarities have been identified in the comment letter responses and the proposed policy solutions disentangled through drawing upon cultural theory. The individualists, as supporters of self-regulation and the market, endorse the goal of removing complexity from corporate reports. The hierarchists want to ensure that social structures are not threatened and boundaries are not breached. Therefore, they view regulation as necessary and judging there is a need for all parties to work together to address the problem of complexity in corporate reporting. In pursuit of fairness and equity, the egalitarians want corporate reports to be transparent so that management actions can be scrutinised. It is only the isolates who have not taken part in the dialogue. Vroom’s expectancy theory of motivation proposes that an individual’s behaviour is based on their expectation of the likely effect of that behaviour. Isolates are liable to judge that it is pointless attempting to lobby as they assume no one will listen. Hence, this judgement that any attempt at lobbying will have no impact is likely to result in them not deeming it worthwhile contributing to the FRC debate.
Verweij (1995) notes a key strength of cultural theory is that it can “provide a
systematic and coherent taxonomy of the ways in which actors perceive and construct
all kinds of … issues” (p. 95). Hence, by drawing on cultural theory it has been
possible to observe the followers of each culture in the context of the complexity
project as they engage in a “three-sided policy struggle” (Douglas, 1997, p. 130).
It is possible to envisage analysing the FRC comments letters based upon the
presumption that nations are susceptible to being analysed as one relatively
homogenous unit. Drawing upon an appropriate methodology the analysis might
conclude for example that, vis à vis regulation, the overall national preference is for
self-regulation. However, this conclusion would mask that alternative views on self-
regulation have been expressed and this type of approach would not provide insights
into why some respondents advocate greater regulation rather than self-regulation, or
why some respondents are suspicious of self-regulation. Cultural theory can explain
these different responses. It can explain the wish for greater regulation by reference to
the hierarchical solidarity which needs tools for imposing order upon society and
preserving internal and external boundaries. It can connect those who are suspicious
of self-regulation to the egalitarian solidarity which perceives the ‘outside world’ as
unscrupulous and, consequently, sees self-regulation as providing ‘outsiders’ with the
freedom to perpetuate inequities. And it can explain the desire for self-regulation by
reference to the individualistic solidarity which requires freedom to pursue
advantageous opportunities. Thus, each of the three cultural solidarities presents an
internally consistent ‘story’ regarding their stance on self-regulation, and this internal
consistency will apply to all matters for the different ways of life.\footnote{The isolates also have an internally consistent story in respect of regulation. Their view on the matter is that because the future is uncertain then we can never know if regulation is likely to be beneficial. Therefore, they are largely indifferent to the enactment of regulation.}
Importantly, cultural theory does not “ignore the existence of cultural differences within societies” (Greer & Patel, 2000, p. 309). Rather, cultural theory enables the different voices of the hierarchists, individualists and egalitarians (and the silence of the isolates) to be identified. This identification is possible as we can predict and explain alternative preferences for solutions by reference to the four solidarities, as each will suggest a solution that supports their worldview and with the ultimate aim being to preserve that way of life.

When the FRC or any other accounting body engages in activities such as making policy, reviewing accounting standards or auditing standards, or reworking the conceptual framework we will not be able to understand why the debates are progressing as they are if we assume there is a single national culture influencing the outcome of those debates. To comprehend how the eventual outcome has been arrived at in the making of policy or the reviewing of an accounting standard or auditing standard we need to unscramble the debates that preceded the final decision through analysing the cultural dialogues that are the origins of the different proposals for solutions. Each solidarity will seek to win sufficient support for their worldview to hold sway and to have their policy solution enacted. In this respect it might be potentially helpful to understand which worldview is dominant at a given time as this may explain why the policy solutions of that solidarity are being enacted to a greater extent than the policy solutions of the other solidarities. However, it is important not to then identify this as equating to the national culture, for although that solidarity may appear to be gaining more victories than the other solidarities it must be borne in mind that there will always be ongoing and vigorous cultural dialogues. Additionally, we must be very careful to recognise that cultural theory “offers a dynamic account of social and political life … and there is a continuous waxing and waning of the relative
strengths of the … (solidarities)” (Verweij, 1995, p. 7) as individuals move from one way of life to another. This movement of individuals from one solidarity to another has been observed in practice. For example, Heap & Ross (1992) have recorded how the individualist worldview won adherents in the UK and USA as the hierarchical way of life failed to deliver on its promises in the 1970s and following the intense cultural dialogues associated with the economic and political difficulties of that period (for further details see also Thompson, 1992; Linsley & Linsley, 2010).

Consequently, although a particular worldview may be dominant during a given time period, subsequently another worldview may come to dominate and cultural theory is able to explain this dynamic change.

Acknowledging the existence of the four solidarities, and the resulting cultural dialogues, is important as it has implications concerning the resolution of debates about accounting or other issues. We have seen that each solidarity offers a restricted view of the world and the solutions each solidity offers up is similarly restricted as solutions must be internally consistent with worldviews. Rayner (2006), Thompson (2008) and Grint (2010) have argued that these internally consistent solutions might be satisfactory for solving tame problems, but they are unsuitable for solving wicked problems where a clumsy solution is required. Tame problems are “akin to puzzles for which there is always an answer” and, whilst they may be complicated, can be solved by applying the “appropriate process” (Grint, 2010, p. 307). Wicked problems are complex (rather than complicated) and cause and effect is unclear with circularity often a feature (Rayner, 2006; Grint, 2010). Often, wicked problems will not have “stopping points … that is the point at which the problem is solved” (Grint, 2010, p.

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7 For example, Rayner (2006) cites educational underperformance as a wicked problem which is complex and circular. Educational underperformance might be traced to poverty, which might be traced to social class, which might be traced to educational underperformance. Grint (2010) cites the Greek economic crisis and its implications for the euro as a wicked problem.
Thus, the FRC corporate reporting complexity project would fall to be a wicked problem for it is endeavouring to ensure that information in corporate reports is not unnecessarily complex, whilst retaining key characteristics such as relevance, comparability, reliability, and decision usefulness.

Applying the solution of one solidarity to a wicked problem is likely to result in failure. First, each of the solidarities’ “responses … shapes the definition of the problem and this … complicates wicked problems” (Rayner, 2006, p. 5). Second, the perspective each solidarity has is necessarily restricted and, consequently, each solution is only a partial solution. Third, each solution will only be supported by the adherents of that solidarity. There is no incentive for followers of other solidarities to endorse the solution; conversely, they may seek to undermine it. Policy makers may look to craft a solution that rises above the differences of the supporters of the four solidarities. However, this is problematic as the solidarities oppose one another and the likely outcome is that no-one will be satisfied.

To address these difficulties cultural theorists propose that wicked problems require clumsy solutions (see for example, Rayner, 2006; Thompson, 2008; Grint, 2010). Clumsy solutions start by accepting that any solution will be imperfect. Thinking that there is one best solution is a problem in itself and clumsy solutions recognise that the hope is for an improvement not a full solution. A key part of a clumsy solution is the need to listen to all solidarities as the “multiple viewpoints … (all) have something to tell you when they are brought together collectively about how you might grapple with the problem” (Rayner, 2006, p. 7). It is common in policy debates for participants to talk over others, but this may not work with clumsy solutions where each group is entitled to speak. This is not to imply that a clumsy solution is

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8 For example, Underwood and Ingram (2010) have observed how rule-based, top-down (hierarchical) risk management systems have foundered as (individualistic) managers have perceived the system as hampering their ability to take on risky but, in their view, advantageous projects.
dependent on consensus per se; rather that there should be an avoidance of alienating any particular constituency. Each voice must be represented and heard in the consultation processes, and seen as part of the solution. If we are insufficiently clumsy our solution will lack democracy and its legitimacy will be questioned (Rayner, 2006). Inevitably, clumsy solutions require compromise and as Grint (2008) asserts: “a critical component of a necessarily clumsy solution is to combine elements of … (the) (solidarities) ... into a (clumsy) solution-space and within each of these (solidarities) are techniques that, when combined, might just prise the wicked problem open enough to make some progress with it” (Grint, 2008, p.14).

The FRC asks for respondents to the discussion paper to be “frank in the feedback that you give us” (FRC, 2009b, p. 3), but what is also needed is that each solidarity should listen attentively to the feedback of the others. The FRC is now moving ahead with the plan to reduce complexity and has established the next phase of the programme as the cutting clutter project. As the next phase is in the same form as set out in the discussion document this suggests that the FRC has listened to the arguments of the individualists. This is unsurprising as these arguments accord with the FRC worldview. There is an inherent difficulty in any solidarity properly hearing the arguments of others, as its focus is on attempting to get others to attend to its views and a dialogue of the deaf is prone to occur. A truly open debate about corporate reporting and complexity would be one where all the differing views of the solidarities are not only voiced, but also heard. The view of the LAPFF is that the FRC need to act to bring about broader representation in the membership of the FRC council. It is important the voice of the border is clearly heard and that the isolates are also drawn in to the discussions. Therefore, the FRC should be ensuring each group is sufficiently engaged in the process.
The FRC complexity project is relatively small and nor is it especially contentious or high profile. Research studies examining cultural dialogues in respect of responses to much larger projects and that are more controversial or politically sensitive, such as the joint IASB-FASB conceptual framework project, are likely to reveal cultural dialogues that are even more vigorous. However, future research that draws upon Douglas’s cultural theory and the notion of cultural dialogues should not be confined to studies that examine other accounting projects and how they are responded to. For example, future research could seek to determine the dominant solidarities for a sample of accounting firms and to establish whether this results in the firms attracting graduates who support, and will perpetuate, this way of life. There is also a need to revisit the accounting values that Gray proposed and to assess whether it is possible to re-work these in the light of Douglas’s typology and cultural dialogues. This re-working has been outside the scope of this paper but would address Greer and Patel’s (2000) call for “an alternative framework for the examination of culture” (p. 309) that recognises inter-societal cultural differences.
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Hanson M. Community is all-important – if only Whitehall would listen. The Guardian 2009; September 29 (accessed 25 May 2010)

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Responses to the FRC discussion paper are available at:

Figure 1: Grid-group model


<table>
<thead>
<tr>
<th>Grid</th>
<th>Group</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Isolate</strong></td>
<td><em>Low group, high grid</em></td>
<td>Isolates feel excluded and are resigned to their fate. They may feel imposed upon by others and frustrated by life.</td>
</tr>
<tr>
<td><strong>Hierarchist</strong></td>
<td><em>High group, high grid</em></td>
<td>Tradition and authority are valued. Competition and social mobility may be compromised to protect the group and to defend internal boundaries.</td>
</tr>
<tr>
<td><strong>Individualist</strong></td>
<td><em>Low group, low grid</em></td>
<td>Upbringing is immaterial as social mobility and equality of opportunity are espoused. Self-regulation is preferred over legislation.</td>
</tr>
<tr>
<td><strong>Egalitarian</strong></td>
<td><em>High group, low grid</em></td>
<td>Members have strong ideals and a stakeholder view of the world is valued. All arrangements are open to negotiation.</td>
</tr>
</tbody>
</table>
Table 1: Dominant and sub-dominant solidarity by respondent

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Respondent type (n = not UK based)</th>
<th>Primary solidarity</th>
<th>Secondary solidarity (where identified)</th>
<th>Reference made to the global financial crisis?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.R. Morton</td>
<td>Individual</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>Association of Chartered Certified Accountants (ACCA)</td>
<td>Professional body</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>Yes</td>
</tr>
<tr>
<td>A. Dangerfield</td>
<td>Individual</td>
<td>Individualistic</td>
<td>-</td>
<td>No</td>
</tr>
<tr>
<td>A. Blair</td>
<td>Individual</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>Association of British Insurers (ABI)</td>
<td>Trade association</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>Association of Friendly Societies (AFS)</td>
<td>Trade association</td>
<td>Individualistic</td>
<td>-</td>
<td>No</td>
</tr>
<tr>
<td>Baker Tilley</td>
<td>Audit firm</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>British American Tobacco (BAT)</td>
<td>Company</td>
<td>Individualistic</td>
<td>-</td>
<td>No</td>
</tr>
<tr>
<td>BDO LLP</td>
<td>Audit firm</td>
<td>Hierarchical</td>
<td>Individualistic</td>
<td>No</td>
</tr>
<tr>
<td>British Land</td>
<td>Company</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>BT</td>
<td>Company</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>The Confederation of British Industry (CBI)</td>
<td>Trade association</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>Yes</td>
</tr>
<tr>
<td>Centre for Financial Market Integrity</td>
<td>Trade association</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>Chartered Institute of Management Accountants (CIMA)</td>
<td>Professional body</td>
<td>Hierarchical</td>
<td>Individualistic</td>
<td>Yes</td>
</tr>
<tr>
<td>Deloitte LLP</td>
<td>Audit firm</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>Deutsche Prüfstelle für Rechnungslegung (DPR-FREP)</td>
<td>Regulatory body (n)</td>
<td>Hierarchical</td>
<td>Egalitarian</td>
<td>No</td>
</tr>
<tr>
<td>Ernst &amp; Young</td>
<td>Audit firm</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>Yes</td>
</tr>
<tr>
<td>Danziger Capital Partners LLP</td>
<td>Consultancy</td>
<td>Individualistic</td>
<td>-</td>
<td>No</td>
</tr>
<tr>
<td>Global Accounting Alliance</td>
<td>Alliance of bodies (n)</td>
<td>Individualistic</td>
<td>Hierarchical</td>
<td>No</td>
</tr>
<tr>
<td>Grant Thornton LLP</td>
<td>Audit firm</td>
<td>Hierarchical</td>
<td>Individualistic</td>
<td>Yes</td>
</tr>
<tr>
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<td>Individualistic</td>
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<td>Individualistic</td>
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<tr>
<td>Local Authority Pension Fund Forum (LAPFF)</td>
<td>Trade association</td>
<td>Egalitarian</td>
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<td>Yes</td>
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<tr>
<td>Organisation</td>
<td>Role</td>
<td>Leadership Model</td>
<td>Structured Leadership</td>
<td>Desired Leader Model</td>
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<td>P. van Wijck</td>
<td>Individual (n)</td>
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<td>PwC LLP</td>
<td>Audit firm</td>
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<td>Hierarchical</td>
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<td>Quoted Companies Alliance (QCA)</td>
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<td>Radley Yeldar</td>
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Appendix 1: Indicative characteristics of the four solidarities

<table>
<thead>
<tr>
<th>Solidarity</th>
<th>Indicative Characteristics</th>
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<tbody>
<tr>
<td>Individualist (low grid, low group)</td>
<td>Indicated by concepts related to: individual freedom, entrepreneurial activity, unconstrained activity, personal gain or wealth or success, group activity only relevant if there exists opportunity for trade or exchange, negotiation, failure a personal responsibility. Accounting specifics indicative of this solidarity might include: burden or cost of regulation, minimising avoidable work, principles over theory, practice over theory, common sense, focusing on shareholders/investors rather than other stakeholder groups.</td>
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<tr>
<td>Hierarchist (high grid, high group)</td>
<td>Indicated by concepts related to: tradition, authority, policing access, rules, theory, concerns over boundaries, loyalty. Accounting specifics indicative of this solidarity might include: regulation, need for further subcommittees, necessity for regulation, professional integrity or qualifications, accounting expertise.</td>
</tr>
<tr>
<td>Egalitarian (low grid, high group)</td>
<td>Indicated by concepts related to: idealism, justice, fairness, acting ethically, environment. Accounting specifics indicative of this solidarity might include: CSR, philanthropy, triple bottom line reporting, sustainability reporting, social accounting, social audits, consideration of wider constituency.</td>
</tr>
<tr>
<td>Isolate (high grid, low group)</td>
<td>Indicated by concepts related to: isolation, world is arbitrary and capricious, resignation to fate. Accounting specifics indicative of this solidarity might include: no response provided, accounting unlikely to change anything.</td>
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</tbody>
</table>