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Actor-Reality Construction – A pragmatic constructivist approach to management and accounting

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Abstract

This article elaborates on the profile of the Research Group for Actor-Reality Construction, addresses the scope of ProPraCon, and discusses emerging research themes within pragmatic constructivism.

1 Profile of the Research Group on Actor-Reality Construction

This research group addresses the development of theories, methods and experiences around pragmatic constructivism. The pragmatic constructivist theory takes as its point of departure the question, ‘Under what conditions do activities function and lead to success in a social context?’ Businesses do not function by themselves due to mechanical or natural laws; business processes do not relate or run by making a decision and pressing a button. Rather, the operating causalities must be constructed in an effective, non-fictional way. The research on pragmatic constructivism emphasises the role of the actor - as controller, manager, entrepreneur, or agent etc. - in the construction of organized reality. Reality is considered as the relationship between the (individual and collective) actors and the world in which they operates. These relations are not given by nature, they are constructed; and the construction may function successfully or it may be hampered by fictive and illusionary elements, due to missing or faulty actor-world relations.

In more concrete terms, pragmatic constructivism is based on the thesis that four dimensions of reality must be integrated in the actor-world relation if the construct is to be successful as a basis for effective actions. These four dimensions address, simply speaking, the facts, possibilities, values and communication. The argument for the inclusion of these four dimensions and the relationships among them is as follows. Facts are necessary as a basis of action. However, facts are necessary but not sufficient conditions. If there are no possibilities, there can be no action. The only human state without possibilities is death. The possibilities must be factual, i.e. they must be grounded in the facts at hand. Otherwise they are imaginary to the actor. Further, possibilities create room for choice, but they only function if there is a reason to choose and prefer one possibility rather than the other, i.e. if the actor has values and the values lie within the range of one’s possibilities. Finally, the integration of facts, possibilities and values must be expressed in communication in order to enable action in a social setting coordinating a social division of labor. Thus, if the actor's values are within the range of her factual possibilities, then the actor will act and succeed. If, on the other hand, the integration of facts, possibilities, values and communication is incomplete or dissolves, then the ability to act effectively weakens because the very distinction between pragmatically true and false, i.e. between successful and unsuccessful action, breaks down.

Pragmatic constructivism offers a schema outlining sufficient conditions for creating effective “construct causality”. Construct causality means that for endeavors to be fulfilled, i.e. causally affect the desired outcome, there must be an integration of four dimensions involved in the endeavor. Accordingly, looking for the conditions for construct causality directly calls for a pragmatic constructivist perspective because its theory of integration specifically addresses the question of conditions for successfully functioning practice. As businesses, societies and human lives are based on ‘construct causality’, the clarification of conditions for construct causality is a necessary field for further research. Further, to develop, control, and account for construct causality appropriate methods need to be developed and analyzed.

2 Research themes

The central research topic is how and in what ways (individual and collective) actors effectively construe causal chains that make organizations and social collectives work. Among other things, our research aims to illuminate the following issues: construction of advanced factual possibilities and their integration with values; the construction of the actor in an environment of operating habitus; and the strategy and nature of conceptual topoi in valid integrating communication. The topics are approached theoretically and empirically – qualitatively and quantitatively.

A mechanical and linear form of thinking dominates the management and accounting field. In particular, management accounting is rooted in a form of “realism” that assumes the existence of a real objective world that exists independent of human consciousness. The premise that we can approach causality in organizations as a mere «factual» thing disregard human understanding, innovation and communication as a n integrated part of construct causality. A theme of the research group is to theoretically and empirically explore management and accounting methods for the measurement and governance of construct causality.

The quest for a conceptual framework for financial reporting has been on-going for several decades largely to provide a rationale and guidance for those involved in determining the form and content of financial reports. Attempts in this respect have been constructed largely on an ad hoc basis by standard setting bodies and professional institutes. Pragmatic constructivism can be employed to provide a more structured approach in identifying the issues that should be addressed when constructing a conceptual framework. Its application in this respect would provide an interesting and valuable focus for the research group.

The world provides us with many possibilities that we need to choose from. When we choose among possibilities we include recorded facts in order to orientate and make a valid decision. Unfortunately recorded facts stem from enactment of prior possibilities and are thereby not directly useful for the evaluation of the present possibilities. This calls for an adjustment of recorded facts in order to make them applicable for the actual possibilities. Unfortunately this adjustment process may lead to turning recorded facts into fiction. A relevant question is hence: how can we make sure that recorded facts from prior possibilities are also a valid foundation for evaluating new possibilities? The logical problem of creativity or innovation.

Pragmatic constructivism and constructivist structuralism – conceptual thoughts: One of the most important meta-theories to analyze relationships and reciprocity between actors and their environments is the constructivist structuralism perspective provided by Pierre Bourdieu. By applying the concepts of habitus (along with the concept of capital) and field as two structural factors in a social construction process, it becomes possible to bridge the contrast between subjectivism and objectivism. Both structures’ share in social construction processes can be analyzed, leading to the ability to diagnose power structures, hierarchies and legitimacy in organizations and to detect social and organizational struggles and dysfunctions (e.g. in management, governance or workplace integration). This perspective has sometimes misleadingly been perceived as “deterministic”. The pragmatic constructivist theory is to be examined as a possible basis for critical policy-development as well as a meso-level answer to constructivist structuralism.

Key references for further reading

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