

## Article

### A Framework for a Christian Perspective on Accounting Research

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*Wilkinson identifies potential areas of accounting research within the Christian perspective in corporate governance, social and environmental accounting, and tax compliance. He envisions Christian business researchers not only highlighting failings in current systems, but offering biblical prescriptions that are restorative in nature.*

#### Introduction

While a great deal has been written on the integration of the Christian faith into the business and economics disciplines from a teaching perspective, less attention has been given to the integration of faith with scholarship. Dyck (1999) suggests “that practitioners have a growing desire for an understanding of management and business from a (radical) Christian perspective. A scholarly literature that provides such a perspective remains woefully underdeveloped” (p. 169).

This paper explores the notion of a Christian framework for research within the business disciplines, with a particular emphasis on the accounting discipline.<sup>1</sup> Such a framework offers the potential for

understanding more clearly the context in which research can be conducted from a Christian perspective. It is also hoped that the development of such a framework will serve as a catalyst for an increased level of Christian business research that is both intellectually rigorous and consistent with our calling as believers and that will facilitate practitioners living out their calling in the business world.

In the 1980s, Chua (1986) observed that the accounting research domain was “characterized by apparently irreconcilable cross-paradigmatic discussions” (p. 602) and that accounting theory and research diverged considerably from organizational practice. Chua (1986) distinguishes between

accounting research perspectives, or schools of thought, by referring to three key criteria: beliefs about knowledge, beliefs about physical and social reality, and the relationship between theory and practice. She evaluates three different research perspectives (mainstream perspective, interpretive perspective, and critical perspective) within the context of these criteria to reveal the differing manner in which researchers within each perspective approach the study of accounting concepts.

This paper adopts Chua's (1986) framework to develop a fourth perspective, the Christian perspective. By locating the Christian perspective within this framework, a basis for Christian research in the accounting discipline, or more generally across the range of business disciplines, is established. The perspective developed in this paper is complementary to the model suggested by Johnson (1996). Johnson proposes an inductive approach whereby biblical sources are used to develop perspectives, principles, preferences, and practices in the business world. This paper employs a similar inductive approach in developing a theoretical structure within which business research can be

located. In this respect, the paper should be viewed as supporting and extending the Johnson work in order to facilitate the ongoing development of Christian research in business disciplines.

The remainder of the paper is structured as follows: the following section outlines Chua's (1986) framework. Section Three develops a Christian research perspective within the framework, and Section Four discusses three potential areas of research within which Christian researchers may be well placed to make a positive contribution. Section Five offers two specific examples of research projects in the Christian domain, and conclusions are in Section Six.

### **Chua's (1986) Framework for Evaluating Accounting Research Perspectives**

Chua (1986) identifies the emergence of different paradigms or schools of thought within accounting research, noting that these derive from fundamentally divergent underlying worldviews. These are 1) the mainstream perspective, which adopts a scientific testing approach using independent data and statistical testing such as the capital markets research and assumes that there is a truth to be discovered; 2) the interpretive perspective, which

focuses on making sense of human social behavior through research methodologies like case studies and places an emphasis on deriving an understanding of behaviors; and 3) the critical perspective, which focuses on political and social conflict and uses approaches such as ethnographic and historical studies to examine changes over time and in different contexts and emphasizes revealing systems of domination. These underlying worldviews govern not only the research questions which are posed, but also the manner in which research is conducted. Chua proposes three key categories of assumptions that differ among alternate research perspectives. These include beliefs about knowledge, beliefs about physical and social reality, and the relationship between theory and practice.

### ***Beliefs about Knowledge***

With regard to beliefs about knowledge Chua (1986) refers to two subsets of assumptions. Epistemological assumptions refer to the criteria by which something is accepted as being true. In essence, the question is: how do I know that this is true? Methodological assumptions refer to the research methodologies used

in establishing truth. The two are integrally related, she notes, since the means of determining truth depends on the way in which truth is said to be determinable.

In her comparison between mainstream accounting thought and the interpretive perspective, Chua (1986) suggests that the mainstream perspective employs the notion of theory that is scientifically tested through independently observed data. This results in large data sets and the use of statistical analysis. The capital markets type research reflects this approach of finding truth via rigorous statistical testing using large data sets. In contrast, the interpretive perspective focuses on making sense of human social behaviors and structures by developing theories that are tested by reference to their logical consistency and their agreement with the common-sense interpretations of the human subjects being studied. Case studies serve as a key means of establishing truth within this context. The case study approach allows the researcher to examine in finer detail the types of social interactions and conflicts that exist in a particular organization and thus draw conclusions with regard to human behavior. The critical perspective assumes a

relativity of truth and relies on historical and social contexts for determining truth over time and between contexts. Ethnographic and historical approaches are characteristic of this research perspective. An example of this type of research would be an historical study of the use of accounting data by one particular group to prioritize their interests over another.

### ***Beliefs about Physical and Social Reality***

This assumption is ontological in nature; that is, it is concerned with the nature of being. In essence, the question is whether there is an objective reality that can be discovered (with regard to human behaviors) or whether reality is subjective and created by human actors.

Chua (1986) notes that mainstream accounting research assumes an independent reality that is external to human beings. This reality can be discovered by neutral researchers; that is, an independent observer can approach the reality from a neutral stance and find truth without that observer somehow influencing the existing reality. Again, the capital markets research serves as a good example of this mainstream approach. In the capital markets

literature, it is assumed that there is a pre-existing reality and this reality can be discovered by testing for relationships among different variables. The results, it is assumed, are not influenced by the researcher's actions in studying the phenomenon under consideration.

The interpretive perspective, in contrast, assumes that reality is created by the actors themselves. Chua (1986) suggests that "Through this process of continuous social interaction, meanings and norms become objectively (intersubjectively) real. They form a comprehensive and given social reality which confronts the individual in a manner analogous to the natural world" (pp. 613-614). Chua notes the Boland and Pondy (1983) budget research as an example of the interpretive perspective and points out that this research sees the budgeting process as a consequence of social interactions and politics rather than a neutral and independent process. Chua notes that in the Boland and Pondy research "There is no *a priori* assumption that the budget has a rational, technical purpose; instead, its symbolic, emergent role is seen to be grounded in the social processes of the organization and its environment" (p. 617).

The critical perspective emphasizes potentiality. That is, “everything is because of what it is and what it is not (its potentiality)” (Chua, 1986, p. 619). Thus, there is an emphasis on the domination of individuals through economic and political devices that prevents them from fulfilling their potential. The notion of social conflict is integral to this perspective. For

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example, the conflict between labor and capital and the role accounting plays in this conflict is of interest in the critical perspective domain.

### ***Relationship between Theory and Practice***

This assumption governs the way in which researchers perceive their work as being able to be applied to the “real” world of accounting practice. The mainstream accounting perspective seeks to be value-free and not instructive as to what should be done in practice. Once knowledge about the independent reality is discovered, this knowledge can be applied to practice. Chua (1986) notes that the emphasis is upon neutral information without

the making of moral judgments and that “only ‘conditionally prescriptive’ statements of the form ‘if you want X, then I recommend Y’ are offered” (p. 610).

The interpretive perspective seeks to “enrich people’s understanding of the meanings of their actions, thus increasing the possibility of mutual communication and influence” (Chua, 1986, p. 615).

Unlike the mainstream approach, it is not prescriptive, but rather informative and directed

at greater understanding of human behaviors. Hence, the Boland and Pondy (1983) budget research highlights the human behavioral element of the budgeting process.

The critical perspective has a stated objective of revealing systems of domination and thus facilitating removal of such structures. It adopts an explicitly moral position of seeking to remove injustice and liberate individuals from systems of domination. This type of research might, for example, be directed at revealing the use of the economic system by the powerful to maintain their power over the powerless. Another example of this type of research might be the analysis of the role of technology and IBM in the Holocaust

(Dillard, 2003). Tellingly, Dillard concludes his analysis by pointing out that the Holocaust “is a story illustrating the ease with which we separate ethics and morality from rational application” (p. 15). This latter point should certainly be of interest to the Christian researcher because the same risk of separating the personal/spiritual from the business world faces Christians in all walks of life.

### **Development of a Christian Perspective in Accounting Research**

While the perspectives identified above serve as a helpful description of the varying paradigms in accounting research, none of these perspectives alone provides an appropriate framework within which to cite explicitly Christian research in accounting. In this section, Chua’s (1986) criteria are used as the basis for developing a Christian perspective on accounting research. Developing a Christian perspective facilitates researchers selecting questions for research and knowing how to adopt methodologies that will elicit truth within a Christian context. The benefits of using the Chua framework include the ability to position the Christian research within the existing research

paradigms and to provide a basis for generating ongoing Christian accounting research. Christian research can be conducted without the framework; the framework may assist in providing a foundation and ensuring that the Christian research literature is not a series of ad hoc projects. It is also hoped that using the Chua framework, which was published in one of the leading academic accounting journals, will help provide an intellectual legitimacy to the Christian research stream rather than it being perceived as somehow less rigorous from an intellectual standpoint. This section develops the intellectual basis for a Christian perspective in accounting. The following section provides some examples of ways in which the Christian perspective could be applied by researchers.

### ***Beliefs about Knowledge***

The Christian perspective approaches truth as being integrally connected with the persona of God. Christ described Himself as “the truth” (John 14:6).<sup>2</sup> The Holy Spirit is described as “the Spirit of truth” (John 15:26) and “the truth” (I John 5:6). God the Father is described as “the God of truth” (Isaiah 65:16). For the Christian, then, the ultimate embodiment of truth and the final standard of truth

is indeed the triune God. Outside God, there can be no truth, and He must therefore be our starting point in any search for truth.

How then do we establish truth? If truth is defined in the persona of God, then truth must be determinate from His Word. The Psalmist announces, “I have chosen the way of truth; I have set my heart on Your laws” (Psalm 119:30), and “All Your words are true ...” (Psalm 119:160). In Paul’s second letter to Timothy we find Paul exhorting Timothy to be one who handles “the word of truth” correctly (2:15). We further find affirmation that “All Scripture is God-breathed and is useful for teaching, rebuking, correcting and training in righteousness, so that the man of God may be thoroughly equipped for every good work” (II Timothy 3:16-17). Since the Scriptures contain the very words of God and it is God by whom truth is defined, the Scriptures clearly provide the Christian with a benchmark for truth against which everything may be evaluated.

One potential problem that needs to be addressed concerns the interpretation of the Scriptures. While the words of God embody truth, one must have the Spirit of God to be able to discern truth, and without the Spirit the

truths of God are perceived as being folly (I Corinthians 2:14). Where doubt as to an appropriate interpretation exists, the onus is on Christian scholars to collectively seek out the will of God. Thus, the foundation of truth is God, and truth is conveyed through the Scriptures that may only be understood by humans as they are revealed to us by God’s Spirit.

Where, then, does this leave us with regard to accounting research? The Christian perspective implies that the ultimate standard of whether something is true is whether it is consistent with the Scriptures. While we cannot expect to find direct references to accounting theory within the Scriptures, we can find truths that have direct application to our research. Notions of accountability and stewardship, for example, are inherent in the Christian faith and are integral to accounting as noted by prior researchers (White, 1999). Similarly, the concept of representational faithfulness is fundamental to accounting and clearly one for which scriptural support can be found. But even beyond applications to accounting theory there are implications for researchers in the accounting domain. For example, the economist’s notion

of the economic man<sup>3</sup> and the individual's pursuit of self-interest are consistent with both the fall of man and with the teacher's comment that "all labor and all achievement spring from man's envy of his neighbor" (Ecclesiastes 4:4). The exhortation "Do not lie to each other, since you have

shown to be abusive are specific examples of this behavior that secular tax researchers might not immediately deem to be "lying." Viewing our underlying research assumptions, our expectations, and our findings through a biblical rather than secular lens facilitates the discovery of truth.

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In summary, then, the Christian perspective adopts the concept that the benchmark by which truth is discerned

taken off your old self with its practices" (Colossians 3:9) implies that lying is completely consistent with the old nature. While even non-believers would be opposed to explicit lying, the Christian understanding of lying (or falsehood) can be seen as extending to behaviors that may be technically legal but that violate the spirit of the law. A pertinent example may be some of the arbitrary mechanisms by which organizations such as Enron hid the true extent of firm liabilities. Other examples might be the mechanisms adopted by taxpayers and tax practitioners that, in essence, constitute scams designed to subvert the intent of the law. Recent revelations of tax shelters marketed by major firms to wealthy taxpayers and

is Scripture. Consistent with Johnson's (1996) model, the Christian perspective should adopt an inductive approach by which we work from the Scriptures to arrive at conclusions that are firmly ground in truth. By searching the Scriptures and then by examining what we see around us through the lens of the Scriptures, we are able to arrive at knowledge.

### ***Beliefs about Physical and Social Reality***

While the truth, being defined by the person of God, is immutable, the Christian perspective on physical and social reality embraces notions of both objective reality (i.e., one that is fixed and never changes) and an experiential reality (i.e., one



that changes and is changed by the actions of the individuals involved). It is interesting to note that this encompasses elements of both the mainstream and the interpretive paradigms outlined by Chua (1986). Fundamentally, the Bible teaches that God is sovereign and that man needs a relationship with Him. This is the ultimate reality, and fulfillment can come from no other source. In a related sense, the Bible describes man as being in a fallen state; he is corrupted and incapable of self-redemption. These notions serve as the foundation stones of Christian reality. They exist independent of any person's individual experience, and they are not continually being redefined by human actors. They are absolute and true, in the past, present, and future.

With regard to the non-believer, the biblical references to human nature are absolutely consistent and suggestive of nothing other than a corrupted and self-interested state. The non-believing world is a captive of evil and being led astray. "As for you, you were dead in your transgressions and sins, in which you used to live when you followed the ways of this world and of the ruler of the kingdom of the air, the spirit who

is now at work in those who are disobedient" (Ephesians 2:1-2). This is the sad reality of the non-believing world, and again, the reality is absolute and constant through time.

For the believer, the reality of salvation is also absolute. Salvation comes solely by the grace of God through faith in Christ. The believer's life is not his own and is to be lived in relation to Christ. The *experience* of this reality in the believer's life is, however, to some degree subjective. We are informed that not all are teachers, not all are prophets, and not all are apostles (I Corinthians 12:29), but each person's experience is nonetheless real and valuable to God. Some were poor, others were very wealthy. Paul experienced a physical revelation of Christ on the Damascus road, but the Spirit opened Lydia's heart so that she could understand Paul's message delivered by the river in Philippi. Peter and John were both apostles, but Peter was executed for his faith, while John lived to be an old man. The reality of the underpinning salvation was unchanged in all cases; what did change was the lived experience of each believer. Clearly, then, as Christian researchers we must allow for some subjectivity

of experience but a common, immutable reality.<sup>4</sup>

How do these concepts tie into accounting research? First, as researchers in the Christian accounting domain, we must start from a reality based on the fallen world and thus we should *expect* certain types of behaviors to dominate. The Scriptures are very clear on the state of fallen man. "... There is no one righteous, not even one; there is no one who understands, no one who seeks God. All have turned away, they have together become worthless; there is no one who does good, not even one" (Romans 3:10-12).

While the secular world must wrestle with questions as to human motivation, the above statement leaves the Christian researcher with no doubt at all with regard to expectations of human behavior. There is an objective reality of a corrupted human nature explicitly caused by the Fall. This reality exists independently of researcher actions and is simply there to be "discovered" empirically. We should anticipate the dominance of self-interest, even though individuals at times may display altruistic behavior.<sup>5</sup> We should be unsurprised at efforts to distort accounting numbers for personal benefit. We should anticipate conflict between employers

and employees. We should be unsurprised to find power struggles and the use of accounting numbers to justify certain positions and power structures. These things are part of the reality of our fallen world, and Christian research may examine and test the data to provide empirical evidence in support of this underlying reality.

Second, with regard to Christian behavior and experience we need to allow for some subjectivity. As noted above, not all are called to be prophets, to be teachers, and so on. We can expect to find extremely wealthy Christians along with Christians living a life of poverty, and yet both may be completely obedient to their callings. Neither should automatically be condemned for failing to integrate their faith with their profession merely because of their choice of profession. One believer may eschew the business world and work in the not-for-profit sector while another may serve the Lord equally effectively as the CEO of a major corporation. Similarly, believers may interpret and apply some aspects of the Scriptures in different ways depending on their own lived experiences. For example, one Christian may see a particular business activity as adversely impacting the environment,

while another may see in the same activity the generation of employment opportunities. These are areas in which the Scriptures allow for differences in experience and interpretation although as believers we should be seeking collectively to understand more clearly God's will and to interpret the Scriptures faithfully. Further, these differences in views between Christians should not in any sense detract from the underlying truth of the Scriptures, and they should not be taken as implying that the Scriptures are primarily relative. They do allow us to examine different perspectives and through our research understand more fully our world, our own behavior, and the different ways in which Christians may serve the Lord.<sup>6</sup> An example in this sense may be in-depth case studies of Christians working in different areas of the business world and how each unique experience differs but contributes to God being glorified.

Third, the existence of a Christian reality embodied in the Scriptures gives us, as Christian researchers, a basis for normative research and prescriptive statements. That is, while much secular research carefully avoids the normative position because it is difficult to argue what should be, we have a firm and certain

basis that enables us to make such statements. In fact, those of us who are academics are in a position to reflect upon what *should be* rather than what is, and we have the responsibility of supporting Christians in the profession and of shaping our profession as best we are able. Thus, it is our responsibility to highlight ethical pitfalls, to provide a biblical framework for young Christian professionals facing pressures from clients and their firms, to make visible the weaknesses that are corrupting our profession, and to promote greater awareness of the need for our profession to be accountable to society generally and not only to shareholders. If we fail to do this, it seems that we fail to fulfill our calling as Christian academics and scholars, and we fail those in the profession who might benefit from our input.<sup>7</sup>

To summarize, the Christian perspective adopts the view of a firm and unchanging underlying reality, based on the existence of God and the relationship between God and man which was broken at the Fall but restored (for believers) through Christ. These fundamental relationships do not change over time and are not dependent on an individual's lived experience.<sup>8</sup> What does vary is the manner

in which an individual might experience his/her walk with God and how an individual lives out his/her calling. Because we know that an underlying reality (or perhaps framework) exists, we have the confidence to make statements about how things should be.

### ***Relationship between Theory and Practice***

It would seem that the relationship between theory and practice within the Christian perspective is more akin to the interpretive and critical perspectives than to the mainstream perspective. The interpretive perspective seeks to help people understand their behaviors. The Christian perspective must also be about understanding, but one based on solid biblical principles rather than on a reality that is constantly being created and recreated. Unlike the interpretive position, our truth is not constructed but is immutable and real. We need to help Christians in the profession to see the accounting profession and their own behavior and responsibilities through the lens of biblical truth.

The critical perspective seeks to expose systems of oppression and manipulation. White (1999) promotes Christian accounting

adopting a similar perspective. Again, while there are similarities between the Christian and critical perspectives, we need to be careful that the entire process is biblically grounded. Unlike the critical perspective, we cannot permit truth to be context driven and changing over time. As Chewning (2000) emphasizes, God is unchanging and the Christian perspective must hold fast to this reality. Similar to the critical perspective, however, we have a role of exposing systems of domination. In James we learn that “The wages you failed to pay the workmen who mowed your fields are crying out against you” (James 5:4). If the inanimate wages are crying out for justice for those who have been oppressed through the economic system, should not Christian academics be crying out against practices that are corrupted and unfair? Can we ignore the problems we see and attribute these simply to “the system” when Proverbs informs us that “He who oppresses the poor shows contempt for their Maker” (Proverbs 14:31)? In fact, it is at this point that research from a Christian perspective has an advantage over secular business ethics research. While the secular researcher must struggle with relative concepts of truth, as

Christian researchers we have the Scriptures as our basis for truth. The Christian researcher is in a position to make bold statements about behaviors that apparently comply with the law but that violate the spirit of the law. The tax accounting field likely offers some of the best examples of such abuses. It is well accepted in tax practice that there is nothing inappropriate about structuring one's affairs to minimize tax; but if Christ is my client, am I willing to suggest the somewhat arbitrary, albeit legal, arrangement that might appeal to another

***The Christian perspective can accommodate a variety of different methodologies ...***

client? While the business ethicist or secular researcher might talk about risk-seeking preferences among taxpayers, the Christian researcher must be concerned with the appropriate determination of "that which is Caesar's" since this is what our Lord instructed us to pay in tax. Clearly, as Christian academics we have a calling to fulfill, and unlike those in the interpretive and critical perspective who must rely on relativistic notions of truth, we have a firm foundation of truth upon which to base our research.

## **Potential Research Areas within the Christian Perspective**

The Christian perspective should not be seen as being narrowly confined to one style or type of research. As noted above, the Christian perspective has elements in common with the mainstream, interpretive, and critical perspectives and yet is unique in its own right. The Christian perspective can accommodate a variety of different methodologies and research types, all of which seek ways of applying biblical truth to an understanding of the accounting profession.

In this section, three different areas of possible research are considered. These are not intended to be definitive areas of

research but are intended to serve as examples of areas that might be fertile ground for Christian research. In the following section, two specific possible research studies are outlined to demonstrate the application of the framework to a research question in the Christian perspective. Finally, it should be noted again that the Christian perspective is broad-ranging and covers the entire business profession. The emphasis here for demonstration purposes is again on the accounting field, but application can readily be made to other areas.

## ***Research on Corporate Governance***

Research on corporate governance sits very neatly with the Christian doctrine of the fall of man and the self-interested nature of man. Denis (2001) summarizes corporate governance as encompassing “the set of institutional and market mechanisms that induce self-interested managers (the controllers) to maximize the value of the residual cash flows of the firm on behalf of its shareholders (the owners)” (p. 192). Corporate governance responses to the agency problem range from external regulation to the alignment of manager and shareholder goals through executive compensation packages.

Within the Christian perspective, research on corporate governance should also start from the assumption that the natural state of man is such that executives are likely to be self-interested and hence inclined to act outside the interests of shareholders.<sup>9</sup> That this notion is consistent with secular research should be neither surprising nor concerning. Biblical truths are, and will continue to be, affirmed by secular research. Christian research, however, offers explanations as to human behavior that secular research is unable, or

at least unwilling, to explore. For example, as Christian researchers we know that the root of the problem lies in the fallen nature of man. In contrast to a non-believer, the Christian manager knows that we are not accountable first and foremost to shareholders or to public accounting standards boards but to the God of the universe. This God is not deceived by creative accounting schemes or arbitrary manipulations. If we can empirically demonstrate that Christian managers and non-Christian managers act in fundamentally different ways, then we have made a valuable contribution to the corporate governance research agenda that would not be possible from a secular perspective.<sup>10</sup> It is incumbent upon Christian researchers to undertake this type of research.

Furthermore, Christian accounting researchers need not avoid fertile areas of research merely because secular researchers happen to agree with us. Rather, Christian researchers should be taking the lead in these areas because they represent research fields in which we may readily glorify God by highlighting abuses of God-given authority. The Bible clearly identifies that “... there is no authority except that which God

has established. The authorities that exist have been established by God” (Romans 13:1). To whom has authority been given to protect those who might suffer from accounting abuses? External auditors clearly have a major role to play, along with regulatory agencies such as the SEC. The attention of the Christian researcher then must also be on the auditors and the reasons as to why they might be failing to administer appropriately the authority given to them to constrain accounting malpractice. Are auditors being captured by those whom they monitor? Are standard-setters captured by auditors? Are Christian auditors less vulnerable to these problems, and if not, what is it about the environments of the big four that causes Christians to compromise? Although research on these questions may prove challenging to operationalize,<sup>11</sup> it would nonetheless make a very valuable contribution.

Related to this is the role of accounting systems that are set in place to mitigate the behaviors that we must expect from individuals as a result of the Fall. In essence, we need to be asking whether these systems are effective and how they may be improved. Again, this is a research area consistent with the secular research but one

to which Christian researchers can bring an alternate perspective and more complete understanding.

Another related and yet different dimension is to examine the performance of Christian executives over time. Are they perceived, ultimately, as being better executives and are they accordingly more highly remunerated? Are they more rapidly promoted? Do their firms tend to outperform other firms? If these things are not true, case study research may reveal worthwhile explanations. For example, are Christian executives sidelined because they are unwilling to go along with unethical practices adopted by higher management? To the extent that Christian executives do outperform their non-Christian counterparts, there arises a question as to the competitive advantage that Christian colleges provide in producing professionals. Smith (1999), for example, notes that in the organizational control and trust context Christian employees should be highly desirable, and Logue (1999) notes that “Employers already recognize a difference in the preparation, work ethic, and accountability of students graduating from my institution” (p. 217).

## ***Research on Social and Environmental Accounting***

White (1999) highlights the dichotomy between the functionalist and power perspectives on accounting

***... the Christian researcher has a vital role to bring balance to the debate.***

professionalism. The functionalist position assumes accounting numbers are neutral and objectively determined. The power perspective assumes that accounting numbers are used in a manner that creates a reality by focusing attention on certain things.<sup>12</sup> Thus, White points out:

*Standard costing and budgeting techniques had a very powerful impact on the lives of the individuals within organizations. Individual employees could now be held to very specific standards of performance and would be held accountable for variances from expected performance levels (p. 18).*

In effect, the introduction of this accounting mechanism served to give greater power to management over workers and yet failed to “make organizations more

accountable to society” (White, 1999, p. 18). In other words, the accounting numbers were not neutral at all; they created a bias in thinking that served one interest group (management). White thus calls for a Christian perspective that moderates this outcome. The Christian accounting response, according to White, should

be to facilitate measurement of other variables that would focus attention on key areas of interest from a Christian perspective. For example, he highlights the need for human resource accounting to take into consideration the importance of people, and clearly people are important in God’s economy. Additionally, he notes the need for measurement and quantification of environmental costs, since we have a clear responsibility to God for management of our environment.

In a rejoinder to White’s paper, Porter (1999) points out that considerable work has already been undertaken in the social and environmental context by scholars with a secular focus. He suggests that the Christian perspective should seek to build upon this work. Mathews (1997) provides a comprehensive review of the literature in the social and environmental domain. What then remains to be done that can be



uniquely done by researchers in the Christian accounting domain?

First, as Christian researchers we must see ourselves as advocates of the disenfranchised. That God wants justice and fairness is absolutely not in question. While we cannot expect the non-believing world to adapt to our standards (Skinner, 1999), we can make heard the voices of those who might not otherwise be heard. We can highlight failures and abuses and shed light on the darker practices of corporations that contradict the practices that would be approved by God. Promotion of social accounting is one means of redressing some of the areas in which our capitalist system has gone outside the bounds of what we as believers would consider right and fair. An example in this area might relate to non-financial information required to be disclosed in the annual report with regard to working conditions in factories operated by the corporation and its subsidiaries outside the U.S.

Second, with regard to environmental issues, the Christian researcher has a vital role to bring balance to the debate. As Skinner (1999) points out, "Much of what passes for environmentalism comes suspiciously close to worship of the creation rather

than the Creator" (p. 24). While this may not be as strong a problem in the environmental accounting area vis-à-vis other environmental research fields, the Christian researcher needs to build on existing secular research but ensure balance in the debate such that the focus does not become the environment to the exclusion of other equally important stakeholders. The Christian researcher has a key role to play because only a biblical perspective can yield the appropriate balance in managing God's creation and avoiding creation worship.

### ***Research on Tax Compliance***

Within the Christian perspective, there is an abundance of research opportunities on tax compliance. What role do Christian values and ethics play in determining the behavior of both taxpayers and tax practitioners? Cuccia (1994) identifies the need for an integration of the economic-based research on tax compliance and the behavioral research. He points out:

*Economic-based research is often criticized for lacking predictive ability due to its exclusion of taxpayer attitudes and beliefs. Behavioral and attitudinal compliance*

*research is also criticized for its lack of focus and underlying theory. It appears that only by integrating approaches and directing examinations toward small groups of taxpayers with homogenous incentives, both economic and attitudinal, can any contributions to understanding actual decisions be made (p. 110).*

The Christian perspective provides an ideal opportunity to pursue such an integration of the two streams. Are Christian taxpayers less responsive to the imposition of penalties than other taxpayers? We might expect that they should be since Christians serve a higher authority. We might also consider the impact on Christian tax practitioners of different client stances. For example, are Christian practitioners influenced by clients who want to adopt an aggressive stance? This is an integration of the attitudinal and the economic since the practitioner who refuses to accommodate the aggressive client may lose the client.

There also exists the opportunity to explore judgment and decision-making capacity with regard to interpreting tax situations that are ambiguous.

Research exploring the decision-making process with subjects “thinking aloud” through the process could yield differences in the way in which Christian practitioners approach issues compared with their non-Christian counterparts.

Again, normative research in this area is also highly relevant. How Christian tax practitioners should approach problems is a valuable and useful area for research. What does the Bible have to offer the Christian tax practitioner facing pressures from clients wanting to adopt an aggressive posture? Failure of Christian accounting academics to address these issues potentially leaves the young and inexperienced Christian tax practitioner vulnerable to following the widely accepted “wisdom” of the secular world.

### **Two Specific Examples of Research Within the Christian Perspective**

The following two examples are intended to provide some application to the framework developed above. Both are necessarily brief and, like all research, contain significant limitations. They serve, however, to highlight the usefulness of the Christian framework in setting up

research projects that contribute to knowledge in a worthwhile manner.

### ***Example I: Corporate Governance***

*Research question:* Do Christian managers (auditors) respond to ethical dilemmas differently than non-Christian managers?

*Research method:* Managers (auditors) are selected at random at a CPE training exercise and given a set of scenarios. They are each asked to identify any ethical dilemmas and to suggest the appropriate response(s) they would recommend. Managers (auditors) are assigned to the Christian/non-Christian category based on an exit questionnaire that addresses a broad range of issues including personal beliefs with respect to faith and personal level of involvement in faith activities (for example, “on a scale of 1 to 5 list your view as to the importance of daily prayer in your life,” etc). These questions should be embedded among a wide range of other social/personal questions so as to avoid biased answers from respondents.

*Beliefs about knowledge:* Accordance with Scripture defines what is an appropriate or inappropriate response to

each ethical dilemma. We can test whether Christian managers (auditors) do act differently by measuring the difference in their response relative to the non-Christian response. The underlying “truth” in terms of an appropriate response is established from the Scriptures and is not relative.

*Beliefs about physical and social reality:* There is an underlying reality that fallen human nature will be self-centered and unable to please God while the regenerate Christian will seek the glory of God as the highest priority, even at personal cost.

*Relationship between theory and practice:* The findings of the research either verify that Christians act in different ways than non-Christians (which may have implications for hiring) or provide feedback that something is amiss with Christians in business (and leads to research to discover why Christians fail to carry their faith into the workplace). In either case, there are prescriptive elements to the research.

### ***Example II: Tax Compliance***

*Research question:* How responsive are Christians to the level of penalty imposed for non-compliance?

*Research method:* Taxpayers (or student proxies) are selected

for inclusion in an experiment in which participants “win” income based on the tax refund (less any penalties imposed under audit) that they achieve in completing a tax return. The experiment is run four different times with four different groups with the penalty cost of an adverse audit (and the probability of audit detection) being changed for each group. Several “gray” areas are included in the details provided. Taxpayer demographics are collected including “the number of hours spent in religious activities including church attendance, personal prayer, and Bible study over the course of an average week” (this is used as a Christian proxy). The variable of interest is the interaction of “hours spent in Christian activity” with the amount of “gray area” income reported/ deduction claimed and the degree to which this changes between the four levels of “detection cost.” It is anticipated that higher Christian activity levels will correspond with higher taxable income levels reported and that this will not change over the four different “detection cost” scenarios.

*Beliefs about knowledge:*

Accordance with Scripture defines what is an appropriate or inappropriate response to each “gray area.” In essence, if Christ were auditing my return, would

I report this income/claim this deduction? Several independent Christian researchers will evaluate this and then compare their conclusions before determining an appropriate response.

*Beliefs about physical and social reality:* There is an underlying reality that fallen human nature will be self-centered and unable to please God while the regenerate Christian will seek the glory of God as the highest priority, even at personal cost.

*Relationship between theory and practice:* The findings of the research have implications for the manner in which taxation and business ethics are taught at Christian universities. Are Christian students learning to be accountable to a higher authority or are they succumbing to the more secular thinking that “it’s OK if I don’t get caught?”

## **Conclusions**

This paper constructs a possible framework for a Christian perspective on accounting research. Research from a Christian perspective has much to offer and fulfills the need identified by Dyck (1999) for Christian academic support of those in the business world. The framework is based on Chua’s (1986) model which focuses

upon the three key assumptions underpinning any research paradigm, namely, the assumption about what is to count as truth, assumptions about physical and social reality (the object of our study), and assumptions about the relationship between theory and practice. It serves as an extension of the approach proposed by Johnson (1996).

The Christian perspective defines truth fundamentally as being sourced from God and coming to us through His Word. It sees the physical and social reality as governed by mankind's fall and the need for a restored relationship with God. Finally, it sees the relationship between theory and practice as being one where Christian researchers can highlight failings in the current systems and offer biblical prescriptions that ultimately are restorative in nature. Such research both supports Christians in the workplace and serves as a crying out against the failings and corruptions of our system.

Three fields that offer fertile opportunities for Christian researchers are corporate governance, social and environmental accounting, and tax compliance. While these are not definitive in terms of a Christian perspective, they highlight the

opportunities available to Christian scholars to fulfill their calling to be salt and light in the world and to use their talents and resources to serve God through their vocation. In light of the recent corporate collapses and accounting scandals, it would seem that the imperative for Christian scholars to contribute to the debate has never been greater.

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## ENDNOTES

<sup>1</sup>While most of the theoretical discussion applies to the business disciplines generally, specific examples relate to the accounting discipline because this is the discipline with which the author is most familiar. Readers from other business areas can no doubt identify examples that are equally pertinent within the context of their own disciplines.

<sup>2</sup>Bible quotations are from the New International Version translation.

<sup>3</sup>It should be noted that this is an oversimplification of the economic man concept, but an extended discussion of the economic notion of self-interest is beyond the scope of this paper. The biblical exhortation is to also consider the interests of others rather than looking only to one's own interest (Phil. 2:4). Further discussion of this point is deferred to future research.

<sup>4</sup>This should not be interpreted as implying that there are multiple ways to be saved. Jesus Christ clearly made the point that He is the only way to the Father, not one of many (John 14:6). Thus, there is only one means of salvation and this is in no way subjective. How individuals come to faith in Christ and thus become saved may differ (for example, one may come to faith through an evangelistic crusade, another through exploring the Scriptures in a small group study, etc.). Further, each believer (post-salvation) has a different calling in life. Collectively and individually, all believers should be seeking to live out the faith in their lives, but details of calling (career, geographic location, approaches to ministry, etc.) will vary between believers.

<sup>5</sup>Even the display of ethical behaviors may be closely related to self-interest and an integral component of the economic system (Noreen, 1988).

<sup>6</sup>Additionally, debate between believers regarding these issues should help us individually in our discovery of what God would have us do collectively and individually. See for example Proverbs 27:17 — “As iron sharpens iron, so one man sharpens another.”

<sup>7</sup>While the emphasis in this paper is on research, there is a very clear and important teaching role that is closely related to the research in this area. As academics we have been entrusted with a role in shaping the lives of our students, and we face a responsibility in equipping them to serve God within the context of the secular workplace. Research and teaching in this context are highly interrelated.

<sup>8</sup>This is perhaps most clearly articulated by Christ’s comment that “No one comes to the Father except through me” (John 14:6).

<sup>9</sup>It should be noted that there is clear biblical support for the notion of managers serving owner interests. An example is the parable of the three servants (Matthew 25:14-30) who were held accountable for the talents that were entrusted to them.

<sup>10</sup>Of course, one other possibility is that managers who speak out against inappropriate corporate behavior may be dismissed. This is a genuine issue that can only be discovered through case study type research. Unwillingness to compromise, even at the cost of losing one’s position, is a powerful Christian witness.

<sup>11</sup>One possibility would be in-depth case studies dealing with particular Christians’ experiences. Other possibilities would be to conduct survey-based research and develop proxies for “Christian faith” rather than relying only on self-reporting.

<sup>12</sup>These seemingly parallel closely Chua’s (1986) references to the mainstream and critical perspective paradigms.

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