



ABN BOOKCLUB

INTELLECTUAL TOOLS FOR THE YEARS AHEAD

We start the new year with a new theme: Well, two variations on an old ABN theme really. The Germans, who have a wonderful way with words, call it *weltanschauung*, which translates, somewhat wimpishly into English as *worldview*. It's a word which has two distinct but related meanings, both of which have enormous implications for the way we live our lives. Yet for most of us for most of the time, we remain pretty unconcerned about the matter and unaware of the way our worldviews dictate the way we are. In its most profound sense our personal worldview is that perspective, born of sets of particular assumptions, beliefs and values which we come to hold, which frames the very way we approach life. It's our particular window on the world, the theoretical and philosophical framework which we use to make sense of the world around us. Our political views are integrated into it, as are our religious beliefs, our assumptions about human nature, about nature itself, and about the universe at large, and our position within it.

Our worldviews embrace our attitudes, our likes and dislikes, our ethics, our intelligence, our experience, and even our personalities. They also reflect our prejudices and ideologies and bigotries. And while each of us has a personal worldview, worldviews are also shared with, and indeed shaped by, the worldviews of others. It makes sense therefore to talk of a collective worldview or a socially prevailing worldview. Democracy is a shared worldview in this country, and so is 'fair go', and 'she'll be right'. These are perspectives shared by most Australians. There are some deeply differing worldviews across our society too of course: One person's terrorist is another's freedom fighter. Some of us believe that we should change our flag, our way of governance, our system of land tenure, and other national ways of doing things, while others of us have different beliefs about these things. Some of us believe that Australia should be an Asian nation, others of us disagree. Some of us see the world about us holistically, in systemic terms, others are more compartmentalist and linear. And so on.

Worldview in this sense then is what we might term a 'meaning perspective', a mental and invariably tacit framework through which we make sense of the world about us in a somewhat philosophical, internal way. When we talk of paradigms, we are talking of these sorts of abstract worldviews as they reveal themselves in our behaviours and the characteristic actions we take. We are what we believe! So paradigms are worldviews-in-action, as it were, the ways by which we actually deal with the world about us in practice.

There is a second, external sense in which we use the word worldview, which, while it tends to be a reflection of the internal perspective, is still significantly different from it. Thus we also talk of worldviews as literal views of the world which is external to us, a commentary on the reality of the world as we perceive it. We might refer to this as the big W Worldview to distinguish it from the (little w) worldview as internal perspective. The big W is our pragmatic interpretation in action rather than our philosophical beliefs. It is what we see, in contrast to why we see it that way. What we interpret as happening in the Asia currency markets at the moment for instance, and what we suspect or predict the impact will be on the Australian economy, are matters of data analysis rather than philosophical musing; although as already emphasised, the latter will strongly influence the former.

The central concern of our first selection this month, *Corporate Collapse* by Frank Clarke, Graham Dean and Kyle Oliver, are the prevailing worldviews within the accountancy profession and the commercial sector at large, which represents a degraded ethos of truth and fairness in business dealing and especially reporting. The second selection, *Japan: A Reinterpretation* by Patrick Smith is a wonderful example of interconnections between worldviews, Worldviews and paradigms, and of the significance of changes in each on the others.

Corporate Collapse: Regulation, Accounting and Ethical Failure

E.L. Clarke. G.W. Dean and K.G. Oliver Cambridge University Press 1997

This is a tale of the complex patterns of interconnections between worldviews held within different sectors of Australia, and how these interactions can influence the outcomes of matters of business with national significance. It is a sorry tale, and one which reveals much about human nature and the perversity of self-delusion that so often reflects the innate inflexibility of the mental perspectives that we humans collectively construct.

For all of the drama and the hurt and the punishments which typically accompanies the epidemics of corporate failures which periodically infect business in Australia, and for all the rhetoric about the need for institutional to reform to prevent recurrences, one of the most pervasive contributing factors remains perversely unmoved. The accounting profession, despite its insistent espousal of the twin principles of truth and fairness, here stands accused by the authors, of being a major contributing factor to corporate collapse in this country, as indeed also elsewhere.

There is, they argue, "an institutional blind-spot regarding the generic defects of accounting and auditing practice". "No other professional activity," they continue, "has enjoyed such a level of continued support and excuse in the wake of a prolonged public record of default". There are serious faults with current accounting practices, they claim, and somewhat paradoxically, more disciplined compliance with Accounting Standards, rather than alleviating the problems, actually adds to them. The authors use data drawn particularly, but not exclusively, from the lurid case studies of the 'corporate cowboys' of the 1980s, and from the careful analyses of the rise and fall of the corporations which they headed, to support their contention. And the result is a book that combines scholarly research and critical interpretations into a very lively and readable text.

All the familiar names of the black-hatted 'cowboys' are here, from the Bonds and the Connells and the Yuills of this world, to the Goldbergs, Skases and Gowards. They are regarded as the 'bad guys' because they are so simple to identify and so easy for the media to spin their narratives around. And how feckless is the readership? How open to media exploitation we all seem to be. How willing to change our worldviews? One moment one of our cowboys can be a national icon, the next a folk hero, yet next again, a villain. Our perspectives on what might be systemically wrong within the corporate sector, what might be seriously flawed within the commercial and financial framework in which business operates, is distracted: Distorted through the cult of the individual, and the prevailing media culture of infotainment. We remain unsure of where the true villainy lies. As the authors contend, "as this story unfolds, it reveals that the corporate cowboys can do their thing only because they had the open ranges on which to run wild". And those in the accounting profession, they assert, have as much to do with the characteristics of these 'open ranges', as anyone. Their very methodologies fail to identify what, by their espoused commitment to truth and fairness, should reveal, yet the collective worldview that they hold, their professional "group think" remains somehow as persistent as it is apparently pervasive.

"From published financial statements it remains impossible to assess the wealth and progress of a company, virtually impossible to calculate reliable indicators of solvency, rate of return, asset backing, gearing and the like. Published financial statements contain data which are mere artefacts of the processing rule imposed upon accountants through the compulsory imposition of Accounting Standards, some of which lead to data being pure fiction." Is it any wonder that the public can be so easily misled about the state of any particular corporation, and more importantly, is it any wonder that such corporations prove so difficult to manage? No system can operate effectively without accurate and reliable feedback.

From all the careful data and analysis that Clarke, Dean and Oliver present here, it is difficult to disagree with their contention that corporate accounting is "in crisis". It is also not difficult to accept the logic behind the major and radical strategies which they recommend as the basis for responsible reform. For all that however, without much more critique of the quality presented in this book, and without more profound and pervasive changes in the worldviews which prevail within the corporate sector, within the media, within the law, within the public at large, and especially, within the accounting profession itself, things are not going to change much. The next generation of corporate cowboys is already saddling up, fairly secure in their belief that the nature of the range is not likely to change all that much for the foreseeable future! ●

Japan: A Reinterpretation

Patrick Smith Pantheon Books New York 1997

This is a book about a whole pastiche of worldviews about Japan. It's about worldviews which prevail in the West and especially in the United States of America, about Japan, and about how these have developed through history. It is also, and essentially, about the worldviews which the Japanese have of themselves, about how these too have developed through historical time, and about the forces of change which are leading to profound transformations of these self-perspectives. Finally of course, this is a book which, like all others, reflects the worldviews of the person who wrote it!

The limitation of so many of the worldviews which are constructed about Japan from those in the West, is that they tend very much to be non-contextual, static, and somewhat ambivalent. There are two images that outsiders seem to hold, "the old Japan of samurai and Zen gardens, and the new Japan of gadgets and efficiency". It is only through a rigorous study of the history of Japan, contends the Patrick Smith, that we will ever be able to construe a view of the Japanese which transcends such superficial imagery. And with that position established, he sets out to provide just such a history which, in turn however, he very carefully and skilfully weaves into an analysis of the country and of its peoples in current times. Through his appealing narrative, he takes his readers through 14 different periods of Japanese history . and makes firm connections of both events and ideas from the past, with many aspects of current happenings.

Through the details of both past and present that he provides, the author develops what might be considered a set of scenario narratives - but told after the event - in which the significance of worldview perspectives is wonderfully emphasised. Thus he connects particular cultural and socio-psychological expressions in contemporary Japan with particular historical changes in social, economic, technological, intellectual, and political circumstances in the country. More than a century ago for instance, after several hundred years of shogun rule, the emperor was restored to power and with that event also came the laying of the foundations of a modern military and industrial economy. A second great shift occurred with the introduction of democracy, American style, with the post-war occupation of the country and the establishment of a new constitution effectively written by the American occupiers. The author explores these two great movements in the development of modern Japan, and through his analysis suggests that both were really incomplete transformations in that they did not deal successfully with the "very thing that most people think sets the Japanese apart: the relationship between the individual and society - between belonging and social duty on the one hand, and on the other the perceiving ego, the individual and his (sic) inner self."

This tension is one to which Smith continually returns throughout the book, whether it be in its manifestations in the education system, the political machinations, the innate xenophobia, the business and professional cultures and so on. It is, he suggests, central to the dynamics of the current changes in the country as one again "the Japanese are re-creating themselves, making themselves anew". And the tension is currently being manifest in what appears to be an almost paradoxical challenge: "At home the Japanese must accept diversity; abroad, that they are the same as the rest of us".

History would suggest that they will deal successfully with that paradox, perhaps providing insights and models for the rest of the world to emulate: The copier could well become the copied. ●

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- Framing Technology* by Leila Green & Roger Guinery (Allen & Unwin) \$19.50
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1996

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1997

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1998

- Corporate Collapse: Regulation, Accounting and Ethical Failure* by F. L. Clarke, G W Dean & K. G. Oliver (Cambridge)..... \$25.45
- Japan: A Reinterpretation* by Patrick Smith (Pantheon Books)..... \$42.45

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