TIMING IN ACCOUNTABILITY AND TRUST RELATIONSHIPS*

Salvador CARMONA
IE Business School
Calle Pinar 15-1B
28006 Madrid
Spain
E-mail: salvador.carmona@ie.edu

Rafael DONOSO
Universidad de Sevilla
Avda. Ramón y Cajal, 1
41071 Sevilla
Spain
E-mail: rdonoso@us.es

Philip M.J. RECKERS
W.P. Carey School of Business
Arizona State University
Main Campus
PO BOX 873606
Tempe, AZ 85287-3606
United States
E-mail: philip.reckers@asu.edu

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In this study we examine (1) how a manager's risk behavior is influenced by developing success (or failure) as an impending settling up deadline to report performance approaches, (2) how willingness to provide transparent accountability is negatively affected by perceived risk and eroding trust, and (3) how others interpret and respond to reduced transparency. As perceptions of high levels of risks suggest a lack of environmental control of a firm's destiny in contemporary settings, we adopt a historical approach to examine these issues. In this respect we draw on primary sources found in library archives in Spain and Argentina. Our focal case refers to the contract signed and executed between the South Sea Company and Captain José de Salinas (1731-1735) to walk 408 Negroes from Buenos Aires to Potosí and sell them en route or at destination. Drawing on this evidence, we examine how bring about unethical conduct featured by increasingly risky business practices, and how eroding trust conditions lead to only summary record-keeping and delayed reporting. In turn, diminished accountability further undermined trust. Our findings have implications for further research in this area as well as for contemporary cases of accounting failures.

Subjects: Accountability, Trust, Deadline Pressures, Risk.

PROLOGUE
(WorldCom trial. February 25, 2005)

Prosecutor (Q): Had you been asked to make an entry of this size before?

Troy M. Normand (A): No.

Q. What happened after you officially refused to make the entry?

A. I told my supervisor I was considering resigning.
…
Q. Normand, why were you considering resigning after you were asked to make this entry?

A. Because of the size, and I just didn't think it was right.
…

Q. Approximately when during the closing process did this meeting take place?

A. It was very late in the close, right before the earnings release.

Q. Normand, if you could just describe for the jury how the meeting started and what was said during the meeting?

A. … He did say he believed that the initial statements that we produced, that the line costs in those statements could not have been as high as they were, that he believes something was wrong and there was no way that the costs were that high. I informed him that I didn't believe the entry we were being asked to do was right, …

Q. During this meeting, did Sullivan say anything about whether you would be asked to make entries like this in the future?

A. Yes, he made a comment that from that point going forward we wouldn't be asked to record any entries, high-level late adjustments, that the numbers would be the numbers.

Q. What did you understand that to be mean, the numbers would be the numbers?

A. That after the preliminary statements were issued, with the exception of any normal transaction, valid transaction, we wouldn't be asked to be recording any more late entries.

INTRODUCTION. The above excerpt from the WorldCom trial refers to the questioning of Troy M. Normand, a corporate reporting manager who worked in the firm's General Accounting Office. The excerpt speaks to the size of earnings manipulation practices at WorldCom, where top management and financial management engaged in "micro-manipulations" of accounting figures to produce a biased view at the corporate level (Gowthorpe and Amat, 2005; Staubus, 2005). By failing at providing a true and fair view of their financial performance, firms break the trust relationship that pervades the stewardship function and engage in unethical conducts. According to Small and Mallon (2007), trust constitutes the cultural basis and the 'glue' that promote ethical behavior. Ultimately, earnings manipulations affect the welfare of management and stakeholders and bring about ethics failures (Gaa and Thorne, 2004). The WorldCom excerpt also spells out the centrality of time in the earnings manipulation process; and risks assumed as the settling up deadline of performance reporting approached. Despite the wealth of research examining the ethical implications of accounting misreportings, the role of temporal distance in micro-manipulations constitutes a widely neglected area. A study adopting this time perspective would expand the set of variables intervening in the trust relationship (e.g., Carpenter and Reimers, 2005) as well as advance knowledge about the ethical implications of altered accountability policies, practices and procedures. Our proposition is that shifting perceptions of performance influences risk assumption and accountability practices, especially as deadlines of performance reporting loom.

Despite the wealth of research examining the ethical and trust implications of accounting misreportings, the role of temporal distance in micro-manipulations constitutes a conspicuously neglected area. Thus, a study examining the influence of temporal distance provides the opportunity to identify a fundamental variable intervening in the trust relationship (e.g., Carpenter and Reimers, 2005) as well as advance knowledge about the ethical implications of altered accountability policies, practices and procedures. Our proposition is that performance shortfalls can initiate a downward spiral of biased accountability practices and loss of trust and that this phenomenon is most likely to occur as deadlines for performance reporting loom.

Tversky and Kahneman (1981) and Trope and Liberman (2000) address risk taking and temporal distance. Tversky and Kahneman (1981: 456) in describing their renowned *Prospect Theory* observe that "Prospect theory implies that a latter frame (a temporal frame approaching a settling up point) will produce more risk taking than a temporal frame distant from a settling up point". Similarly Trope and Liberman, 20 years later confirm a lengthy stream of research verifying that temporal distance systematically influences the way individuals construe future activities. In the case of accounting misreportings, this may occur when a firm's shares are overvalued and management sees no chances to attain prior estimates and market expectations (Jensen, 2005). Therefore, construals of future performance affect a firm's decisions and processes (e.g., accountability) that are related to organizational relationships (e.g., production and destruction of trust, see Miller and Chen, 2004).

Giddens (1991) identifies two types of trust relationships: facework and faceless commitments. While facework commitments feature direct, physical interactions among agents who work in the same place, faceless commitments refer to trust in society's abstract systems (e.g., professions; Brien, 1998). In this paper, we draw on this stream of research on trust built on faceless commitments to examine the role of time pressures on risk taking, accountability and trust relationship.

Given the dearth of research examining how deadline pressures affect accountability as well as the production and destruction of trust, investigation of this topic should rely on "rich slices of organizational life" (Kaplan, 1986: 445). From a methodological viewpoint, this argues for adoption of a case-study approach. In present-day firms, incentives exist for management to keep their assumption of high or untoward levels of risk confidential; revelation that management is engaged in high risk ventures suggests to investors that management may lack adequate control of the firms' environment and destiny. Consequently, data confidentiality poses insurmountable problems for field-study researchers seeking access to relevant settings in contemporary organizations. In this respect, the adoption of a case-study approach to examine the underpinnings of risk adoption, accountability and trust logically turns to historical data where guardians of confidentiality no longer exist.

In this study, we focus on the undertakings related to the contract signed between the South Sea Company (SSC) and a captain of the Spanish Army, José de Salinas (AGI. Indiferente General. Legajo 135. AGN, Protocolo Notarial. R. 3, 1740-F°252). In 1731, the SSC and Salinas (collectively, the parties) signed a contract engaging Salinas' services to walk 408 African slaves from Buenos Aires (present-day Argentina) to Potosí (present-day Bolivia). The contract specified that Salinas was to sell the slaves en route and at destination; and was to keep accounting records of expenses and revenues and issue reports to the SSC as to the venture's yield. This setting shares many features of contemporary business - faceless commitments, temporal distance, high-risk venture, deadline pressures and accountability through accounting. Our findings suggest that deadline pressures bring about unethical conduct featured by increasingly risky business practices, delayed payments, progressive reduction of record-keeping detail and delayed reporting. We submit that these findings have implications for further research in this area as well as for contemporary cases of accounting failures.

HISTORICAL BACKGROUND. The SSC, a British firm, operated under a license from the Spanish government that granted it the monopoly to trade black slaves in Spanish-American colonies during 1713-1743 (Carmona, Donoso and Walker, 2010). In return, as per stipulations of the license, the SSC was committed to meeting the demands for slaves' workforce in Spanish-America. Accomplishment of the provisions of the license involved considerable logistic complexities for a firm operating in the first-half of the 18th Century: the SSC had to sail ships from England to West African coasts, buy slaves, transport them to Latin-America, and then over land to sell them at designated destinations.

The SSC displays several characteristics of modern firms: engagement in international trade, capital owned by a combination of English and international investors (e.g., A Collection of all the Treaties, 1785, Vol. 1; AGI. Indiferente General. Legajo 2769. L8–28; see Carmona et al., 2010), and stock traded in major financial centers (e.g., London stock exchange). Furthermore, the SSC became famous for being the main contributing factor of one of the world's earliest financial bubbles (e.g., the South Sea Bubble, in 1720; see Temin and Voth, 2004).

The contexts of our focal setting feature characteristics that make it especially relevant to our research question. Potosí, the final destination of the group of African slaves, had the richest silver mine in the world, *Cerro Rico* (literally rich hill). The importance of Potosí in economic history can hardly be overestimated; for example, Ferguson (2008: 22-24) considered the trade of silver extracted from Potosí as one the earliest examples of globalization. As a consequence of the wealth stemming from its silver mine, Potosí was the largest American city (Lynch, 2007: 300). In Potosí, African slaves were initially used as workforce at the *Cerro Rico* silver mine. However, such use was gradually declining. Increasingly, African slaves were purchased by the wealthy to work as handmaidens, houseboys and undertake menial domestic work.

Potosí needed African slaves who were provided by Buenos Aires and the distance between the cities was approximately 2,600 kilometers. Salinas departed from Buenos Aires on August 18, 1731 and returned to the city on February 8, 1735. This provided us with a long time span over which to examine his shifting business and accountability practice. As we will point out, Salinas' opportunistic behaviour was contemporaneous with and thus arguably propelled by, (a) deadline pressures on Salinas and (b) a breach in the trust relationship. Consequently, Salinas' position shifted from being fully transparent and timely accountable to the SSC to engaging in risky business practices (e.g., sales on barter), and producing incomplete (summary) and untimely reporting. Upon his return to Buenos Aires, the SSC rejected Salinas' accounts, questioning his data, accounting procedures and business practices. Under these circumstances, the parties became engaged in litigation before a special court. By focusing on Salinas' venture, our study connects with mainstream ethics literature in accounting, which examines the role of individuals in corporate scandals (Forgarty, 1995).

Despite the importance of the SSC and its high profile in international trade as well as in the strategic disclosure of financial information (Gaa, 2009: 180), historical research has widely neglected its accounting practices (see Donoso, 2002, 2007; Carmona et al., 2010 as exceptions). This paper differs significantly from previous works in several respects. Donoso (2002, 2007) draws on Spanish primary sources as the basis of a descriptive account of events in the 1730s, whilst Carmona et al (2010) rely on a combination of British and Spanish sources to address the relationship between accounting and law in the realm of international relations for the period 1711–1739. In the current study, we gather data from sources located in Spain and Argentina to offer a theoretically informed analysis of the effects of temporal and physical distance on risk taking behavior, accounting and trust relationships. In this respect, we rely on an integration of psychological "*Prospect Theory*", business ethics, managerial trust and cognition literatures. This theoretical combination enables us to examine how deadline pressures on performance reporting bring about unethical conducts through the deployment of risky business practices and how lack of trust promotes diminished accountability which further undermined trust. Therefore, this approach theoretically differs from the description of primary sources provided by Donoso (2002, 2007) as well as from the managerialist and realist approaches used by Carmona et al (2010).

The remainder of this paper is organized as follows. In the following section, we address the theoretical framing of the study. Next, we describe our supporting archival sources and methods. This is followed by a presentation of the parties' contract, Salinas' journey and stay in Potosi, return trip to Buenos Aires, litigation and the court's decision. Finally, we discuss how the archival evidence connects with our theoretical framework in order to highlight the effects of time pressures on the accountability and trust relationship.

THEORETICAL FRAMEWORK: The notion of trust has been a highly debatable issue for decades. In the 1980s, Zucker (1986) concluded that the existing definitions of trust had little in common. A decade later, Hosmer (1995: 380) acknowledged the importance of trust but found lack of agreement on a suitable definition of the concept. In a recent study, Castaldo, Premazzi and Zerbini (2010: 661) observed that research proliferation on trust spanned diverse disciplinary domains and resulted in "a variety of intrinsic trust conceptualizations and meanings." To address this issue, Castaldo et al (2010) used a computer-aided content analysis and network analysis to identify the key dimensions that guided the conceptualization of trust in past research. In their study, Castaldo et al found that "reliance" constituted a key element in the definitions of trust (p.661), and concluded that reliance represents a crucial, non-rational dimension in the trust relationship because it goes beyond knowledge. Therefore, the absence of detailed information about the other party's actions constitutes a definitive factor in the trust relationship (Tomkins, 2001). As noted by Jönsson (1996: 109), accountability, the timely disclosure of one's actions to stakeholders, bridges the informational gap between the parties, strengthens the expectations of the other over one's future conduct, and generates trust.

As noted by Blois (2005), firms should never follow an unquestioning notion of strong trust. That is, trust is not static and permanent; trust can wax and wane. Trust can be reinforced, however, by a dynamic process of accountability. Such behaviour is designated as identity work, a notion that is closely linked to Giddens' (1991) understanding of self-identity. According to Giddens (1991), self-identity is a continually produced and reproduced process and is largely embedded in the individual's reflexive, routinized activities and actions. Consequently, accountability through accounting may play a distinctive role in shaping up individuals' narratives and their sense of self-identity or, as Koehn (2003) would put it, engage in a process of calculative trust. Arguably, such narratives are not necessarily consistent and linear across time-space but are largely affected by the wider organizational dynamics. In the case of outsourced projects, changes in the individuals that initiate/continue as representatives of the contracting parties constitute one factor that may break down the emotional bonds that supported trust relationships in the early stages (Wicks, Berman and Jones, 1999: 100).

Although accountability through accounting can be found in ancient societies (e.g., Carmona and Ezzamel, 2007), widespread reliance on complex systems of accountability through accounting is related to the emergence of modern society and its large time-space distanciation. In traditional societies, facework commitments enable mutual trust based on kinship, local community, religion and tradition (Giddens, 1990). Furthermore, traditional societies build trust relationships around family and local community ties within a context of small time-space distanciation among the parties. On the other hand, the large time-space distanciation featured by modern societies makes it impossible to rely on families and local communities as trust guarantors. In modern societies, Giddens (1990) contends, faceless relationships make individuals and institutions rely on abstract systems and the systems representatives. Consequently, Giddens' notion of faceless trust and its concomitant reliance on management control and accounting/reporting systems is relatively close to Fox's (1974) concept of "high trust", which departs from traditional control mechanisms such as physical supervision to featuring managerial and knowledge work. In the case of business relationships, accounting systems are one of the abstract control and reporting systems used by modern societies to enable operations in large time-space settings. In these contexts, the accounting and auditing professions operate as systems representatives. In this respect, several commentators have questioned the close relationship between auditors and management in today's business and its impact on financial scandals (e.g., Duska, 2005). Given the effects of this relationship on financial scandals, there are suggestions to deploy professional scepticism and a questioning mind in the assessment of audit evidence (Staubus, 2005).

Given the devastating effects of financial scandals in today's business, the enforcement of ethical behaviour constitutes an important agenda item for legislatures and government regulators (Rockness and Rockness, 2005), professional associations and firms. Although these efforts convey an "illusion of control", some commentators suggest that no legislation or extrinsic motivation can make individuals behave ethically (Rosanas and Velilla, 2005). Ultimately, trust begins where knowledge ends and any accounting control and reporting system provides ample opportunities to make accounting data appear to be what they are not (Fogarty et al., 2009). In turn, opportunities constitute one of the three axes of the fraud triangle, which is also formed by rationalization and incentives (SAS 99).

Consequently, as in many other organizational processes (Ocasio, 1997), time exerts a definite impact on the accountability and auditing processes. As noted by Trope and Liberman (2000: 876), temporal distance systematically influences the way we construe future activities and indicate that reality sets in as deadlines approach. For example, risk-taking behaviour as a consequence of deadline pressure to report performance could result in shifting a firm's sales procedure to accept in-kind goods. Also, time pressure may affect risk-taking behaviours on the part of individuals involved in a trust relationship. Under deadline pressures, the gap between actual performance and the aspiration level may affect the agents' risk taking behaviour and provoke high-risk taking behaviours (Kahneman and Tversky, 2000; Lehman et al., 2011). Kahneman and Tversky (p. 4556) provide a simple and intuitive example:

> "Consider a person who has spent the afternoon at the race track, has already lost \$140, and is considering a \$10 bet on a 15:1 long shot in the last race. This decision can be framed in two ways, which correspond to two natural reference points. If the status quo is the reference point (i.e., independent event), the outcomes of the bet are framed as a gain of \$150 and a loss of \$10. *On the other hand, it may be more natural to view the present state as a loss of \$140 (a negative frame) for the betting day, and accordingly frame the last bet as a chance to return to the reference point (a gain for the day) or to increase (the cumulative loss) to \$150. Prospect theory implies the latter frame will produce more risk seeking than the former…This analysis is supported by the observation that bets on long shots are most popular on the last race of the day.*"

In the present instance, examples of greater risk taking as Salinas approaches the settling up point would be practices such as doing sales on barter rather than in return of cash, or offering customers excessively long credit terms. Arguably, the concomitant effects of deadline pressures and risk-taking behaviour could provoke changes in processes of accounting and accountability, by diminishing their ***quality*** and decreasing their ***frequency.*** Furthermore, such disruption would ultimately affect the ***consistency*** of the narratives submitted by the parties involved in the trust relationship as well as the implicit understandings of self-identity.

DATA AND METHODS

In order to get access to rich data on such a confidential relationship as accountability, trust and temporal distance, we adopted a historical perspective and the Archivo General de Indias (AGI. Seville, Spain) constitutes our primary data source. AGI is the world-class source to investigate economic, political and social events in colonial Latin-America. In the case of Salinas and the SSC, the AGI's Buenos Aires section provides valuable data about Salinas' trip to Potosi, rendering of accounts and subsequent litigation. Data gathered from the Buenos Aires section was cross-checked and complemented with information gathered from both the AGIs' Accounting Section (Contaduría) and the General Section (Indiferente General). While the former enabled us to ensure consistency across accounting and financial data, the latter provided us with valuable information on the wider contexts of our focal events. Finally, we searched the Archivo General de la Nación (AGN, Buenos Aires, Argentina) to cross-check data gathered at AGI. In particular, the data at the AGN made it possible for us to illustrate some specifics of Salinas' biography.

Consequently, our primary sources provide relevant evidence about the specifics of the contract, and the venture and its wider contexts. Historical documents collected during the trial reveal events that happened before Salinas' departure for Potosí (e.g., the contract), and during Salinas' stays in Potosí (e.g., reporting correspondence forwarded to the SSC), and in Buenos Aires, before being sued by the SSC (e.g., Salinas' rendering accounts). We analyze the events chronologically[1] while clarifying whether the documents were produced at that moment (e.g., during Salinas' stay in Potosí), or at a later stage (e.g., during the litigation).

THE TRADE OF NEGROES

José de Salinas. A captain of the Spanish army, José de Salinas was born in Cádiz (Spain). In 1710, he married María de Guezala in Buenos Aires. At this time, Salinas'

[1] During the 18th Century, the Spanish written language featured very long sentences (e.g., more than 300 words). Our translation of the original documents into English is faithful to the original documents but attempts to make the language meaningful to contemporary audience.

wealth amounted 5,000-6,000 Pesos and he received jewelry and two slaves as dowry. The couple had eight children but one of them passed away in the 1730s. Salinas made his will in 1739 and acknowledged outstanding debts as well as an ongoing litigation against the SSC, whose appeal still had to be dealt with by the Royal and Supreme Council of Indies (AGN. Protocolo Nacional. R.3. 1740-Fº252).

The Contract. Salinas was not an SSC's employee but was hired for this one-time venture. In return for his services, Salinas was entitled to receive a professional compensation of 2,500 Pesos. Should Salinas' stay in Potosí last for more than one year, he would receive 1,000 Pesos/year. Additionally, reasonable boarding, lodging and other business related expenses would be covered by the SSC. In his venture to Potosí, Salinas would be joined by senior SSC associate, Francisco Rodríguez. Salinas received 500 Pesos as cash advance as well as two African slaves that would serve as interpreters to the slaves (*lenguaraces*). On the part of the SSC, the contract was signed by Juan Brawn[2], who had been appointed President of the SSC at Buenos Aires on May 2, 1730 (AGN. Reales Ordenes. Libro 1. Sala 9 24-10-9. Folio 175-176).

The contract drew on the SSC history, especially from experiences collected by former 'drivers' (*conductores*) of African slaves to Potosí. In different passages, the documents illustrated such learning as well as the recognition of the risks attendant to the venture:

> ... You may use this letter to ask [Aguirre at Sumampa] for his estimate on the number of soldiers needed to protect you during your journey. They should be at the command of a good and knowledgeable officer and hold the best possible weapons (Clause 2).
>
> ... the hazardous conditions of some roads lead to no one wanting to escort you (Clause 3).
>
> In hazardous roads, the escorts should be very attentive and schedule the journey to places of easy defence (Clause 8).
>
> ... you should feed Negroes with mutton ... veal meat is not good for their health. You should boil the meat with garlic and red Indian dwarf pepper (Clause 19).

The contract also indicated a lack of knowledge about some crucial aspects of the contract (e.g., selling prices). The parties did not rely on prices set in locations such as Buenos Aires (e.g., 180 Pesos/male slave, AGI. Sección Buenos Aires,

[2] The original documents in the Spanish and Argentinean archives contain Spanish versions of English original names. In the current study, we use the names as they appear in the archival documents. In the case of Juan Brawn, such name actually corresponded to John Brown.

Legajo 591, f. 228r. a 246v) or Veracruz (e.g., 200 Pesos/male slave, AGI. Sección Contaduría. Legajo 266):

> Should you have the chance to sell some slaves on your way to Potosí, you are allowed to do that at a fair price (Clause 4)
>
> Upon your arrival in Potosí, you should try to sell the slaves at the highest possible price in cash [meaning to return to SSC double silver[3]] (Clause 11).

In view of the venture's risks as well as the SSC's lack of knowledge of some substantial aspects of the business, the contract established two monitoring devices for Salinas' business. In this respect, the appointment of on-site experts constituted one of these monitoring devices:

> In Potosí, you should ask for the advice of Pater Juan Francisco de Aguila, of the Company of Jesus. [He is an SSC] top representative for the Province of Paraguay with respect to any important issue. Every now and then, you should transfer cash proceeds from the sale of slaves. [In this manner, Pater Juan Francisco de Aguila] would send the money to us in double silver if such was initially paid in single silver. In case of absence or death of Pater Juan Francisco del Aguila, which God will not want to happen, you should refer to Pedro Navarro. You should deliver to him the proceeds of your sales as well as any other request for your expenses (Clause 12).

Accounting-based controls were used as the second monitoring device:

> … All sales should be documented by a knowledgeable scribe, keeping records of ages, sex, and existing marks on slaves (Clause 15).
>
> You should keep numbered and sworn in books to register the daily expenses of the voyage in a clear-cut manner. Furthermore, you should keep record of what happens to any non-consumed merchandise that was eventually sold on the road (Clause16).
>
> The account of slaves sold should be signed up by both [D. Jose Salinas and D. Francisco Rodríguez], and you should provide details of the names of purchasers, day of sale, price, and conditions of sales. Furthermore, each entry in this book should be copied in the daily book. You are asked to keep these records carefully as this should be done by knowledgeable and highly reputed people like you and, ultimately, looking after the best interests of the Asiento (Clause 17).

Lack of knowledge about some key aspects of the venture, which was exacerbated by geographical and time distance, lead the President of the SSC to give Salinas the "highest possible authority" (*con las más amplias facultades)*, which suggests a faceless trust relationship (Giddens, 1994: 90), or high trust (Fox, 1974). This relationship relied on expert control and reporting systems (e.g., accounting

[3] The contract actually meant that clients should pay for Negroes by using an accredited measure of silver quality (e.g., double silver, *plata doble)*. Consequently, second-tier silver (e.g., single silver, *plata simple*) should not be accepted as cash receipts.

systems) and systems representatives (e.g., on-site experts) to monitor performance and fill in knowledge gaps between the parties. Consequently, this was not a case of "strong trust" (Blois, 2005), as the authority awarded to Salinas was not static and permanent throughout the venture but required from him frequent and extensive reporting.

The Journey to Potosí (August 18, 1731-February 1, 1732)**.**

As a consequence of the hazardous conditions noted in the clauses of the contract, 38 men and 12 women passed away while on the road (see Table 1). Additionally, Salinas sold 11 men and 5 women on the way to Potosí.

---------- Table 1 ----------

During the journey, Salinas kept detailed records of transactions and consumptions. Such highly specific entries were subsequently praised by the SSC, "… despite the uncomfortable conditions that surrounded the journey to Potosí, Salinas kept highly detailed records, noting insignificant transactions of one and half Reales" (Letter signed on October 27, 1735). Salinas also attested to this practice: "… on my way to Potosí I had the pleasure to keep long-winded, daily records …" (November 28, 1735; see AGI. Sección Buenos Aires, Legajo 591, f. 82r. a 86v). Consequently, Salinas' extensive reporting conformed to the clauses of the contract and aimed at bridging the knowledge gap produced by the venture's uncertainties as well as by the geographical distance between SSC President Juan Brawn in Buenos Aires and Salinas in Potosí. According to Moorman, Deshpandé and Zaltman (1993) notion of trust, Salinas' accountability practices should have reinforced the Brawn's reliance on him and enhanced trust (Jönsson, 1996).

Stay in Potosí (February 1, 1732; August 31, 1734).

Salinas arrived in Potosí with 339 Negroes. Consistent with prior practice, Pedro Navarro, who was an SSC representative at Potosí, appointed Francisco Álvarez and Andrés del Hoyo to determine the value of Negroes. The experts reported that the value of one man was 300 Pesos whilst it should be 500 Pesos per woman. Therefore, the parties relied on systems representatives to address their lack of knowledge about the appropriate selling price of Negroes (Giddens, 1990).

In the beginning, with the full complement of slaves, the daily boarding of Negroes required 2 ½ cows, 10-12 Pesos of bread, one load of wood and one sack of potatoes. At the same time, sick individuals were fed with mutton and birds. Salinas claimed that he maintained a daily boarding charge of "1 Real per head" (AGI.

Sección Buenos Aires. Legajo 591, f. 175v. A 205r). Furthermore, he reported on April 4, 1736 that he economized when possible for the benefit of the SSC on goods bought for Negroes: ”For my own table I consumed many of the goods bought to feed the Negroes, such as veal, potatoes, salt, ...” Consequently, Salinas’ accountability aligned his conduct with the SSC’s goals and expectations (Jönsson, 1996) and produce a sense of self-identity (Giddens, 1991)

The sale of Negroes went well during February-October 1732 as 219 individuals were sold. During this period, Salinas sent two remittances of silver to Buenos Aires and produced frequent and extensive reports. However, the sale of Negroes stagnated during November 1732-March 1733 as just 32 individuals were sold in these five months. Furthermore, Salinas did not send any silver remittances to the SSC during that period and transparency was not evident from a review of archives. That is, Salinas’ record-keeping was not uniformly detailed during his stay in Potosí and became increasingly vague as time went by (e.g., reporting aggregated figures instead of breakdown of expenses). On April 1, 1733 Salinas received a requirement from the SSC to produce due and detailed reports. During the litigation Salinas did not deny the change in the level of detail and frequency of his accounting/reporting practices when the matter was raised. And, he did not explain it. He only justified it on the basis that he was not or should not be required to provide such detail.

> ... with considerable effort, I did that [initial, detailed record-keeping] at will but I never felt obliged to do this and with such level of details during the rest of the trip. As far as substance is concerned, my records suffice ... [although] in chapter 16 [of the contract] it is said that the costs of the journey should be kept with full clarity on a daily basis, these words should not be understood in such a strict sense … <u>as this is not the case of a caterer everyday reporting to his householder</u> [AGI. Sección Buenos Aires. Legajo 591, f. 82r. a 86v. Emphasis in the original]

Although Salinas denied that deadline pressures had ever exerted any impact on him: “… a long delay in the sale of slaves was not damaging to me at all, as I receive a yearly compensation of 1,000 Pesos …” (AGI. Sección Buenos Aires. Legajo 591), our searches in the archives strain the credibility of this argument: Salinas’ professional fee was due in February 1733 and he had not received any payment by April 1733. Furthermore, this amount remained due up to well after his return to Buenos Aires in August 1734. Actually, Salinas was not indifferent about this situation; he claimed to having delivered cash remittances to the SSC representatives in Potosí that could have been used to pay for the due amount but this did not happen. Salinas complained about this situation after getting back to Buenos Aires: "… Pedro Navarro did not resolve this issue" (AGI. Sección Buenos Aires, Legajo 591, f. 1r a 23v; April 29, 1735). Failure of SSC to issue contract payments to Salinas has obvious trust ramifications.

Further contributing to a potential deteriorating trust relationship between Salinas and SSC, on May 21, 1733 Enrique Faure replaced Juan Brawn as president of the SSC office at Buenos Aires (AGI. Sección Indiferente General. Legajo 2790). Although Salinas was doing summary record-keeping and delayed reporting at this time, he acknowledged the importance of the change in the SSC presidency, although he did not change his practices : "Had I known that Enrique Faure was going to raise doubts about me, I would have supplied him with the most precise details" (AGI. Sección Buenos Aires, Legajo 591, f. 228r. a 246v).

Overall, we observe a chronological coincidence between poor performance in selling Negroes, changes in Salinas' accounting and reporting practices, and delays in the collection of Salinas' professional fee. As the contract did not feature 'strong trust' (Blois, 2005) but enforced accountability through accounting and strict monitoring by systems representatives, lack of compliance with the clauses of the contract may have lessened the trust relationship between the parties. Also, this situation may have been augmented by changes in the individuals involved in the trust relationship. As noted by Wicks et al (1999: 199), these changes may break down the emotional bonds that supported the relationship in its early stages.

During April-October 1733, sales of Negroes further stagnated and Salinas just sold 39 individuals. During the litigation, Salinas explicitly acknowledged that his stay in Potosí was turning into a lengthy and unsuccessful one: "during the first twenty months of my stay in Potosí, the sale of Negroes was not as good [as expected] ..." (AGI. Sección Buenos Aires. Legajo 591, f. 82r. a 86v.; letter issued on November 28, 1735). Time pressures arising from the gap between actual and expected performance affected Salinas' risk taking behavior (Kahneman and Tversky, 2000); in October 1733, Salinas requested Pedro Navarro's consent to change the sale procedures and then sell Negroes on barter rather than on a cash basis: "… by adopting such approach we would shorten the [time-scale for the] sale of Negroes and reduce both their boarding costs and the risk of death. [This approach] could lead to some bad debts" (AGI. Sección Buenos Aires. Legajo 591). Importantly, the contract established sales in cash to avoid risky transactions (e.g., barter), which could eventually jeopardize the outcome of the venture (Clause 11).

The barter procedure, Salinas later argued, implied an additional workload for him, as he had "to sell the goods at lower amounts and then proceed with the conversion of cash into double silver ... Some of these transactions had to be made on credit and this involved additional risks because some debtors could pass away [before collecting the outstanding debt]." Nonetheless, Salinas stated: "... by no means the SSC will be charged with the costs of these transactions, which will be at my own expense. I am just hereby trying to give you a sense of my commitment and efforts to this venture." Salinas claimed that sales on barter were in the best interest of the Royal Asiento[4] "after consideration of feeding costs and the risk of death [of Negroes]" and, by saying this, aligned this high-risk practice with the SSC's expectations (Jönsson, 1996) and reinforced the sense of self-identity (Giddens, 1991).

Salinas obtained Pedro Navarro's consent to engage in barter. However, SSC President Faure in Buenos Aires was not informed timely of the change in process (which was inconsistent with terms contractually specified by his predecessor) because the letter took several months to reach the SSC in Buenos Aires. This change contravened the contract and increased the risk of the venture. Importantly also, neither Navarro nor the SSC President were never informed in a timely manner as to how successful or unsuccessful the alternative process was proceeding.

Salinas completed the sale of Negroes on January 20, 1734. After liquidating assets (e.g., in-kind goods, received on barter transactions) and packing, Salinas departed for Buenos Aires on August 31, 1734. Before departing for Buenos Aires, Salinas received the following alleged endorsement from Pedro Navarro:

> I must let you know that the such D. José has accomplished the sale of Negroes with the highest possible performance ... and I doubt that anyone in the past have ever been able to match such results, especially after considering the large size of the batch [of Negroes] and the depressing conditions [in Potosí] ... Although the sale of many of the slaves was made on barter, and this brought about a lower price and some bad debts, such losses should be viewed in light of the decrease in both the cost of feeding and eventual deceases and, hence, it is preferable not to cash ten or twelve thousand Pesos, which one would never know whether it would have finally been done [AGI. Sección Buenos Aires. Legajo 591, f. 48r. a 49r.] (August 27, 1734)

This non-contemporaneous endorsement was issued by a system representative (Giddens, 1991). However, it was dismissed by the SSC; the

[4] This term was used to refer to the SSC.

flamboyant narrative looked very much like Salinas' style and the SSC claimed that this piece was actually his or he highly influenced Navarro in its writing. During the trial, Salinas did not dispute this contention. This fake report along with Pedro Navarro's previous consent for Salinas to engage in barter transactions suggests a close relationship between the agent (e.g., Salinas) and a less-than-skeptical systems representative (e.g., Pedro Navarro). In turn, such a relationship arguably resembles those between auditors and clients, which feature contemporary cases of accounting frauds (see Duska, 2005; Staubus, 2005).

The return trip to Buenos Aires.

On his way back to Buenos Aires, Salinas assumed responsibilities over the transportation of silver raised from the proceeds of slaves, a service that was not required by the contract. During this journey, Salinas reported he incurred expenses of 1,831 Pesos (AGI. Sección Buenos Aires. Legajo 591, f 4v a 23r). For comparative purposes, our searches in the archives revealed that Senior Associate Francisco Rodríguez, who made the journey back to Buenos Aires a few months earlier than Salinas, spent 418 Pesos and 8 Reales[5] (AGI. Sección Buenos Aires. Legajo 591, f. 91r.) During the trial, Salinas conceded that he had incurred significant travelling expenses: "high sum but by no means an unjust one … as the level of such expenses had not been set in advance" (AGI. Sección Buenos Aires. Legajo 591, f. 228r. a 246v). In concordance with Salinas' accounting practices near the end of his stay in Potosí, record keeping on the return trip to Buenos Aires was accounted for only in aggregated sums with no supporting details. As noted above, Salinas admitted that this contravened the terms of the contract, which required him to keep "daily and clear accounts" (AGI. Sección Buenos Aires, Legajo 591, f. 82r. a 86v.)

THE LITIGATION

Rendering accounts

On April 29, 1735 Salinas rendered a final account of his venture to the SSC (AGI. Sección Buenos Aires, Legajo 591, f. 1r a 23v). The report issued by Salinas included a preliminary note on prices in Potosí. Salinas wrote "one usually had to pay 4 Pesos for merchandise whose yesterday's price was 2 Pesos. Consequently, it is advisable to buy more [merchandise] when prices are cheap instead of searching for it

[5] Protection for the transportation of silver was provided by the SSC and hence Salinas and Navarro's expenses are fairly comparable.

when prices are booming" [*cuando está alterada su estimación*]. In support of this contention, Salinas attached a price list for 39 goods.

The reported accounts followed the charge and discharge method that was common practice in 18th Century Spain (Carmona, Ezzamel and Gutiérrez, 1997; see Annex). In his notes to the Charge and Discharge of Negroes, Salinas admitted a considerable number of slaves' casualties but argued that such could only be attributed to their poor health; they were really "thin and one of them passed away [almost immediately] after departing from Buenos Aires and the authorities allowed us to replace him by another one." In his report, Salinas made the following assessment of his business in Potosí: "… if someone else had transported such a huge number of negroes to Potosí and kept them with him for such a long time before sale, my account [report] of expenses would benefit from any possible comparison." Hence, he continued in his narrative to align the goals of both parties (Jönsson, 1996) and further his narrative in support of identity work (Giddens, 1991). He further noted about the accounts:

> This charge and discharge reports the sale of Negroes assigned to me by the Royal Asiento … and that I executed with care and with no motive other than the proper performance of duties. [In case of criticisms] I can always claim that I did not sink in the high seas of Perú … Secondly, I am happy for having collected twelve or fourteen thousand Pesos in addition to the 100,000 Pesos, and this is something that barely happens in Potosí and, hence, is hard to believe. It is true that [I have incurred] considerable expenses but this is not caused by waste or lack of care. The batch [of Negroes] has been considerable and [its sale] took quite a long time [although] I would have wished to perform my task even better … I expect your approval and support for this report, which will preserve my reputation …

In his report, Salinas anticipated that the SSC would raise issues about the risky practices that he performed during the latter part of his stay in Potosí. With respect to barter transactions, for example, Salinas admitted that such practices brought about both losses in the realization of in-kind goods as well as delays in remittances. However, he justified this on the grounds of time pressure: " ... When someone needs to sell something urgently, there are inevitable losses ..." (AGI. Sección Buenos Aires, Legajo 591, f. 51r. a 81 r).

<u>The SSC reaction.</u> The new SSC leadership objected to Salinas' accounts (AGI. Sección Buenos Aires, Legajo 591, f 39r a 40r). Overall, Faure indicated that some items discharged by Salinas were unacceptable, whilst favourable consideration of some others would require significant additional breakdown and support. Miguel Antonio de Merlo, mayor, asked Salinas to report to court on August 11, 1735. After

listening to the request made by the SSC director, Salinas reiterated his contention about “the full conformity of the account to his duties in the management of Negroes during his stay in Potosí, where it was obvious that he had executed his job with full care.” Concerning the issues raised by the director of the Asiento in his report, Salinas considered that the parties should appoint a knowledgeable person that would examine the accounts after being sworn in. In particular, he contended that the expert had to be knowledgeable about trading practices in Peru and, especially, about the transportation of slaves. Consequently, and as part of the parties’ reliance on expert systems to monitor the trust relationship, one of them asked for the services of a system representative to resolve disputes between the parties (Giddens, 1991).

On October 27, 1735 Enrique Faure objected to seven of the items discharged by Salinas. In the main, the SSC’s disputes referred to commissions charged by Salinas on the conversion of single silver into double silver, the remittance of receipts to Buenos Aires and costs incurred during Salinas’ stay in Potosí as well as during the journey. Overall, these objections amounted to 7,101 Pesos and 5½ Reales. Furthermore, Faure considered that Salinas’ report did not comply with existing good recordkeeping practices and required Salinas to deliver his five books of accounts. In the SSC’s opinion, Salinas’ accounts should have provided (a) a detailed and separate description of the boarding of Negroes and of Salinas’ family, (b) support for regular and extraordinary expenses of some importance, (c) reports of sales, earnings and losses in trading of Negroes, and (d) motivation for debts and expenses. Therefore, the SSC expected ex-ante and demanded ex-post a stable expert system as guarantee for faceless trust (Giddens, 1990).

As Faure had received word about Salinas’ plans to move to Mendoza, in the kingdom of Chile, he asked the judge to require Salinas to remain in Buenos Aires until the “final liquidation of the venture to Potosí and the corresponding payment of the actual surplus of the operation.” On October 28, 1735 Miguel de Salcedo, governor and judge for matters related to the Asiento, forwarded a decree to Mr Salinas that compelled him to stay in Buenos Aires; eventual departures would only be allowed on bail. Furthermore, Salcedo’s decree echoed Faure’s request for Salinas to deposit the disputed sum of 7,101 Pesos 5 ½ Reales as well as the accounts book that could provide support for the breakdown of aggregate items.

On November 9, 1735 Salinas acknowledged receipt of the decree issued by Salcedo. However, Salinas argued that the disputed sum of 7,101 Pesos 5 ½ Reales was the outcome of a controversial analysis, which was still under discussion. Therefore, he asked Salcedo not to request him to deposit such a sum, which would result in a considerable financial hardship. Furthermore, he requested from Salcedo one copy of the document issued by Faure on behalf of the Royal Asiento on the understanding that this was mandatory for the proper organization of his defence.

On November 23, 1735 Faure sent a letter to Salcedo to complain about Salinas's failure to respond to his request to deliver the complete books of accounts. Consequently, Faure asked Salcedo to issue a decree to declare him in "disobedience" [*rebeldía*]. In this correspondence, Faure made several references to his predecessors in the SSC's office and how they would have also questioned Salinas' recordkeeping and risky business practices. This suggests an acknowledgement of the break in the trust relationship between the parties, which Faure did not attribute to personal issues. In contrast, Faure praised Francisco Rodríguez for being trustworthy during the entire venture (AGI. Sección Buenos Aires, Legajo 591, f. 92r. a 99r.)

<u>Salinas' rejoinder</u>

In response to the issues raised by the Royal Asiento, Salinas provided little response. He did submit one list of accounts related to bad debts consisting of seven entries that registered low sums and amounted to only 688 Pesos 1 Real.

Salinas provided a sales report, which accounted for the Negroes who passed away (see Table 2a; Table 2b shows the original document). This was accompanied by a certificate signed by a public notary at Potosí, and 16 receipts by the priest for funeral services (6 Pesos each). Usually, the attached receipts included the following statement:

> I say, Dr. D. Pedro de Urrutigoyti, priest of Negroes [Piezas] that I have got from D. José de Salinas 6 Pesos for today's funeral service [The funeral] was for one of the small Negroes in charge of the Royal Asiento and who passed away after receiving the waters of Baptism today, September 27, 1732

---------- TABLE 2a TO APPEAR HERE ---------

--------- TABLE 2b TO APPEAR HERE ---------

Finally, Salinas attached a document simply refuting claims against him and his good name "for everybody to see its supporting evidence and fairness, and how everything conformed to law and reason".

<u>The court's resolution</u>

The parties still consumed three more rounds to further support their positions. On May 22, 1737 the court announced its split resolution to the parties. The judgement passed by the court supported the SSC's first claim. Furthermore, as the contract established that all payments should be made in double silver, the court ruled that there was no point for Salinas charging the SSC 2.5% professional fee for the conversion of single silver into double silver. In a similar vein, the court ruled that there was no support for Salinas' charge to the SSC 1% over 100,000 Pesos for eventual errors in the receipt and delivery of silver. Salinas was salaried by the SSC and, hence, his charge was unsubstantiated.

At the same time, the court's resolution supported Salinas' position in several respects. Albeit the contract did not allow Salinas to sell Negroes on barter, there was an understanding that such practice was required as a consequence of the economic situation in Potosí. Thus, the court ruled that Salinas did not have to reimburse the SSC with 2,100 Pesos due to losses in the realization of goods received in exchange of Negroes. Nonetheless, such resolution was subject to Salinas documenting in detail to the SSC the losses and increases that occurred in the sale of Negroes on barter. In a related manner, the court ruled that Salinas did not have to return to the SSC 688 Pesos 1 Real as a consequence of losses due to the death of purchasers (which Salinas had documented). Further, the court ruled that Salinas could keep 500 Pesos on sales made by commissioners if proper documented support for such commissions is supplied to the court as well as that Salinas did not have to return to the SSC 338 Pesos as a commission for the conversion of single silver into double silver but had to take the oath that such transactions were made on the way back from Potosí. Finally, the court allowed Salinas to keep 1,077 Pesos and 4 Reales from his (undocumented) travelling expenses. However, such resolution depended on Salinas taking the oath ~~in~~ stating that such expenses were actually incurred and were necessary for his return to Buenos Aires.

DISCUSSION AND CONCLUSIONS. Temporal distance affects accountability through accounting and risk taking behavior. This study examines the extent to which deadline pressures mediate accountability and trust relationship and, given the close interaction between trust and ethical conduct (Small and Mallon, 2007), how changes in trust relationships affect ethical behavior. In the current investigation, we show (1) how a manager's risk behavior is influenced by past success (or failure) as an impending settling up deadline of performance reporting approaches, (2) how willingness to provide transparent accountability is negatively affected by perceived risk, and (3) how others interpret and respond to reduced transparency.

Our primary evidence suggests that deadline pressures affected Salinas' conduct and made him adopting risky practices (Trope and Liberman, 2000; Tversky and Kahneman, 1981). Despite Salinas' contention that a long stay in Potosí had no effects on him, this could not be the actual case: for years, his annual compensation was over-due. Furthermore, Salinas expressed concerns over his unsuccessful stay in Potosí (AGI. Sección Buenos Aires. Legajo 591, f. 82r. a 86v) and the necessity to "urgently" sell the Negroes (AGI. Sección Buenos Aires. Legajo 591, f. 51r. a 81 r). Under these time pressures, Salinas engaged in selling practices that were banned by the contract (e.g., barter), both because of its inherent risk and for its limited transparency (e.g., realization of in-kind goods).

Salinas' risky practices may be explained through the fraud triangle (SAS 99), which comprises incentives, rationalization and opportunities. In particular, time pressures on Salinas affected his incentives, as a consequence of uncertainties surrounding the collection of his annual fee. Furthermore, Salinas' involvement in risky practice enhanced his incentives (e.g., compensation through commissions on the realization of in-kind goods). Therefore, sales on barter affected both the SSC's welfare (negatively; Merchant and Rockness, 1994) and Salinas' compensation (positively) and thus arguably had ethical implications (Gaa and Thorne, 2004).

Our primary evidence suggests that time pressures exerted a negative influence on Salinas' accountability through accounting. In order to address the lack of knowledge about some central aspects of the venture (e.g., selling prices) as well as diminishing uncertainty coming from time-space distance and enhance faceless trust between the parties (Moorman et al, 1993; Giddens, 1991), the contract comprised due provisions; strict accountability through expert systems (e.g., accounting) and onsite monitoring through systems representatives. As Rosanas and Velilla (2005) would put it, the contract conveyed an "illusion of control" and an attempt to enforce ethical behaviour (Rockness and Rockness, 2005). In spite of this, the terms of the venture still provided Salinas with ample opportunity to make results appearing what they were not (Fogarty et al, 2009).

As far as accountability through accounting was concerned, the single-entry bookkeeping method provided Salinas with minimal opportunities to engage in "micro-manipulations" (Gowthorpe and Amat, 2005). Instead, poor performance in the sale of Negroes and deadline pressures on Salinas coincided with diminishing transparency and further secrecy (Gaa, 2009: 186). In this regard, Salinas produced summary record-keeping to intentionally conceal, we contend, information and enhance information asymmetry. In turn, this enabled him to increase his compensation. Furthermore, summary record-keeping coincided with delayed reporting (AGI. Sección Buenos Aires. Legajo 591).

As system representatives, the SSC delegates in Potosí performed a monitoring role that brought minimal involvement from Salinas' activities. As part of this neutral role, these representatives appointed experts to assess such sensitive matters as the market price of Negroes and to transfer Salinas' remittances to Buenos Aires. However, the SSC representatives' relationships with Salinas (that prompted Pedro Navarro to grant him permission to engage in banned practices (e.g., barter), without awareness of the SSC presidency; and to issue a stellar ("fake") endorsement to all of Salinas activities) appear very close and lacking in any operationally appropriate scepticism (see AGI. Sección Buenos Aires. Legajo 591, f. 48 r. a 49 r.) Taking together, this close relationship between Salinas and his system representatives resembles well-known, contemporary practices between managers and auditors that pervade current accounting scandals (Duska, 2005; Staubus, 2005).

Our evidence indicates that the SSC reacted negatively to reduced transparency. On April 1, 1733, when Juan Brawn, the person that awarded Salinas the "highest possible enforcement", was still the SSC president, Salinas was requested to produce timely reports on the outcome of the venture. However, Salinas did not do that until October 30, 1733, using Captain Antonio Pessoa as an emissary (AGI. Sección Buenos Aires. Legajo 591, f. 87r a 90r). In contrast to the detailed record-keeping and timely reporting that was undertaken during his trip to Potosí and his early stay in the city, Salinas produced summary record-keeping and delayed reporting during the rest of the venture, including his trip to Buenos Aires. In this manner, he covered up or at least delayed reporting about disputable activities such as the realization of in-kind goods as well as charging 1% commission over 100,000 Pesos for eventual errors in the receipt and delivery of silver.

Salinas was unable to explain these practices and roughly attributed them to his lack of knowledge about Enrique Faure's reporting preferences (AGI. Sección Buenos Aires, Legajo 591, f. 228r. a 246v). Nonetheless, the fact that he already did this under Juan Brawn's term as president of the SSC casts doubt on the credibility of this contention. Therefore, the concomitant effects of changes in the people involved in the early trust relationship, poor accountability through accounting and non-timely payment to Salinas of professional fees might reasonably be expected to have affected the ‘high trust’ (Fox, 1974), which prevailed during the early stage (Jönsson, 1996; Wicks et al, 1999).

In the current study we examined the impact of time pressures on accountability and trust relationships. Our findings reveal that time does not exert a linear impact on the trust and accountability linkage but becomes under reporting pressures and when actual results fall below aspiration levels. Under such circumstances, deadline pressures bring about risky business practices and accountability and ethical failures, which lessen the trust relationship. These findings, we suggest, have practical implications such as elevated auditor attention and skepticism to fourth quarter changes in business and accounting practices by clients. Auditors should brainstorm during audit planning regarding what methods clients might engage to conceal end of year changes to business practices (e.g, trade-loading, capital assets liquidation) or accounting methods (e.g., adjustments to estimates, premature revenue recognition). And auditors may be well advised at year-end to be particularly skeptical regarding management’s explanations for usual items detected near year end (SAS 99 (Hunton and Gold, 2010). While these are recognized “best audit practices”, auditors arguably continue to fail to take heed of this guidance.

Although our rich historical evidence enabled us to undertake an examination of a such a highly sensitive matter as the impact of deadline pressure on performance reporting, further research of other documented historical ventures and additional investigation on contemporary contexts will likely yield interesting results. As shown above, the charge and discharge accounting method used in our case sheds light on how unethical behavior and accounting failures are propelled by deadline pressures. Furthermore, the gap between actual and expected results under deadline pressures on management to report performance result in risky business practices, summary record-keeping, delayed reporting and a rather unprofessional relationship between managers and system representatives. As times change, new opportunities develop for perpetration and concealment of unethical business and accounting practices. High vigilance will always be the cost of imperfect control and monitoring systems.

Table 1:
African Slaves leaving Buenos Aires to Potosí[6].

Men	
To be sold	248
To deliver in Jujuy	4
As interpreters	2
Total	254
Women	
To be sold	152
To deliver in Jujuy	2
Total	154
Grand total	408

[6] Although 408 Negroes departed from Buenos Aires to Potosi, just 339 individuals were actually sold (see Table 2, wherein there is a math subtraction error of 2 in the historic document in July 1732). The remaining Negroes were sold on the way to Potosi, or passed away en route or at destination.

Table 2a:
Monthly Sale of Negroes and Cost of Feeding

Year	**Month**	**Heads sold**	**In inventory (*En ser*)**	**Cost of feeding (*Sustento, in Pesos*)**
1732	February	33	306	1,153-7
	March	13	293	1,161-1
	April	38	255	1,012-4
	May	45	210	886-3
	June	29	181	768-3
	July	22[7]	161	649-1
	August	15	146	590-4
	September	13	133	524
	October	11	122	497-4
	November	9	113	434-7
	December	8	105	427
1733	January	2	103	406-1
	February	6	97	352
	March	7	90	364-7
	April	15	75	309-3
	May	1	74	287-6
	June	1	73	274-5
	July	5	68	268-1
	August	10	58	238-2
	September	5	53	205-5
	October	2	51	200-3
	November	3	48	182-6
	December	3	45	180-7
1734	January	45	0	100-3
		341		11,476-3

[7] Figures taken from original documents; there was a subtraction math mistake in the number of Negroes sold in July 1732.

TABLE 2b: Original Document

Mayores.

1732	febrero	33.	cabezas vendi.^{tes}	Enser.	306.	su sustento ar.	10153 . 7.
	Marzo	13	ohai fuera	enser.	253.	sustento	10161 - 1
	Abril	38.	ohai fuera	Enser.	255.	sustento	10.12 - 4.
	Mayo	45.	ohai fuera	Enser.	210.	sustento	0886 - 3.
	Junio	29	ohai fuera	Enser.	181.	sustento	0768 - 3.
	Julio	22	ohai fuera	Enser.	161.	con 2 q sentro	0649 . 1.
	Agosto	15.	ohai fuera	Enser.	146.	sustento	0590 - 4.
	Septie	13.	ohai fuera	Enser.	133.	sustento	0524.
	Octue	11.	ohai fuera	Enser.	122.	sustento	0497 - 4.
	Novie	9.	ohai fuera	Enser.	113.	sustento	0434 - 7.
	Diciembre	8.	ohai fuera	Enser.	105.	sustento	0427.
1733.	Enero	2.	ohai fuera	Enser.	103.	sustento	0406 - 1.
	febrero	6.	ohai fuera	Enser.	97.	sustento	0352.
	Marzo	7.	ohai fuera	Enser.	90.	sustento	0364 - 7.
	Abril	15.	ohai fuera	Enser.	75.	sustento	0309 . 3
	Mayo	1.	oha fuera	Enser.	74.	sustento	0287 - 6.
	Junio	1	oha fuera	Enser.	73.	sustento	0274 - 5.
	Julio	5.	ohai fuera	Enser.	68.	sustento	0268 - 1
	Agosto	10.	ohai fuera	Enser.	58.	sustento	0238 - 2.
	Septie	5.	ohai fuera	Enser.	53.	sustento	0205 - 5.
	Octue	2.	ohai fuera	Enser	51.	sustento	0230 - 3
	Novie	3.	ohai fuera	Enser.	48.	sustento	0182. 6.
	Dizie	3.	ohai fuera	Enser.	45.	sustento	0180 - 7.
1734.	Enero	45.	ohai fuera	Enser	00.	sustento	0100 - 3.

341. Cabezas: Hierra gastado ar. su sustento. 110476 - 3.

ANNEX:
Charge and Discharge provided by Salinas
CHARGE[8]

Sale of slaves on the road 3,080 Pesos
Ten pieces of slaves.

Sales of slaves in Potosí 117,714 Pesos
(February 1, 1731-January 20, 1734)

Documentation for these sales comprised 134 reports given by purchasers to the scribe of Potosí, José Díaz de Orellana.

25,608 Pesos 1 Real were values in kind.
[Sales of slaves on] barter were accepted "to avoid delays and diminish risk of deceases." In return for the Negroes, some purchases gave merchandise such as jewels, clothing, oil, red pepper, sugar, golden books, etc.

Charge of 3,175 Pesos
for different sums received in Buenos Aires, Jujuy and Potosí.

Charge of 410 Pesos 3 ½ Reales
Tooling of negroes used on the road and during their stay in Potosí.

TOTAL CHARGE 124,379 Pesos and 3 ½ Reales

DISCHARGE

Several discharges 65,038 Pesos

This comprised several amounts delivered by Salinas to the Asiento's representatives in Potosí.

2 ½ % commission (906 Pesos and 3 ½ Reales)
on the transportation of 36,257 Pesos 4 Reales to the Asiento.

2 ½ % commission (1,400 Pesos)
on the conversion of single into double silver in Potosí because the former had defects. The usual commission rate in Potosí was 5%.

3,375 Pesos and 4 Reales
Some business and personal expenses incurred on the way back from Potosí to Buenos Aires.

15,107 Pesos and 7 Reales
Boarding Expenses for both Negroes and my family during our 31 month-stay in Potosí.

6,205 Pesos

[8] The original document crossed in-kind items.

Extraordinary expenses incurred during my stay in Potosí
This amount was broken down into 51 entries. It comprised items such as wages claimed by the physician (1,400 Pesos), leather for negroes' beds, etc.

1,831 Pesos
Tooling for the way back from Potosí
This comprised the purchase of tooling for the return from Potosí as well as the purchase of 20 mules to walk the way from Potosí to Jujuy.

6,050 Pesos
Bad debts
In the detail for this discharge, Salinas also reported that some of these bad debts had been actually collected.

9,593 Pesos 6 Reales.
I delivered some merchandise (e.g., clothing) to Francisco Bieira in Buenos Aires on 13 April 1735, which in turn constituted the payment made by some customers for the purchase of Negroes. I attach the receipt [from Bieira].

1,470 Pesos,
Transportation costs for the merchandise mentioned above.

408 Pesos
Red pepper left in Jujuy to Bartolomé Domínguez to be sold in that city.

2,100 Pesos
Losses in the sale of bartered merchandise bartered to sell Negroes for a total of 25,608 Pesos.
These losses happened as a consequence of the sale of such merchandise in Potosí. I accepted the merchandise in exchange for the Negroes after taking Pedro Navarro's advice. In this manner, I avoided further delays in the sale process of Negroes and the concomitant risks for their lives. Otherwise, a considerable loss for the Royal Asiento would have occurred but not to me because I received 1,000 Pesos per year during my stay in Potosí.

500 Pesos claimed by middlemen in the sale of merchandise obtained from the sale of Negroes at barter (4% commission rate).

680 Pesos 1 Real, from bad debts in the sale of merchandise obtained from bartering Negroes.

1,000 Pesos
commission rate for the delivery of 100,000 Pesos (cash). I charge 1% commission rate, "which is common practice in Potosí".

6,928 Pesos and 7 Reales that I shall deliver to the Royal Asiento in due course

TOTAL DISCHARGE 124,379 Pesos and 3 Reales

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