Introduction to AH

Accounting History

Accounting, Accountability and Governance
Teaching Team

Prof. Stefania Servalli

Visiting Professors
Prof. Keith Hoskin - University of Birmingham, Birmingham (UK)
Prof. Christopher Napier - RHUL, London (UK)
References

Papers and slides indicated by Professors

(included Visiting Professors)
Archibald, 1999, p. 66:

“History is our myth, our story, our dream of reality, grounded in the context of the past but created to inform the future”

Our knowledge and understanding of the past is incomplete
A definition of Accounting history:

The study of the nature, roles, practices, uses and impacts of accounting in historical settings.
Accounting History

- Explosion in the literature in the field
- Increased national and international Conferences, Colloquiums and Symposiums
- Participation by young scholars from around the globe
- Accounting itself has become a more dominant profession or industry (Accounting firms)
Carnegie and Napier have underlined that, in recent years, the adoption of “alternative methodologies and theoretical perspectives ... in accounting research [has] provided positive encouragement for investigating a wide range of periods, locations, entities, industries, activities, individuals and ideas in which accounting was implicated” (Carnegie and Napier, 1996, p. 15)
And so ...

Why doing accounting history research?

The various roles played by the study of accounting history:

- The past as a status symbol
- The utility of accounting history
- Critical decision-making theories
Various roles: the past as a status symbol

- Early literature tended to **exalt the practice of accounting and the status of accountants**
- Appeals were made to **accounting’s historical origins** in order to enhance its status as a technical practice
- Accounting’s **long history** has been proposed as a basis for asserting **accounting’s legitimacy** as both a **profession** and an **academic discipline**
- Accounting history is perceived as **enhancing the credibility of technical writers, practitioners and academics**
Various roles: the past as a status symbol

Appeals to accounting’s past have served a number of key purposes:

- Writers of early treatises argued the value and relevance of methods they were revealing and promoting.
- Portraying the knowledge of accounting practitioners as having deep roots and a long-standing ethic.
- “Stories of progress” from Pacioli’s Summa (DEB) assisted in establishing accounting’s respectability in the Academy.
Various roles: the past as a status symbol

The past as a status symbol has been supplemented by other roles:

Official histories are often written to mark a special or celebratory occasion such as a key anniversary for a professional association or accounting firm and may be published, at least in part, for political purposes.
Various roles: the utility of accounting history

ÂEarly accounting academics relied on accounting’s long history as justification for its status as a University discipline.
ÂThey defended the study of accounting’s past by pointing to its usefulness.
ÂAccounting history, therefore, enhances the way in which we can “understand our present and ... forecast or control the future” (Haskins, 1904, p. 141)
Various roles: the utility of accounting history

Underlying such claims is a view of seeing accounting as essentially progressive.

Focus on identifying the “laws of progress”.

Portrays the orderly and systematic development of accounting techniques and ideas often appealing to economic explanations (particularly those grounded in neo-classical economics).
Various roles: the utility of accounting history

The AAA Committee on Accounting History (1970) justification for accounting history was both intellectual and utilitarian.

"Intellectual": for AAA Committee AH illuminates the process by which accounting thought, practices and institutions develop, identifying the factors in the environment that induce change and revealing how this change actually occurs. It also seeks to determine the effect on the environment of changes in accounting thought, practices, and institutions. Finally, it contributes to a better understanding of economic and business history (1970, p. 53)
Various roles: the utility of accounting history

Â“Utilitarian”: AH throws light on the origins of concepts, practices, and institutions in use today, yielding insight for the solution of modern accounting problems. Given an understanding of the past interaction of the environment and changes in accounting practices and institutions, it may become somewhat easier to predict the consequences of currently proposed solutions (Committee on Accounting History, 1970, p. 53)
Various roles: the utility of accounting history

ÅThe study of accounting emergence and change has served key purposes:

ÅElucidates the relationship of accounting and its “environment”
ÅAccounting history is worthy of study because it places accounting of today into perspective
ÅThe past provides a data base that may provide solutions to the problems of the present
Various roles

In short, the study of accounting’s past as a status symbol was, in the first instance, supplemented, by the utility of accounting history.

More recently, the study of accounting’s past has been further supplemented by a more critical approach drawing on the perspectives of an array of disciplines, other than a traditional focus on “economic” rationales alone.
Various roles: Critical and decision-making theories

Under a more critical approach, the emphasis is placed on understanding accounting’s past through the perspective of a range of social and political theories.

Recent efforts to augment an understanding of accounting’s past have been based on wider conceptions of accounting’s roles and scenarios, and on trying to identify and assess accounting’s impacts on human behaviour.
Various roles: Critical and decision-making theories

- Such perspectives are drawn from fields such as sociology, psychology, political theory, education and law.

- Appealing to economic explanations alone in accounting history research is no longer widely tolerated.

- The over-reliance on economic decision making models resulted in alternative non-economic views of accounting.
The agenda of the “new accounting history” (Miller, Hooper & Laughlin, 1991) with “new accounting historians”

“How had the social been intertwined with the accountings of the past and the present? What factors had been forceful immobilizers of accounting change? And what roles had accounting played in both construction and realization of the domains of the social and the political” (Hopwood, 1985, p. 366)
“New accounting historians are more likely to see accounting as an instrument of power and domination than as a value-free body of ideas and techniques for putting into effect and monitoring contracts freely entered into between equals” (Carnegie and Napier, 1996, pp. 7-8)
The unifying power of history

Å Carnegie and Napier (2012) refer to “the unifying power of history”

Å“Ignoring the historical perspective means current accounting practice and ideas appear rootless, evanescent and arbitrary” (2012, p. 353)

Å“Accounting also appears purely technical, the arena of accountants rather than of policy-makers or indeed of society in general” (2012, pp. 353-354)
The unifying power of history

Therefore

“... historical knowledge of accounting’s past furnishes the unifying power that permits fuller understanding not just of accounting’s but also of society’s present and provides constructive input into developing and assessing our possible futures” (Carnegie and Napier, 2012, p. 354)
Contemporary key roles of accounting and accounting history

Focus on
“accounting in the contexts in which it operates” (Hopwood, 1983)

Â Accounting as social practice (rather than as mere technical practice) is regarded as constitutive (i.e. having power to establish or enact)

Â Accounting (rather than mere accounting change) is shaped by its environment but also shapes the environment, including its use for shaping or modifying human behaviour

Â As social practice accounting impacts organisational and social functioning and development (it is both enabling and disabling as well as pervasive)

Â These key roles may be observed in studies concerned with developing knowledge and understanding of accounting’s past
Why accounting history research?

- Appeal to accounting’s **long and glorious past**, including celebrating key anniversaries and the commemoration of key actors
- Develop an **historical understanding of accounting** as occurs in other fields of human endeavour
- Inform our **appreciation of contemporary accounting** thought and practice
- Provide a **data base** that may provide solutions to the problems of the present
- Provide an **appreciation** into not just of accounting’s but also of society’s present and provide constructive input into developing and assessing our futures