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WHAT CONSTITUTES A CLASSIC IN ACCOUNTING LITERATURE?

by

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There are those who believe that the accounting profession has gained considerable dignity and recognition during the past sixty or so years. Several accountants, including Chambers, Hatfield, Littleton, Mautz, Paton, Scott, Sterling and others, have made many contributions to accounting literature. From time to time some of them have made comments concerning the acceptance of accounting as a profession and its standing among other professions.

The people best qualified to make an evaluation of the writings of accounting scholars are probably members of the Academy of Accounting Historians. Members of the Academy frequently do research on the works of prominent accountants, past and present, and may be in a very fine position to make meaningful observations about specific authors' works. The research presented in this paper is directed toward identifying articles in accounting literature that are perceived to be "classics" and why they are so perceived by members of the Academy of Accounting Historians.

A BIT OF HISTORY

The recognition of accounting as a respectable profession with a measurable degree of maturity and dignity has advanced considerably since Hatfield's, "An Historical Defense of Bookkeeping," was published in the *Journal of Accountancy* in 1924. In fact, to quote a bit from Hatfield:

I am sure that all of us who teach accounting in the universities suffer from the implied contempt of our colleagues, who look upon accounting as an intruder, a soul among the prophets, a pariah whose very presence detracts somewhat from the sanctity of the academic halls.¹

He then added:

But the contempt for accounting is even more clearly shown by the constantly repeated phrase, a phrase which of all phrases is to me the most exacerbating—because of the ignorance and supercilious condescension. The phrase, which I could quote from uncounted sources, is: "That is a mere bookkeeping entry. . . ."²

and most disturbing of all, he said:

And remember how accounting has been slighted in literature. The public eye has generally, both in history and in fiction been turned on the man on horseback, but nevertheless at times there comes upon the stage a more prosaic figure. Great masterpieces have grouped themselves about a scholar as Foust, about a carpenter as Adam Bede, about a manufacturer as in *Les Misérables*, about a sailor as Robinson Crusoe, about courtesans, thieves, and beggars beyond recital. Even a horse and dog have been made the heroes in *Black Beauty* and in *Rob and His Friends*. But never, so far as I recollect, has a bookkeeper been made the hero of novel, play, or poem. The bookkeeper is not even honored being a noteworthy villain.³

Hatfield did have hope for the accounting profession and went on to insist in his paper that

... in its origin it is respectable, maybe even academic; that despite its present disrepute it has from time to time attracted the attention of men of unquestioned intellectual attainment; that it justifies itself in that it has risen to meet a social need.⁴

Continued

Hatfield closed his paper with the following:

Scott, the romanticist, declared the profession of accounting 'respectable'; Goethe, the universal genius, speaks of bookkeeping as 'one of the fairest inventions of the human mind,' and Cayley, scientist beyond question, even more significantly declared 'Bookkeeping is one of the two perfect sciences.' With these I rest the defense of my houn' dog.'

Hatfield's paper tells us much about the position of accountancy in business and in society in the 1920s. His paper also tells us that he was a most literate person, unquestionably, a scholar of some note.

ACCOUNTING TODAY

The vast majority of chief executives of U.S. companies of all sizes say they are satisfied with the performance of their accountants. Somewhat smaller majorities say they're satisfied with the efforts of lawyers and investment bankers.⁶

This item was among the findings of a *Wall Street Journal/Gallup* survey of 782 chief executives. Results were obtained by telephone interviews with heads of 282 of the largest corporations in the U.S. (including 102 Fortune 500 companies), heads of 300 medium-sized companies and owners of 200 small companies. The *Wall Street/Gallup* survey does suggest that based on the numerous contributions of many accountants in public and private accounting positions, that they have indeed arrived.

THE SURVEY

A survey of The Academy of Accounting Historian's membership was conducted concerning their perception of the five articles in accounting literature which have made the greatest contribution to the discipline of accounting. The respondents were asked to list the five articles, their authors, and what made the selected article a classic, in their order of preference. Of the more than 100 members of *The Academy of Accounting Historians* surveyed, 34 usable replies were received. A total of 86 different authors were cited, and 107

different articles were identified. The number of replies, while not as large as desired, is believed adequate for meaningful analysis and significant observations.

SOMETHING ABOUT THE DATA

A review of the survey instruments completed by the respondents revealed many interesting comments. The respondents identified 86 different authors and 107 different articles as having made contributions to the discipline of accounting. They also provided reasons why many articles identified were considered "classics."

Those authors whose articles were cited by two or more respondents were selected for presentation in this paper. The articles are identified and the respondents' reasons for perceiving the article as being a classic are included. The authors, articles, and why a classic follows:

WHY A CLASSIC?

Henry Rand Hatfield

"An Historical Defense of Bookkeeping"

"It stated accountancy's claims for professional status for the first time and set in motion a transition still slowly occurring."

"Provides academic justification for the study of accounting"

"A significant statement of the value of accounting as an academic subject"

"Unique brilliant, and well-written defense"

"Its humor and its expression"

"It brought accounting history to the attention of the public"

"An Accountant's Adventures in Wonderland"

"Clearly illustrates that accounting is not an exact science"

R. J. Chambers

"Blueprint for a Theory of Accounting"

"It outlined what theory was all about"

"The novelty of the ideas and the logic of the argument"

Continued

BARTON: Continued

"Blueprint for the Future of Accounting"

"This started the world-wide concerns about accounting standards"

"Why Bother with Postulates"

"Almost anything written by Chambers is a classic"

"NOD, COG, Pu Pu: See How Inflation Teases"

"Classifies the Chaos"

"What's Wrong with Financial Statements?"

"A good exposure of reporting problems"

A. C. Littleton

"The Development of Accounting Prior to Luca Pacioli According to the Account Books of Medieval Merchants" *with Yamey*

"A major piece of historical research"

"Financial Reporting for Corporate Enterprise" *with Paton*

"Insertion of accounting theory into financial reporting of major corporate entities"

"Pacioli and Modern Accounting"

"I experienced a similar idea in earlier days"

"Studies in the History of Accounting"
no comments

W. A. Paton

"Assumptions of the Accountant"

"Showed for the first time a complete theory of accounting based upon an integrated set of assumptions of accountancy"

"The Postulates of Accounting"

"Clarity and vision of the author"

"The Significance and Treatment of Appreciation in the Accounts"

"Identified what is still the most difficult problem area to isolate, analyze, and solve in all accountancy and provided suggestions that are as good as any of those advanced since by anyone except himself (Paton)."

"Depreciation, Appreciation, and Productive Capacity"

"Expanded upon and more maturely showed the nature of the problem of appreciation in the accounts and its effect on business"

"Financial Reporting for Corporate Enterprise" *with Littleton*

"Insertion of accounting theory into financial reporting of major corporate entities"

D R Scott

"Role of Accounting in Public Utilities"
no comments

"The Basis for Accounting Principles"

"Delineates basis for accounting theory"

"Cultural Significance of Accounts"

"Connection of accounting with cultural milieu"

R. K. Sterling

"Accounting Research, Education, and Practice"

"Clarity and concern"

"Cites the contemporary education problems"

"Conservatism: The Fundamental Principles of Valuation in Traditional Accounting"

"An important analysis in accounting theory which ties together many underlying principles"

"Costs vs. Exit Values"

"Example of scholarly examinations"

"The Role of Liquidity in Exchange Valuations" with Richard E. Flaherty

"The clear, logical and cohesive development of an accounting principle."

"Toward a Science of Accounting"

"A different set of assumptions which would significantly change accounting theory development"

"The Going Concern: An Examination"

"It examined the going concern concept rigorously"

Robert Mautz

"The Philosophy of Auditing" with H. A. Sharaf

"The most lucid attempt to date to formulate a conceptual framework for auditing"

"Establishment of Auditing as a Culturally Justifiable and Prestigious Discipline"

"The Nature and Reliability of Audit Evidence"

"An examination of a critical problem for all auditors"

SUMMARY

The comments of the respondents concerning the authors and articles in their justification as to why a particular article is a "classic" is itself a piece of literature. Professors who assign any of these articles for students to read may want to make these comments available to students in order that the students will be better able to appreciate what they are reading.

REFERENCES

¹Henry Rand Hatfield, "An Historical Defense of Bookkeeping" *The Journal of Accountancy*, April 1924, p. 241.

²Ibid., p. 242.

³Ibid., p. 242.

⁴Ibid., p. 258.

⁵Ibid., p. 258.

⁶"How Executives Rate Accountants, Lawyers, P.R. Specialists and Others" *The Wall Street Journal*, December 2, 1980, p. 25.

ACADEMY PUBLISHES MONOGRAPH

The Academy has recently published its fourth monograph which is entitled *Selected Papers From The Charles Waldo Haskins Accounting History Seminars*. The monograph was edited by James F. Gaertner of the University of Texas at San Antonio. Nine articles are included in the monograph, all of which were presented at Haskins Seminars held in New York and Atlanta. The titles and authors of the nine articles are:

"The Relevance of the Study of Accounting History," by Basil Yamey.

"Valuation, Matching, and Earnings: The Continuing Debate," by Richard Brief.

"Social Accounting Versus the Tin Lizzie," by Robert E. Jensen.

"An Overview of External Forces Affecting the Evolution of Accounting Theory," by Lee J. Seidler.

"Income Taxation and Its Impact on Financial Reporting," by D. Larry Crumbly.

"The Impact of Government Regulation on Financial Accounting: The Australian Experience," by Malcolm C. Miller.

"Comparative Accounting Education: A Neglected Area for Research by Accounting Historians," by Paul Garner.

"Accounting Roots and Their Lingering Influence," by W. T. Baxter.

"Major Influences Which Shape Accounting Systems: An Attempt of an International-Historical Analysis," by Hans Martin W. Schoenfeld.

Copies of the monograph are available for \$15. Academy members receive a 15 percent discount. Academy members should be sure to ask their librarians to order a copy for the library. Orders should be sent to The Academy of Accounting Historians, P.O. Box 658, University Plaza, Atlanta, Georgia, 30303, USA.