

Accounting Historians Notebook

Volume 13
Number 1 *Spring 1990*

Article 26

Spring 1990

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Recommended Citation

Buckmaster, Dale A. and Theang, Kok-Foo (1990) "Exploratory story of early empiricism in U.S. accounting literature," *Accounting Historians Notebook*: Vol. 13 : No. 1 , Article 26.

Available at: https://egrove.olemiss.edu/aah_notebook/vol13/iss1/26

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AN EXPLORATORY STORY OF EARLY EMPIRICISM IN U.S. ACCOUNTING LITERATURE

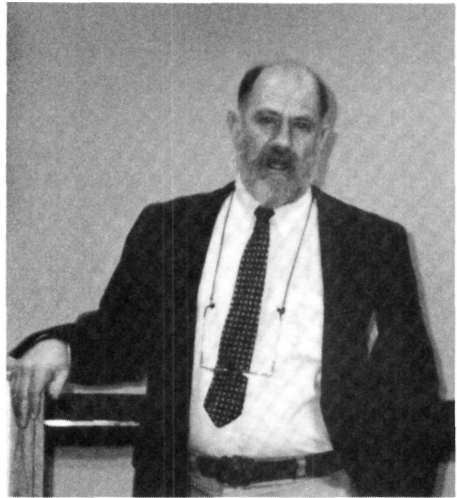
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Little or nothing is said of empiricism in U.S. accounting literature during the first half of the twentieth century in accounting history literature. We cannot make generalizations about the extent or role of empirics in the development of accounting thought. This lack of knowledge may be imposing unnecessary bounds on our understanding of how accounting literature has developed. This study has the very modest primary goal of determining if an empirical literature existed prior to 1950 that was extensive enough and substantive enough to have influenced the development of accounting thought. A secondary goal is to make some general comparisons with contemporary academic empiricism.

The study is based on a sample of thirty-eight works published from 1906 through 1949. The twelve entries in Ball's [1971] bibliography of empirical studies were all included in the sample and a cluster-sampling plan was used to select the remaining twenty-six works. The clusters were randomly selected volumes of *The Accounting Review*, *N.A.C.A. Bulletin*, *Journal of Accountancy*, *The American Accountant*, and *Michigan Business Studies*. One hundred thirteen articles and eleven books were identified from the clusters. The remaining twenty-six works in the sample were randomly selected from this group.

The sample included works in several



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accounting specializations and were found in all of the journals. The empirics in most of the studies were essential to the study and not peripheral. The data were used in conjunction with normative theory in the financial accounting studies, but theory was not important in studies in other specializations. Two studies reflect embryonic efforts at "positive" theory. Both academic and non-academics were authors in academic journals. Very little use was made of inferential statistics and design of the studies was generally unnecessarily primitive. The studies were primarily concerned with implementation in contrast with contemporary concern with explanation. Similarly, most theoretical concern was normative rather

Empiricism was extensive enough and substantive enough to have had considerable influence on normative theorists and the subsequent development of accounting literature. Given the surprising

'PLUS CE CHANGE, PLUS C'EST LA MEME CHOSE': A STUDY IN ACCOUNTING FOR CHANGING PRICE LEVELS IN GERMANY AND THE USA

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Prior to World War I, accountants and academics generally advocated the preparation of accounting statements based on an assumption of a stable monetary unit. During the war, the industrialised countries experienced moderate inflation but this was reasonably quickly controlled in the USA and the UK. However, post war inflation in Germany was not so rapidly controlled and revealed the shortcomings of accounts prepared under traditional assumptions. This stimulated several academics to consider ways in which this problem might be overcome, and their studies were to provide the foundations for later work on inflation accounting in the USA and the UK.

German accounting practice up to the 1920's was influenced by several factors. The most important of these were the Commercial Codes of 1861, 1884 and 1897, but tax legislation, trade associations, the accountancy profession and academics also helped to shape accounting



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reports. Among the German academics, the most notable were Schmalenbach, Mahlbert and Schmidt, and it is their work which provides the first focus for this paper. The paper will then examine the impact of their research on Sweeney's "Stabilized Accounting" and, finally, will consider the influence of Sweeney's work on subsequent attempts to provide a solution to the problems of inflation accounting in the USA and the UK.