Comments on: Nohora Garcia, *Understanding Mattessich and Ijiri: A Study of Accounting Thought*

Shyam Sunder
Yale University

I’m glad that the editors of the *Accounting, Economics, and Law: A Convivium (AEL)* started this annual tradition of a book-critics panel at these meetings because research monograph literature in accounting has almost ceased to exist. It is wonderful to see our colleagues writing books—and I do not mean textbooks—to raise important questions about accounting. This is a refreshing change from confining ourselves to writing and publishing textbooks whose predominant sales pitch is that they cover the latest accounting rules from a variety of regulators. And “cover” does not mean asking questions about why these rules were made, what the alternatives were and why they were rejected, what might have happened without these new rules, and what the consequences of the rules is likely to be. The textbooks cover accounting rules only in the sense of telling the students what the rules are, giving a few numerical examples, and adding some exercises to help them pass the examinations. Books discussed each year in this panel, and especially the work of Professor Garcia, are a breath of fresh air, and an intellectual adventure. For this reason, this budding tradition at the AEL to subject new monograph literature to critical scrutiny is a most welcome development for the accounting discipline.

Exploration of the history of accounting continues in the U.S. and around the world. William Halo, the former head of Babylonian Studies at Yale wrote about what he thought was evidence of double entry bookkeeping in the cuneiform clay tablets of 22nd century BCE. A recent examination of accounting records during the construction of Perspolis (modern day Iran) and the construction of the Parthenon (Acropolis of Athens) are fascinating. Kautilya’s Sanskrit treatise *Arthashastra* written in the early third century BCE includes three detailed chapters on accounting and auditing. In Fall 2017, I had the pleasure of attending the Museum of Accounting History’s inaugural conference at Shanghai Lixin University in China. I learned not only about an incomparable collection of millennia-old accounting artifacts from around the world but also about the intensive engagement of Chinese scholars in accounting history. Turkey is another good example
where a considerable amount of effort is being spent on the exploration of accounting history dating from the Ottoman and preceding empires. Besides a large collection of Sumerian clay tablet records of business transactions in its Sterling Library, Yale’s Peabody museum has a large Inca *kippu* used by them for keeping accounting records on knotted threads, although it remains to be deciphered.

For an intellectual discipline, it is important to know the roots of how and why accounting functions the way it does. Otherwise, there is a good chance that we shall keep reinventing the wheel, and think we are advancing when in fact we are going around in circles. Fortunately, the roots of accounting as a discipline go deep and the interest in its history appears to be widespread, albeit somewhat weaker in the United States.

Accounting history is a subset of accounting, and the history of accounting thought is a subset of the former. In this larger context, it seems fair to say that the attention given to history of accounting thought has declined during the recent decades, at least in the English literature. I congratulate Professor Garcia not only for reviving a flagging tradition, but also for selecting these two most important contributors to accounting thought during the 20th century for her work.

For a perspective on their work, it is useful to think of three approaches to theory: What accounting is; how it works; and how to fix it or improve it. In medicine, for example, one could think of anatomy, cell biology, and biochemistry being concerned with what is there in the organism. In accounting, a large part of Mattessich’s work and some early work of Ijiri falls in this category. On the second question—how it works—physiology is an example from medicine. In accounting, examples are decision-making and accountability relationships on which Ijiri worked during the 1970s. After that, Ijiri concentrated his efforts on how to fix or improve accounting. May I add that this most important aspect of accounting research has received insufficient attention from researchers during the recent decades, although the *Journal of Accounting and Public Policy* has been a pioneer in emphasizing this aspect of accounting research.

I had the privilege of being Mattessich’s colleague visiting the University of British Columbia in 1982-83. His work is an excellent great example of constructivist rationality in accounting, though a part of Ijiri’s work also is in that category. Mattessich’s focus is
on what accounting is and dissecting it into its component parts. He is driven by mathematics and economics, but surprisingly for an engineer, he did not devote himself to solving problems.

I also had the privilege of taking my first and only class in accounting from Ijiri as a master’s student. In the early years, his focus was on operations research, logic, mathematics, and foundations of accounting (the “what is” part of his work). Next he addressed the question of how accounting works and found the answer in accountability relationships. In his later years, he began to address questions about how accounting could be improved, and wrote about triple entry and momentum accounting. But, predominantly, I think Ijiri remained a constructivist, not impressed by ecological perspective on rationality. Perhaps others might disagree, and may highlight the ecological perspective in his work. On a personal note, with the help of Professor Liang, I had the chance to see Ijiri once again in 2016 in Oberlin, Ohio.

Returning to constructivist and ecological rationality, Descartes’ constructive approach could rely on conscious human reason and deduction to arrive at social institutions, and rules of action with preferred and predictable outcomes. F.A. Hayek, Vernon L. Smith, and Gerd Gigerenzer emphasize the ecological perspective. To them, social and economic interactions are too complex, and the evolution of social systems and rules over time functions better. The idea of emergence captures ecological rationality.

Whether or not we should look at accounting as a synthetic artifact like an airplane, a car or a house, is an open question. There is no question that a lot of human reason and deduction enters these designs. But it is also true, that if we take earlier designs of these objects, we are quite likely to see evolution quite similar to what happens in biology. Perhaps constructivist and ecological rationalities do not stand as far apart as their respective defenders would have us believe. Both seem to play a role in most domains of knowledge, including accounting. Having said that, perhaps it is fair to point out that there is so much more emphasis on constructivist than ecological rationality in business school research that the proponents of the latter might be justified in making some noise, just to be noticed.

To conclude, dissecting the human body into its parts and understanding the location of every cell and their contents hardly prepares us to understand what life is, or to become
a physician. In Figure 1, we can look at the images on the left in as much detail as we want but that will make us only better anatomists. Will that help us live our lives in a more fulfilling manner? That may require us to understand the right side of Figure 1 and the left side may become only a part of the story. The left side is accounting theory; the right side is accounting. Yet the dominant approach in research in accounting and accounting thought has remained on the left side of the figure. Some day we may want to look at the other side also.

References


Figure 1: Human Anatomy vs. Human Life