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TOWARDS ESTABLISHING A RESEARCH  
TRADITION IN ACCOUNTING

A THESIS PRESENTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
STUDIES IN ACCOUNTING AT MASSEY UNIVERSITY.

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1980

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"Men have always had to discover by ceaseless trial and error - and will always have to do so - the nature and conditions of their power to act. The contradiction between choice and cause, the clash of the images of creative man and of deterministic nature, is, so to speak, the way we represent to ourselves the endless task of sorting out the forms of action; and the philosopher, by first bringing this clash into the forefronts of our minds, then showing the absurdity of adopting either side, and then dangling before us the possibility of accepting both while denying the possibility of doing so at once, quickens our determination to unravel our causality a little further, and so to act with more effect."

Corbett, Patrick

Ideologies

Hutchinson of London, 1965, pp. 220.

ABSTRACT

Perhaps the most significant event to have affected accounting since the beginning of the 20th century was the stock market crash of 1929. Although the event took place in the U.S.A. and so only directly affected the American accounting profession the subsequent influence of the American profession on the professions in many other countries (England, Australia, Canada etc.) can be traced to this event. The significance of this event lies in the fact that it witnessed the beginning of a new era in the accounting discipline in which the general attitude toward the profession was transformed from one of disinterest to one quite the opposite. Although the attitude fostered was one of extreme disdain, the immediate consequence of which was widespread criticism of accounting practitioners and their practices, accounting was to its advantage never again to rest on its laurels.

Notwithstanding the fact that the profession may have received a disproportionate amount of the blame for the events which took place at that time, the heavy criticism which the profession endured pointed unmistakably to many previously ignored responsibilities and inadequacies. Perhaps the most significant inadequacy was the fact that the profession was at a loss to answer or explain to its critics the rationale for the practices they were then using. Unable to successfully answer its critics and prompted by the threat of legislative sanctions and controls, accountants for the first time began to see the need for a critical examination of the practices which made up their discipline.

Apart from the work of one or two individuals (e.g. Sprague, Paton) this amounted to the first recognition by accountants en masse of the need for research in accounting. This need for introspection was recognised by most professional bodies by the mid 1940's.

The method of research adopted to facilitate this critical investigation centred around the wholesale gathering of data on what accountants were doing. The expected objective of this research was that one would from the collected information be able to establish common ways of doing things which could then, by the authoritative decree of the profession, be established as rules. This method of research continued largely unchallenged up until the 1950's and even today continues to dominate the way accountants conduct research. Concern had been expressed that research was not "organised" but this was not concerned with an organised plan of matters to be investigated or ways in which answers were to be sought but rather the questions of whether research should be an individual or group effort and whether certain issues deserved discussion with others (arguments of grouping).

Since the 1950's however, concern has been expressed among the academic branch of the profession that the sort of research referred to above was not only ad hoc in nature, but hardly even deserving of the term 'research'. Sir Alexander Fitzgerald was one to come to this conclusion after considerable personal endeavour along these lines. He commented "*Research is not merely an exposition of practices currently followed.*"

(Fitzgerald, 1957, 2) Supporting Fitzgerald and also

attacking the notion of authoritative rule-making, Chambers commented "*We [must] question the formulation of rules before adequate analysis of the matters in respect of which they are made*" (Chambers, 1966, 353).

In efforts to provide a solution to the now wide open question - What is the best research method for accounting purposes?, reference has subsequently been made to the physical sciences which are thought, by virtue of the fact that they have the only well-developed research tradition, to have the only research method of any consequence. Evidencing this belief, Chambers, referring to his own particular efforts to outline a methodology for accounting, commented "*...there was no pattern to follow except that of the well-developed sciences*" (Chambers, 1966, 4). Following further investigation of the physical sciences however, what is now apparent is that there appears to be more than one explanation for their success and so more than just one finite method of research than that implied by the phrase 'scientific method'.

In this thesis the intention is to investigate these latest developments with a view to deciding whether any or all of the explanations referred to have some relevance for accounting.

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