

Is Accounting an Academic Discipline?

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INTRODUCTION

The question of whether accounting is an academic discipline transcends our usual concerns for the latest research or pedagogical twist or the ever-present tensions among our numerous clusters of interest. Indeed it speaks to the very essence of who we are and the stewardship we exercise in our domain.

My analysis and answer are highly personal, and should be interpreted as simply my opinion. You may or may not agree. But the central point of the exercise is for each of us to ponder seriously this question and, in the process, take a proactive role in exercising stewardship in our own domain.

THE SHORT ANSWER

The dictionary¹ defines “academic” as “pertaining to areas of study that are not primarily vocational or applied, as the humanities or pure mathematics.” “Discipline” is defined as “a branch of instruction or learning.”

Clearly, the short answer to the question is *no*, accounting is not an academic discipline. Indeed, our instruction has become first-job vocational. Accounting majors are treated to a litany of rules and even tutoring in how to look up additional and newer rules. Beyond that, a vast amount of the curriculum is arguably aimed at preparing the student for an initial job. M.B.A. training offers a similar, though slightly more sophisticated, picture. The student is tutored in how to use accounting products as they are delivered today, using today’s deciphering techniques. Again, the vocational focus is overwhelming. Initial jobs are, of course, important, but so are the ones that follow. More distressing, to me at least, is that this initial-job myopia has infected our Ph.D. training; now we emphasize how to do today’s research using today’s literature or how to deal with today’s technology and student mindsets in today’s classrooms, all focused, laser-like, on producing and polishing resumes, job talk papers, and presentations.

Our research has also become patterned. We are overrun with variations on pricing anomalies and cost of capital effects, just as we are overrun with multiple mutations on a LENS-style model. Innovation is close to nonexistent. This, in fact, is the basis for the current angst about the “diversity” of our major publications. Deeper, though, is the mindset and factory-like mentality that is driving this visible clustering in the journals.

¹ *Random House Dictionary of the English Language*, 2nd edition, Random House, 1987.

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This manuscript is adapted from a speech given at the American Accounting Association Annual Meeting in Washington, D.C., August 9, 2006. Thanks to Judy Rayburn for putting this important topic on our agenda. Thanks are also due to John Fellingham and Haijin Lin for their helpful comments and encouragement.

Submitted: September 2006
Accepted: December 2006

Taken together, this puts us at untenable risk. Systematically substituting immediate for long-term fundamentals reduces our place at the university and worsens our balance of payments there. It denigrates the scholarship and scholarly vision of our predecessors, giants such as Canning, J. M. Clark, Hatfield, Paton, and Vatter. It provides an unmistakable (and embarrassing) signal to the university in terms of our scholarly commitment *and* in terms of student self-selection into our curricula. It omits a variety of exciting, intellectually challenging opportunities, a virtual feast, and commits us, if you will, to intellectual anorexia.

TOP TEN INDICATORS

But these are simply aggregate overlays. Digging into the fabric, I see the following (top ten, if you will) indicators of the state of our enterprise.

- (1) The conceptual framework has stayed too long (and this is not superseded by the recently released joint FASB/IASB discussion paper). The conceptual framework is the major guideline for our teaching, our research (consider value relevance), and for regulation, and yet the framework remains irreparably flawed. The foundation of qualitative relevance and reliability (or relevance and faithful representation) does not comport with economic fundamentals. This follows from a straightforward application of the Blackwell Theorem.² Moreover, transactions are endogenous, and other information is ubiquitous.
- (2) Modern information science is not part of our curriculum. Sophisticated controls, such as Internet-security protocols, are absent, as is the general topic of coding per se. Double entry, in fact, is a primitive error-detecting code.
- (3) A “portfolio-of-errors theme” and its implications are absent in virtually all our activities. Think of the balance sheet and the multiple errors therein, or think of an audit exercise where we move from one to many accounts, from many accounts to the client, and from the client to many clients. Then track this through time—a complex, dynamic portfolio of errors complete with ongoing rebalancing. And if that does not whet your appetite, consider cost measurement, where current costing techniques can well measure marginal costs only under conditions of constant returns.
- (4) Professional ties are extensive and intrusive. This is evidenced by extensive curriculum-design-participation rights ceded to professionals, reliance on professionals for human capital maintenance (e.g., PWC University), unbending accommodation of uniform licensing requirements, and the growing substitution of professional for academic players in our classrooms, especially in introductory courses. The net result is that we substitute professional services for investment in our own human capital.
- (5) The secular interests of today’s business schools are embraced and championed at every twist and turn in our academic activities. We have accepted and adapted

² The Blackwell Theorem implies that one information source is superior to another regardless of economic setting *if and only if* the possible signals from the second can be modeled as if they are statistically equal to those of the first plus noise. Of course, this pure noise case is highly specialized, so, in general, we cannot rank information sources without specifying the economic setting in all its details, details that are skipped when we think in terms of qualitative characteristics (see Demski and Christensen 2003). A much deeper treatment of the Theorem, with its many equivalences, can be found in Marschak and Miyasawa (1968).

to an unrelenting customer orientation, where the emphasis on placement is foremost and student and donor concerns routinely abridge faculty responsibilities. We have perfected the secular art of feigned relevance, with its emphasis on today's entry-level techniques, vocabulary, and extensive professional identification. And this is all wrapped up in student, press, and colleague polls and citation counts.

- (6) History and foundations are absent, or nearly so, in our classes, our textbooks, and our major journals. Rather, today's job culture and rules take precedence over the foundations of and historical development of financial measurement. There is a serious, cumulative side to our studies.
- (7) Our journals have become homogenized, tribal, and governed by self-protective social networks. The vast bulk of our published work is insular, largely derivative, and lacking in the variety that is essential for innovation. Arguably, our published work is focusing increasingly on job placement and retention.
- (8) Few actually "touch" the data; instead, most elect to substitute literature-derived control variables and problem formulations for familiarity with the infrastructure that produced the data. To see examples of how in-depth familiarity with what produces the data affects the analysis, see Scherer (2004), Feinstein (2006), or Heckman (2001).
- (9) Accounting per se has disappeared from our activities. Likelihood structures or random variables routinely substitute for accounting structure. Simple models of accruals, as opposed to sophisticated, economic-based structural models, based on accounting structure and economic fundamentals, are routinely employed in our research and teaching. And most telling, choices in accounting measurements are routinely ignored, such as the choice to nudge EPS or to forecast at a specific time and with a specific amount. Indeed, virtually no issue in accounting would exist were it not for management's choice behavior, though this is treated as largely second order in the vast bulk of our teaching and research.
- (10) Accounting scholars have largely disappeared from the scene, and are replaced by conditional, adjective-laden, tribal specialists. This pattern is omnipresent in our teaching, our research, our Ph.D. training, our hiring, and our promotion decisions. And it all comes complete with blocked communication, tribal warfare, and tribal rituals.

CREDENCE GOODS

What explains this state of affairs? Venturing into even more personal opinion, education has many of the earmarks of what economists call a credence good (see Dulleck and Kerschbamer 2006). In such a setting, the provider is much better informed about the treatment that will be most effective. Health and auto care are related examples. Absent verification and sound trading arrangements, we know that the resulting trades are inefficient, and various institutional arrangements thus surface, such as the Hippocratic Oath, licensing, and random monitoring.

In turn, important credence features in accounting education relate to the nature of our institutional setting, its temptations, and pressures. We face a profound and ever-changing array of rules and regulations; treatment takes years, and treatment quality is neither well defined nor readily ascertainable. (Witness the NASBA debacle.) The net effect is that the norm has become relative performance evaluation based on quasi-indicators: CPA exam

pass rates, GMAT scores, *BusinessWeek* or *U.S. News* rankings, student evaluations, citation counts, and peer-based, intra-tribe evaluations.

What emerges is a classic “bad” equilibrium. We have tribe-based, self-protection, an overemphasis on rules and regulations, and an overemphasis on first-job training (documented, I quickly add, by graduate employment rates).

PASSION

How might we break this equilibrium? Here, it seems to me, innovation is essential. This will not come from the AAA, a professional committee of the AAA, or a recommissioning of the Accounting Education Change Commission. Rather, if it comes it will be from a small number of scholars who are willing to thumb their noses at the status quo.

This will require unrelenting passion, a willingness to experiment, and an emphasis on doing as opposed to keeping our jobs. Where this might lead is unclear. But where the status quo takes us is clear, embarrassing, and unacceptable.

CONCLUSION

In conclusion, accounting is not today an academic discipline; it is an ever-narrowing, insular vocational enterprise. But it could and should, in my opinion, be an academic discipline. Even if you disagree with my assessment, you should consider whether the state of academic accounting is, in your view, what it could and should be. The stakes in this game are enormous and serious.

We are talking about responsibility to the academy—not whether accounting belongs in the academy, not about you or me, not about our students, not about our journals. At present, ours is a troubled enterprise. Our research is largely derivative, bifurcated, and far from foundational. Our textbooks are intellectually embarrassing. Our intellectual contribution to the academy has curved asymptotically to nil. We have ceded to regulators the care, feeding, and deepening of our intellectual foundations. Our responsibility is not to prosper in this culture or to do *well*; it is to do *good*.

At this point, the only path I see is mutiny. It is time to strike out, to change the game, to ensure accounting has an honorable presence in the academy.

To be sure, this lament is not new to me or even to our generation. What is new is its perfection, the unrelenting vocational approach to all our activities. So who will step forward and put innovation front and center? I don't know. But I do know two places that will not. How ironic that a subject with emphasis on stewardship should drift so far from its own fundamentals, to abandon stewardship in its own backyard.

Statistically, some young people come to academia for the joy of learning, relatively untainted by the vocational virus. I urge those students to nurture their taste for learning, to follow their joy. That is the path of scholarship, and it is the only one with any possibility of turning us back toward the academy. Don't play the game. Redefine the game.

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