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The rise and coming fall of international accounting research

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ABSTRACT

This paper examines international accounting research (IAR) as a historically constituted discursive formation and argues for the post-colonial moment as its condition of possibility. The post-colonial moment is specified as comprising three aspects: decolonization, the Cold War and the Development doctrine. The latter entailed a political program to fashion a commodity-intensive world, subtended by the economic subject. The post-colonial moment also triggers a reorganization of the social sciences into policy sciences to which IAR belongs. By examining key topics in IAR such as economic development, culture, corporate capitalism, and harmonization in the context of its conditions of production, the paper conjectures the likely end of IAR.

International accounting research (IAR) takes international accounting as its principal object for inquiry. However, almost from the start, IAR scholars have complained that the term "international accounting" has been inadequately defined. For instance, in the very first issue of *The International Journal of Accounting* Eric Kohler noted that the ambiguities of accounting terms are only intensified in international settings and therefore called for "developing international accounting meanings" (Kohler, 1965). Some years later, accounting scholars reviewing the "varying definitions" of the term pointed out that in its most frequent uses, international accounting referred on the one hand to "...an universal system (of concepts and standards) that could be adopted by all countries..." while on the other to "...the set of *all* the varieties of principles, methods and standards of accounting of *all* countries..." (Weirich et al., 1971, p. 84, emphasis in original; see also Gernon and Wallace, 1995; Quershi, 1979). Respectively called "world accounting" and "comparative accounting," it is the latter sense of international accounting that has preoccupied IAR. The possibility of establishing a "world accounting" did serve as an abiding provocation for IAR, and to which it contributed at one remove. And yet, as widely acknowledged in the literature, even though world accounting was the horizon for it, the overwhelming concern of IAR has been to describe, classify, compare, and explain the varieties of accounting standards and practices in different countries (Cooke and Wallace, 1990; Mueller, 1970). Large accounting firms have conducted or sponsored repeated surveys of accounting practices in an ever-widening pool of countries to better grasp the varieties of accounting (Price Waterhouse, 1973, 1975, 1979). Standard textbooks on international accounting routinely contained chapters on accounting as practices in different countries or different regions of the world (see, Meek and Saudagaram, 1990, pp. 147–148; Mueller et al., 1987, 1994). As emphasized by one of its leading contributors in a review of the literature almost two decades ago, the driving purpose of IAR was to establish on a scientific footing the "set of environmental factors (which) determine national accounting and financial reporting standards" (Most,

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1994a, p. 3; see also Corbin, 1981).[1] Yet that founding purpose of IAR has not borne the desired fruit of "a general (or global) theory of accounting" to explain "...how and why accounting systems differ from country to country" (Wallace and Gernon, 1991, p. 253, 209). However, it is not this acknowledged inability to scientifically explain the varieties of accounting systems that now threatens to eclipse IAR. After all, research programs are not fulfilled in a day. Instead, it is the actualization of a potentiality in international accounting that heralds the coming fall of IAR by its redirection into the mainstream of accounting research.

It was once widely held that the possibility of "world accounting" or "...a universal system of accounting principles adopted by all countries is rather doubtful because of the differing legal, political, and social forces among various countries" (Weirich et al., 1971, p. 82). In hindsight that assessment seems somewhat rushed. The slow but sure establishment of the International Financial Reporting Standards (IFRS) has now made a globally harmonized field of accounting practices more likely. Many countries around the world have already or have plans to sign up for International Financial Reporting Standards (IFRS) or some version thereof. To spur on these efforts, the leaders of the G-20 recently called for a single set of high-quality global accounting standards. Moreover, the International Accounting Standards Board (IASB) among others has explicitly begun recognizing the global convergence of IFRS. Thus, what once was only a dim potentiality is now being actualized and collapsing the horizon within which IAR flourished. That at least one noted accounting scholar has already criticized what he calls the "accounting consensus" built on the idea of a "uniform high-quality set of standards for use everywhere" (Sunder, 2009, p. 101) is suggestive of the degree to which comparative accounting has been rendered obsolete. However, precisely because of its focus on comparative accounting, IAR was once thought to be a marginal current to the mainstream of accounting research (Most, 1991, p. xiii). Yet, the availability of internationally comparable financial accounting statements and capital market datasets has already begun to offer new arenas for expanding capital market-based accounting research. Folding IAR into mainstream accounting research is also made more likely because, like domestic financial accounts, IAR and international accounting have been historically justified by the purported demands of investors (Ali, 2005). IAR had staked its claims over international accounting understood as comparative accounting. The rise of world accounting has eclipsed comparative accounting, and with it, IAR. This paper seeks to historically examine IAR as a discursive formation before it is absorbed by the mainstream of accounting research.

Accordingly, we read the literature to disinter the *post-colonial moment* in international accounting research. It is well-known that IAR took wing in the post-war years. The first World Congress of Accountants was held in 1904 and four more were conducted by 1938 with some recognition of the need to study national differences in accounting procedures and practices (Samuels and Piper, 1985, p. 60). But it was not until the mid 1950s that international accounting became a sustained issue for the profession and the academy, as noted by many a commentator and practitioner (see for example, Camfferman and Zeff, 2007, p. 23; Choi, 1981). For this reason we assign the post-colonial *moment* of IAR—in the sense of temporality—to the period after WWII.

Yet, the notion of a moment is not entirely a temporal one and we use it acknowledging its Hegelian overtones. In that sense, "moment" refers to an essential aspect or feature of a whole (Inwood, 1992, p. 311). In this more substantive sense, the *post-colonial* moment refers to the massive reorientation of the global politico-economic space after WWII, which we are arguing is an essential aspect of IAR. Three dimensions of this new politico-economic space are germane to our account: first, *Decolonization* that reversed the condition at the end of the 19th century when almost "nine-tenth of the entire land surface of the globe was controlled by European or European-derived powers" (Young, 2003, p. 2). Second, the *Cold War* during which a difference in how economic affairs were organized—capitalism and communism—constituted a parody of and proxy for political conflict. Third, the *Development doctrine* according to which a commodity-intensive society, characterized by high levels of mass production and consumption, was identified as the desired goal of all societies. This happy end-state of Development shone as a unifying beacon for all, whether formerly colonizer or colonized, or whether communist or democratic. Sieved through both decolonization and the Cold War, Development can be thereby seen as the most visible tip of the post-colonial moment.

Our discovery of the post-colonial moment as the productive space for IAR results from seeking the conditions that define its space. In this regard, two methodological caveats must be noted. First, by the term "post-colonial" we refer to the fact or phenomenon of decolonization. We thereby do not invoke postcolonial theory as a template for reading IAR. Prior research has adopted postcolonial theory as a theoretical perspective from which to examine both accounting (Graham, 2009) and international accounting (Kamla, 2007; Manassian, 2009). In contrast, this paper brings into view the space within which the rise of IAR can be grasped. In this account, we avoid postcolonial theory for a number of reasons. First, under the weight of theoretical elaborations, the term has become unwieldy and underspecified so much so that even its adherents are obliged to distinguish between variations such as post-colonial, postcolonial, postcoloniality, and postcolonialism (Spivak, 1999; Young,

[1] Wallace and Gernon (1991) attempt to redefine international accounting by distinguishing "international accounting from comparative accounting." The former is defined as "deal(ing) with the problem of accounting within the world system..." whereas the latter is "the study of accounting practices in various countries and socioeconomic systems..." (p. 210 and footnote #1). This distinction recapitulates that between "world accounting" and "comparative accounting." Yet, their implication that comparative accounting is not international accounting is idiosyncratic given the usage of 'international accounting' in the IAR literature. As late as 2002, the editorial statement in the inaugural issue of the *Journal of International Accounting Research* stated firmly that "...international accounting literature should devote more attention to the study of comparative differences in contemporary accounting and financial reporting phenomena around the world" (Wallace and Meek, 2002, p. 1).