

CHAPTER 4

Whither Historical Research in Accounting?

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Abstract: In this chapter, I make a case for historical research in accounting. As shown in the narrative, accounting history may contribute to the theorization of accounting, and so historical investigations have the potential of being published in premier accounting outlets. In turn, publishing in highly visible venues enhances author visibility within the increasingly competitive markets that characterize institutions of higher learning. In this chapter, I provide a roadmap for scholars interested in historical research by focusing on established researchers within transitional and emerging economies. The roadmap consists of the institutional characteristics of the focal settings, understanding the meaning of accounting, examining the consequences of accounting systems, an emphasis on discontinuities, and further research on the “history of the present”.

Keywords: accounting research, history, theorization, academic markets

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Prologue

By the end of the 1980s, Spain had already concluded its transition from an extreme, right-wing military dictatorship to a full-fledged democracy. However, the research infrastructure of the country was still under construction (e.g., in the social sciences, accounting, and business administration). In April 1989, a group of Swedish scholars led by Sten Jönsson visited the University of Seville (UoFS) to participate in a workshop and hold meetings with its accounting faculty. In these meetings, the Spanish scholars and the Swedish delegation discussed several ongoing and future research projects. In the particular case of management accounting, the research agenda of the late 1980s was greatly influenced by the notion of ‘relevance lost’ and the impact of manufacturing and management technologies on cost accounting and management control systems. In his meeting with Sten Jönsson, Fernando Gutiérrez told Sten that he had been able to obtain access to a high-tech firm, and mentioned in passing that the archives of the former Royal Tobacco Factory of Seville (RTF) were well organized and seemed suitable for research. The settings differed remarkably: a cutting-edge firm versus an old-fashioned factory and, just as importantly, a “hot” topic versus a “who knows what” archive. In a stunning statement, which constitutes a milestone for the Department of Accounting at the UoFS, Sten suggested that Fernando proceed to the archive and conduct historical research on the underpinnings of control systems at the RTF.

Introduction

A review of articles published in top-tier North American accounting journals (e.g., *The Accounting Review*, *Contemporary Accounting Research*, *Journal of Accounting and Economics*, *Journal of Accounting Research*, and *Review of Accounting Studies*) between 2000 and 2010 shows that not a single item of historical research was published during the period. Given the unquestionable impact of these journals on accounting academia, why might accounting scholars then continue to conduct historical research?¹

¹ The chapter title and this question echo the late Anthony Hopwood’s presidential research lecture to the American Accounting Association (AAA) Congress in 2006 (see Hopwood, 2007). As noted by some commentators (e.g., Napier, 2006), *Accounting, Organizations and Society*, with Anthony Hopwood as its editor-in-chief, has been instrumental in the development of the “new accounting history”.

The disciplinary importance of these leading journals cannot be ignored. However, these particular journals do not represent all accounting research traditions. In this respect, other equally top-tier journals (e.g., *Accounting, Organizations and Society*) provide a wider research perspective and publish historical research in accounting. Importantly, historical papers are highly influential and widely cited. For example, Brown (1996) found that historical studies, such as those by Hoskin and Macve (1986, 1988), Loft (1986), and Hopwood (1987), rank among the most influential accounting research reports of all time. In fact, in his listing of highly cited influential accounting articles, Brown (1996) classified these as “classic” studies.

In this chapter, I argue that historical research and antiquarianism are not synonymous, and that accounting history studies can make a solid contribution to the theorization of accounting. Therefore, investigating archival data provides an excellent opportunity to address sound theoretical problems and contribute to prior research in auditing as well as financial and management accounting. This way of conducting historical research then provides good opportunities for researchers to publish in generalist outlets with a tolerant understanding of research methodologies and paradigms (e.g., *Abacus, Accounting and Business Research, Accounting, Organizations, and Society, European Accounting Review*). Furthermore, I argue that there is a dearth of historical research examining accounting in contexts that diverge from those overwhelmingly considered by articles published in most international (e.g., Anglophone) journals. This finding does not engender claims for different contexts for out-of-sample archival data, far from it. I contend that reliance on the institutional conditions of settings different from those published in international journals in the English language hold promise for augmenting prior accounting research. As noted by Scott (1995: 146), “It is difficult, if not impossible, to discern the effects of institutions on social structures and behaviors if all our cases are embedded in the same or very similar contexts.”

This chapter targets emerging scholars about to commence their research career, either in the form of a doctoral thesis or as part of a broader longer-term research agenda. In particular, I focus on research

opportunities for scholars established in emerging or transitional economies. In the following section, I discuss why emerging scholars may wish to engage in ambitious research projects. I then comment on the extent to which accounting history research has concentrated on relatively few settings and quite narrowly defined periods of observation, and hence, how fruitful research opportunities may arise from the investigation of other settings and periods. This is followed by a discussion of some factors that can be useful in guiding historical research in accounting. The chapter concludes with some specific suggestions for accounting history research in emerging or transitional economies.

Why Should I Engage in Competitive Research?

The number of accounting and business administration programs has increased significantly over the past three decades (Iñiguez and Carmona, 2007), resulting in a growing number of universities and business schools. In the European market, 23 Spanish universities offered degrees in business administration in 1989, and this had risen to 46 institutions by 2005. Similar rates of growth are reported in most southern (e.g., Italy) and northern European countries (e.g., Sweden). More specifically, German-speaking countries witnessed increases in the number of university chairs in “Controlling” from 17 in 1989 to 72 chairs in 2005 (Schäffer and Binder, 2006).

The consequences of this steady growth in the market for both accounting and business administration programs, as well as institutions of higher learning, cannot be neglected. The European market comprises nearly 2,000 universities but is highly fragmented, with 27 countries having divergent research and educational traditions. Although the North American market is of similar size, using English as a common language generally makes it more concentrated than its European counterpart. Furthermore, the North American market features a clear-cut distinction between teaching and research universities (Lambert, 2006).

The processes of tenure, promotion, and the compensation of faculty are central to institutions of higher learning (Wulff and Austin, 2004). However, the US and European higher education markets differ markedly

in regard to these important processes. According to Frey and Eichenberger (1993), there are two kinds of markets for higher learning: regulated markets, which they refer to as R-markets, and competitive markets, which they denote as C-markets. In general terms, Frey and Eichenberger (1993) equate the C-market to the North American market, whereas the European market constitutes a good example of an R-market.

According to Frey and Eichenberger (1993), C-markets are large, uniform and competitive. Consequently, there is high academic mobility. In such markets, promotion and compensation are linked to objective, impersonal measures of performance (e.g., evaluations performed by peers). Conversely, R-markets are highly interventionist. In the case of the European market for institutions of higher learning, the national language constitutes a barrier that prevents the perfect mobility of resources across countries. Furthermore, the market is relatively thin and incomplete. For instance, faculty evaluation is often not based on objective measures of performance and sometimes takes into consideration non-performance factors, such as service and the membership of academics in a particular “school of thought.” Finally, compensation is typically noncompetitive.

In developed countries, there is a process of convergence towards C-markets. This trend, led by the UK, has enforced objective processes in the assessment of research performance and established tuition fees that close the gap between prices and actual costs. Furthermore, the UK publicizes official rankings of university departments across all areas of knowledge in order to make the market more transparent to students and stakeholders. Some other European countries have followed suit (e.g., the Netherlands). This process of convergence towards C-markets and truly global universities and business schools has received greater impetus with the implementation of the Bologna Accord, which enforces a real market for higher education in Europe.

In C-markets, which are now becoming the dominant trend, how is research evaluated? Providing an answer to this question requires reference to Cole’s (1983) notion of a research frontier. Cole regards the research frontier as any publicly available knowledge: “...all the work currently being done by all active researchers in a given discipline ... [the

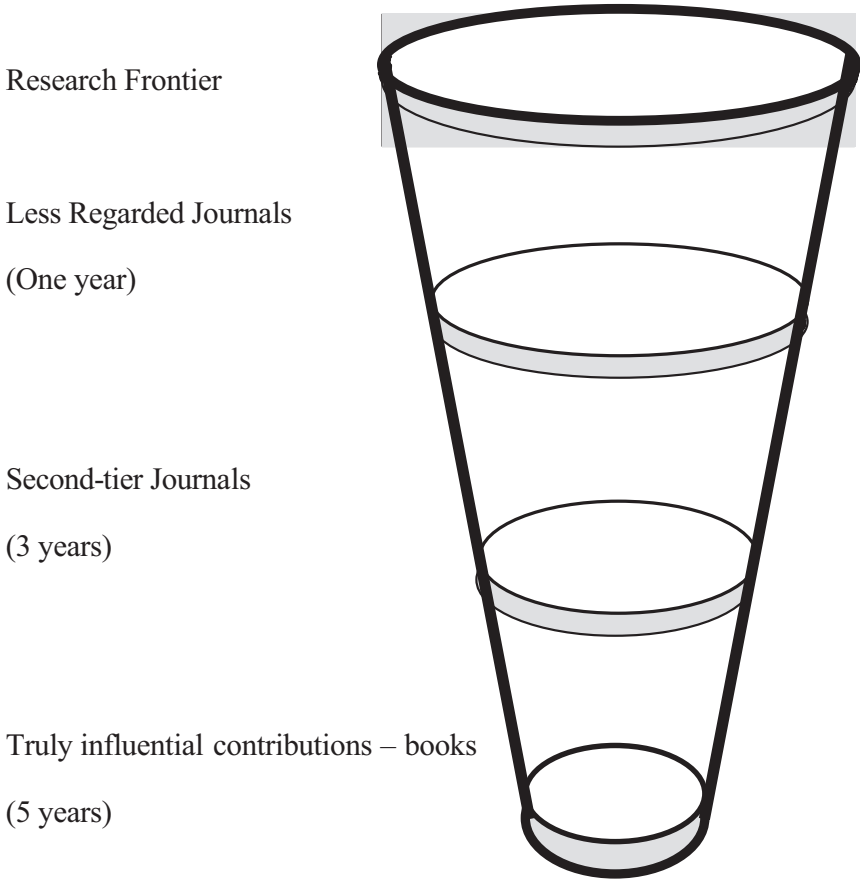


Figure 1 The Filter Effect (Cole, 1972).

research frontier] is where all new knowledge is produced” (1983: 14, see Fig. 1). Furthermore, Cole (1983) contends that work on the research frontier must be subjected to a different filter in order to gain credibility and visibility – in short, the review process in refereed journals. Ultimately, outstanding research would become more widely accepted and thereby constitute the “core knowledge” of a discipline.

In this context, what is the profile of historical research in accounting in terms of the geographic distribution of authors and settings? Carnegie and Potter (2000: 190) found that 105 (70.64%) of all published studies investigated events in Anglo-Saxon settings (i.e., the UK, the US, Australia, Canada, or New Zealand). My own research provides support for

these findings. To address this issue, Carmona (2004) expanded the database to papers published in both generalist journals as well as specialist outlets.² In this respect, he found that an overwhelming majority (90.75%) of authorships consisted of scholars affiliated with institutions in Anglophone countries. Furthermore, one could only conclude that accounting history research published in international journals focuses primarily on Anglophone countries. Carmona (2004) also found that 71.76% of papers included in his database address events that took place between 1850 and 1945, thereby demonstrating a profound neglect of other periods of study. Carmona's (2004) overview of accounting history research published during the 1990s in English-language journals, for the most part, reveals that non-Anglophone scholars, settings, and periods of study other than 1850–1945 were largely neglected in the international arena. By concentrating on such a minute time-space intersection (Parker, 1993; Carmona and Zan, 2002), such publications omit the research endeavor of the majority of scholars, settings, and periods, thereby neglecting historiographies that represent considerable archival research into settings and times.

Framing Historical Research

What counts as accounting

Accounting historians are inevitably faced with a crucial question at the outset of their research inquiries: What counts as accounting? (see Carmona, Ezzamel and Gutiérrez, 2004 for further analysis). Practices within any profession, such as accounting, change over time. An accounting historian has to decide at the beginning of an investigation whether a contemporary notion of accounting practices will be adopted, or whether a concept more suited to the historical context under investigation is to

2 The specialist journals included were *Accounting, Business and Financial History*, *Accounting Historians Journal*, and *Accounting History*. The general accounting journals consisted of *Abacus*, *Accounting, Auditing and Accountability Journal*, *Accounting and Business Research*, *Accounting, Organizations and Society*, *The Accounting Review*, *Contemporary Accounting Research*, *Critical Perspectives on Accounting*, *European Accounting Review*, *Journal of Management Accounting Research*, and *Management Accounting Research*. Since 2010, *Accounting, Business and Financial History* (now *Accounting History Review*) has changed its editorial policy under new editorship.

be considered (see Previts and Bricker, 1994). Put differently, the legitimacy of deploying concepts of the present to describe and analyze past accounting practices is debatable. This is a challenging enough problem for researchers concerned with charting accounting history over the last few centuries (for example, Garner, 1954; Solomons, 1968; Johnson, 1981; Hoskin and Macve, 1986; Hopper and Armstrong, 1991; Carmona *et. al.*, 1997; 1998), and the difficulty is compounded several times over for those concerned with accounting history in ancient times (e.g., Ezzamel, 1994; 1997; Mattessich, 1989; 1998; Carmona and Ezzamel, 2007, 2008).

The influential book *Accounting Evolution to 1900* by A.C. Littleton (1933/1981: f.n., p. 23) provides a useful starting point for discussion. Littleton devotes much time to developing views on accounting which, for him, is double-entry bookkeeping as “complete, systematic, coordinated account-keeping.” Littleton identifies three main attributes and four antecedents of double-entry. The attributes are: firstly, duality (of books, of account form, and especially of entry); secondly, the equilibrium/balance of results (for example, as reflected in the balance-sheet); and thirdly, proprietorship (ownership of goods handled and claims upon emerging income). Together, these three attributes constitute the form and substance of double-entry:

The form of complete bookkeeping is the duality and equilibrium which derive from early record-keeping precedents, the substance consists of proprietary calculations of the gains (or losses) from ventured capital. (Ibid., p. 27)

The antecedents, according to Littleton, are capital, money, credit and commerce:

If either property or capital were not present, there would be nothing for records to record. Without money, trade would be barter; without credit, each transaction would be closed at the time; without commerce, the need for financial records would not extend beyond governmental taxes. (Ibid., p. 12)

Littleton’s notion of the attributes and antecedents of accounting focuses on the domain and nature of what counts as accounting. While these attributes/antecedents can be found in many important accounting practices throughout past centuries, such a concept may also be regarded

by some researchers as too restrictive in the present context. For example, the insistence by Littleton on double-entry as the pure (indeed the only) form of accounting acts only to privilege *one* form of accounting not simply over others but, more crucially, to the *exclusion* of others (for similarly restrictive views see Weber, 1978; Sombart, 1979). Moreover, insistence on monetarization excludes entries using non-monetary units to represent transactions or exchanges.

To provide some concrete examples of the concerns raised above, consider the attitude to alternative forms of accounting taken by Stevelinck. In examining evidence of accounting transactions from ancient Egypt and Mesopotamia, Stevelinck (1985) dismisses the relevance of such accounting practices for contemporary accounting historians. Stevelinck raises two concerns. First, that, “These accounts appear far too distant from us. They may be admissible but what can we learn from them that will be of use to us professionally? Surely, we should attempt to discourage students from learning techniques that are out of date.” (p. 3). The second concern is: “Accounting has been kept since time immemorial, but double-entry bookkeeping goes back less than 1,000 years. In the last analysis, it is this system that really interests us, because it is still in use, and because it would be instructive to examine its origins, to follow its evolution step by step, to identify progress, the path it took, the tentative innovations of our predecessors, the solutions they arrived at.” (p. 3). These concerns underpin traditional research and demonstrate most clearly its emphasis on origins, evolution, progress, and the privileging of double-entry, over all other admissible forms, as the only interesting form of accounting practice.

In spite of these and other restrictive assumptions, Littleton’s prominent view of what is the essence of accounting, continues until today to underpin virtually all the research conducted according to a traditional understanding of what counts as accounting. This is not only true in the English speaking world; Italy and Spain, for instance, are countries where a traditional understanding of accounting underpins the mainstream of accounting history research. Rafael Donoso-Anes (1996), for example, examined the accounting procedures implemented in the *Casa de Contratación* in Spain in the early 16th century to monitor the receipt

of silver and gold shipped from America, as well as the subsequent minting and selling in public auctions of these precious metals to merchants. He argued that the double-entry bookkeeping method was deployed to account for transactions related to the minting process. Donoso-Anes (1994) concluded that such evidence represented the earliest documentation of the utilization of the double-entry method in a Spanish public organization. Alberto Donoso-Anes (1997) studied the reasons for the introduction of double-entry bookkeeping in the *Cajas Reales de Indias* (1784–1787) in present Peru as well as the causes that motivated its demise. He found that a number of political and social reasons underpinned the public accounting reform. Such findings thus challenge the prevailing notion that attributed the failure of the reform to the lack of double-entry bookkeeping expertise among civil servants. As a more recent example of research focusing on double-entry bookkeeping, Bisaschi (2003) investigated the implementation of the system in the Santa Maria de la Salute Hospital, in Parma (Italy). There are, however, some notable exceptions where traditional research does not exclusively focus on double-entry bookkeeping and monetarization (see Fleischman and Tyson, 1998 for a recent example of enquiries not limited to double-entry systems). In non-Anglo-Saxon contexts, Carmona and Donoso (2004) also provide a good example of theorization in a non-double-entry bookkeeping context in their examination of costing practices for price-setting in a regulated environment, in 1525 Seville.

Accounting and double-entry bookkeeping.

Investigation of double-entry bookkeeping by researchers having the traditional point of view is not restricted to implementation issues; it also extends to topics such as the examination of the individuals who played significant roles in setting up the foundations of the system (e.g., Hernández-Esteve, 1994), its dissemination into practice (e.g., Craig and Jenkins, 1996), and its diffusion into the domain of accounting thought (e.g., Donoso-Anes, 1992; González-Ferrando, 1992; Nikitin, 1996).

By emphasizing double-entry bookkeeping and related monetarization, however, traditional understanding of what counts as accounting

marginalizes other equally, if not more important, accounting and control practices. For example, the Royal Tobacco Factory of Seville (RTF), a state-owned monopoly of tobacco that secured significant income for the Spanish Crown, developed a sophisticated system for monitoring tobacco movements within the different production stages of snuff tobacco: drying, milling, sieving, second milling, fermentation and distribution. In contrast to the traditional view of accounting shown above, this system was based on the charge and discharge method and measured the flow of tobacco in quantitative, non-financial terms. To cope with increasing market demand for tobacco, the RTF moved its factory location from the Old San Pedro Factory to a new, purpose-built building, known as the New Factories, in 1758. As a result of this change in premises, the accounting system in the RTF became considerably more sophisticated, illustrated by innovations implemented in the distribution stage (see AFTS, Legajo 2.10.1; see also Carmona, Ezzamel and Gutiérrez, 1998).

Many examples illustrate that historical research is not restricted to double-entry bookkeeping. Carmona and Donoso (2004) examined the case of the Royal Soap Factory (RAS) of Seville during the period 1525–1692. This factory operated under monopolistic conditions, but the price of a pound of soap was set by the regulator, the local government. In order to draw attention to the production cost, the parties organized a test that reproduced the soap production process. The test was run by soap experts that were brought from outside the city limits. In January, 1525, having observed that the price of soap was too high, the local government took the initiative to develop a test (ADMSA. *Legajos* 51–4, 53–27; AMS. Section 1, *Litigios*, Folder 116, Number 57). Over the years there was a running argument between the RAS and the local government as to whether the tests should be run using raw materials from the RAS inventories or if they should use new materials purchased specifically for the purpose of testing. In 1525, the wishes of local government officials prevailed, and new materials were purchased (see ADMSA. *Legajo* 51–4).

The reported price of olive oil was the outcome of a weighted average of all olive oil acquisitions made during the preceding week: “Those prices

Table 1 The 1525 Test: Cost of Raw Materials.

Materials	Consumption	Unit cost	Total cost
Olive oil	3 arrobas ³	140.5 maravedíes ⁴	421.5 maravedíes
Ashes	6 fanegas ⁵	50 maravedíes	300 maravedíes
Lime	2 ½ fanegas	39 maravedíes	97,5 maravedíes
Wood	1 carga	68 maravedíes	61 maravedíes
Lye	6 cuartillos	2,5 maravedíes	15 maravedíes
Total cost			895 maravedíes

Sources: ADMSA. *Legajos* 51-4, 53-27. AMS. Section 1, *Litigios*, Folder 116, Number 57.

were used and distributed and each *arroba* cost 140.5 *maravedíes*, once the five *maravedíes* of *alcabala* (a sale tax) were taken into consideration” (ADMSA. *Legajo* 53-27). The cost of a *fanega* of ashes was 40 *maravedíes* and 10 more *maravedíes* were added for transportation and sundry costs. A *carga* (load) of wood cost 2 *reales*, (68 *maravedíes*). One tenth of the *carga* was not used in the test, however, so the final cost was decreased by 7 *maravedíes*. Finally, the soap experts who ran the test decided on the consumption of lye and its concomitant cost.

The soap produced for the test weighed 7 *arrobas* and 11 pounds (186 pounds); thus one *arroba* of olive oil produced 62 pounds of soap, rather than the usual 50–51 pounds, and this was regarded as a “high performance of olive oil” (*alto rendimiento del aceite*). It was therefore concluded that “this test has been more successful than any of the preceding ones” (ADMSA. *Legajo* 51-4). Although materials used in the production of a pound of soap cost 4.818 *maravedíes*, difficulties in handling decimals at the time required the experts to price it at “4 ½ *maravedíes* and one *nueva*”, or 4.75 *maravedíes* per pound (see Table 1).

The manager of the RAS complained that soap production also involved other activities, and that their accompanying costs must be added to the cost of raw materials. The RAS manager’s complaints are listed in the memorandum summarized in Table 2, which contains the expected annual cost of the support activities. By dividing the estimate of support costs by the expected annual production of soap, the parties

¹ *quintal* = 4 *arrobas* = 100 pounds = 128 *cuartillos*.

² 1 *ducado* = 11 *Reales* = 375 *maravedíes* = 748 *blancas* = 1,496 *nuevas*.

³ 1 *fanega* = approximately 55.5 liters. 1 *carga* = 1 *carretada* = 8 *fanegas* = 96 *almudes*.

Table 2 The 1525 Test: Estimation of Annual Costs.

Items	Proposal made by the Administrator of the RAS	Decision made by the local government of Seville
Repair and maintenance of cauldrons	12,000	8,000
Purchase of ropes and related items		
Preparation of cauldrons for the test	6,000	4,000
Fabrication of sundry materials	10,000	6,000
Taxes for ashes	7,500	7,275
Rent that would be obtained if the building hosting the RAS were leased	16,000	10,000
Wages and food for the woman in charge of the office of weights	6,000	6,000
Food and wages for the six operators of the shop floor	57,000	40,000
Yearly taxes for soap turnover	120,000	40,000
Returns on investment for materials and machinery	300,000	20,000
Salary of the administrator	40,000	30,000
Total		171,275

Sources: ADMSA. *Legajos* 51-4, 53-27. AMS. Section 1, *Litigios*, Folder 116, Number 57.

obtained the cost of support activities per pound of soap, which management believed should be incorporated into the final cost of each pound. Column 1 depicts the claims of the RAS management concerning items and prices to be considered for cost purposes; whereas Column 2 reports the final decision of local government representatives.

Following is the rationale employed by RAS management and some of the counterarguments posed by local government:

- i. If leased, the building that hosted the soap factory would yield an annual rent of 16,000 *maravedies*, and this opportunity cost should be considered in the overall cost.
- ii. The wages of the six shop floor operators should be considered. Representatives of the local government verified, however, that five out of the six shop floor employees were slaves. Therefore, they agreed to budget their living costs, but removed their suggested wages of 17,000 *maravedies*/year.

- iii. Investments made by the RAS in inventory and machinery would, in the opinion of the RAS management, produce a 10% annual return, which would amount to 300,000 *maravedies*. As shown in Table 2, this figure was rejected by the local government, which incorporated 20,000 *maravedies* into the cost of soap.

Accepted claims amounted to 171,175 *maravedies*, which were allocated to the expected annual production of 417,000 pounds of soap. Non-production costs increased the cost per pound by 0.41 *maravedies*. The problems surrounding the handling of decimals, however, brought about the following consideration: "... it seems that each pound costs one *nueva*, which is one fourth of a *maravedí* as well as half a *nueva*, which is one-eighth of a *maravedí* ...". The resulting figure was rounded down to 0.25 + 0.125 = 0.375 rather than 0.41, which in absolute terms, meant a difference of 14,900 *maravedies* (171,275 - 156,275). The final report of the test stated: "... the remaining 14,900 *maravedies* are for the people [of Seville] because there is no way to allocate this amount to the pounds [of soap], and ultimately, this amount is consumed and are consumed [sic] by the people of Seville ...". Accordingly, the cost of a pound of soap was the result of the aggregation of raw material costs of 4.75 *maravedies* (Table 1) and support costs of 0.375 (Table 2).

The experts who carried out the test admitted, however, that the result demonstrated an outstanding performance of olive oil. Under normal conditions, one *arroba* of olive oil would have produced 50 to 51 pounds of soap, and if that result had occurred in this test, the cost of a pound of soap would have been 6 *maravedies* rather than the 4.75 *maravedies* calculated from the test of January, 1525. Consequently, they proposed to set the price of the soap at 6 *maravedies* and pointed out that "the test was beneficial for the people of Seville and worth being taken as a reference for the future" (ADMSA. *Legajo* 53-27).

In short, the accounting series of the Royal Soap Factory of Seville provided an extensive list of raw materials, general expenses and transactions that had to be used to set the price of a pound of soap. Both the documents and the accounting series, however, were based on the charge/discharge method and consisted of information of a financial (e.g., cost of

raw materials) and non-financial nature (e.g., standards for performance of olive oil, capacity of the RAS), in contrast to a traditional emphasis upon double-entry and monetarization.

The causes of accounting and researching its consequences.

Littleton, additionally, was more concerned about the investigation of the “causes” of accounting than in researching its “consequences” (Carnegie and Napier, 1996, p.11). This focus on causes, in turn, neglects some interesting possibilities for accounting history research (e.g., the organizational effects of changes in the charge and discharge accounting method). For example, the RTF witnessed a power struggle between the General Superintendent, Mr. Vicente Carrasco, and the General Inspector, Mr. Francisco de Portocarrero, during the 1770s. The General Superintendent had full authority on RTF activities. However, the steering agency of the tobacco monopoly observed that the RTF was not as efficient as expected in dealing with the installed production capacity of the New Factories. Accordingly, the post of General Inspector was launched to tackle manufacturing problems, and it had some noteworthy characteristics. First, the salary of the General Inspector was higher than that of the General Superintendent. Second, the General Inspector had no accountability to the General Superintendent, but reported directly to the steering agency. Lastly, Mr. Portocarrero, a knowledgeable expert on the tobacco business, was appointed to the post. The conflict between the two senior managers formally concerned technical issues (e.g., procedures to triple the annual production volume of the RTF), but it actually had a strong political component that spread throughout the entire organization. The Accounting Office, for example, played an instrumental role in the devising and developing of accounting procedures to cast light on operational activities. In particular, the Accounting Office was supportive of the initiatives of Mr. Portocarrero to triple production volume (e.g., Carmona Ezzamel and Gutiérrez., 1997; 2002) and, thus, dismissed some of Mr. Carrasco’s actions aimed at similar goals. On 23rd December 1776, Mr. Carrasco issued a memorandum to improve the reporting system of

the Supplies Warehouse (e.g., AFTS, Legajo 607) by enforcing monthly reporting instead of annual reporting, as well as stipulating more stringent procedures for internal control. The Accountant (*Contador*, as then known) of the RTF complained about the consequences that such changes would have on the workload of his office (e.g., AFTS, Legajo 515). In short, the Accountant concluded that “physical inventories cannot be undertaken on a monthly basis”. In order to strengthen his position, the Accountant contended that “officers and clerks of the Accounting Office (*Contaduría*) are already busy during their working hours and have no time for any additional tasks”. Interestingly, however, the Accounting Office was responsive to the demands of Mr. Portocarrero to account for endless experiments to improve manufacturing costs (e.g., Carmona, Ezzamel and Gutiérrez, 1997). This episode reveals a situation of considerable interest for researchers who have problems with adhering to traditional views of accounting. From this perspective, the deployment of accounting innovations is not solely motivated by efficiency or technical reasons, but it also plays an instrumental role in the development of organizational activities.

The limitations of Littleton’s (and other similar) view(s) of accounting have prompted some other researchers (for example Miller and Napier, 1993, p. 632) to assume, albeit implicitly, that the term ‘accounting’ automatically leads to the emergence of what they call “traditional histories of accounting” which they identify (correctly from our point of view) as restrictive. Consequently, feeling compelled to seek a way out of the problem, these researchers have proposed replacing accounting history with “genealogies of calculation” (Miller and Napier, 1993, p. 632) or “economic calculation” (Miller *et. al.*, 1991, p. 400) as a means of broadening the scope of inquiry into accounting’s past. This proposal, they argue, would make it possible to shift the focus of analysis from seeking to trace the origins of the present to trying to understand the outcomes of the past. It is also claimed that this would promote an emphasis upon “the historicity of the various techniques and rationales that have constituted accounting at different times, and in different places” (Miller and Napier, 1993, p. 632). The use of the term ‘calculation’ instead of ‘accounting’ is an attempt to avoid “an a priori limiting of the field of study of accounting as

it currently exists, or to a particular accounting technique such a double-entry bookkeeping”, and it is thought to help “construct and support particular relations of power and influence” (Miller *et al.*, 1991, p. 400).

Presumably out of concern for the implications of their suggestion to replace ‘accounting’ with ‘calculation’, Miller *et al.*, (1991, p. 401) hastened to add that: “This is not to say that there is no such thing as the history of accounting. But it is to suggest that there is no single character, no immutable entity or practice that will provide an enduring reference point with which to fix the identity of accounting history.” Although it does make sense that the “identity of accounting history” should not be fixed by an “enduring reference point”, an important question arises: Is it necessary to supplant ‘accounting’ with ‘economic calculation’ to achieve this end? Probably not, it is entirely possible to work within accounting in a manner that seeks to open up the terms of reference and debate concerning the nature and focus of accounting practices.

Another example of a concern with the limitations of conventional views of accounting is found in the work of Tinker (1985, p. 86), who prefers to focus directly upon accounting practices as a means of providing a valuation of alternatives, of facilitating exchange through the determination of reciprocity, and of adjudicating economic claims (and social relations more generally):

Accounting practice is a means of resolving social conflict, a device for appraising the terms of exchange between social constituencies, and an institutional mechanism for arbitrating, evaluating, and adjudicating.

Although Tinker does not begin his analysis by identifying what may be termed, within Littleton’s framework, basic attributes and antecedents of accounting, he aspires to promote a broad definition of accounting. Tinker (p. 85 and pp. 95–97), lists a number of examples, as taken from Mandel, (1962; 1968), of entries recording equivalence in labor time dating back to the early and late medieval period in Japan and Europe. For Tinker (1985, p. 86), in these entries, even though not monetarized nor in the form of double-entry, “accounting information helps parties to social and economic transactions assess the adequacy of the value of their returns or entitlements.” Tinker goes further in articulating his views of accounting

by noting that it operates on two levels. First, accounting examines alternatives from the perspective of each individual party to an exchange as buyers, sellers, and producers. Second, on the social level, accounting practices seek to establish a “rationale for appraising exchange possibilities for the collective parties to an exchange” (Tinker, 1985, p. 86). Furthermore, Tinker carefully avoids the temptation to equate accounting practices with any specific ideology: “There is nothing inherently and irrevocably conservative, reformist, or radical about accounting practice” (Tinker, 1985, p. 82). Tinker’s notion of accounting does not insist on monetarization, commerce, profit making, or double-entry. Rather, his emphasis is upon the ability of accounting practices to construct, in quantitative terms, human activities and economic exchanges, and in so doing establish modes of reciprocity and adjudicate economic and social claims.

Tinker’s work enables a broadening of the scope of accounting practices by alluding to the myriad of possibilities which may be invoked by social actors, either individually or collectively. However, there are limitations to his analysis. In particular, his apparent insistence that accounting valuation is “only relevant to those social systems in which integration and cooperation have developed enough to enable social members to devote part of their efforts to producing, not for personal consumption, but for a market exchange (i.e. commodity production)” (*ibid.*, p. 84), excludes those accounting practices which exclusively focus upon redistribution within a centrally administered economy, or on documenting lists of personal wealth, as occurred frequently in ancient economies (Janssen, 1975).

As noted by Ezzamel and Hoskin (2002) a baseline definition of accounting is possible, whereby such a definition could apply equally across time and space. They argue that, first, accounting is the practice of entering, in a visible format, a written record (an account) of items and activities. Second, any account involves particular kinds of signs which both name and/or count those items and activities recorded. Third, the practice of producing an account is a form of constructing financial values and/or quantifying non-financial activities and managerial actions: (i) extrinsically as a means of capturing and representing values derived from outside for external purposes, defined as valuable by some other

agent; and (ii) intrinsically in so far as this practice of naming, counting and recording in visible format constructs the possibility of precise valuation or quantification. Accounting is therefore a primary technology of valuation and quantification; indeed, accounting is a constructor of value and this is true both in the presence and *absence* of market exchange, the profit motive, and indeed currency, as long as there is some common denominator that operates as a ‘money of account’ (Ezzamel, 1997). Under this broad notion of accounting, researchers adopting this wide view may involve themselves in investigations of experiments such as those reported in the RTF on 21st February 1777 (see AFTS, Legajo 194), whose aim was to determine the ideal size and quality of tobacco tins. RTF administrators considered that consumers’ perception of tobacco quality was informed by the size of tins. In this experiment, they found that smaller tins gave a false impression of low quality tobacco, in spite of the “correct milling and sieving of the materials.”

Concluding Remarks

The above discussion illustrates some key features of historical research in accounting. In particular, the sense of the analysis and its supporting evidence shows that accounting history research holds promise as a contribution to extant accounting research in a number of areas. In so doing, such research might be published in top-tier generalist accounting journals, and through this obtain increased visibility. As discussed above, publication in prestigious outlets with good visibility is the *conditio sine qua non* for success in the increasingly dominant competitive markets that feature institutions of higher learning around the world. In this section, I also suggest a roadmap for scholars established in emerging and transitional economies.

Current historical research in accounting has focused on a very limited number of settings (e.g., Anglophone countries). Therefore, conducting historical research in emerging (e.g., Latin America) or transitional (e.g., Eastern Europe) countries holds promise for adding to the existing research in accounting. In a similar vein, historical research published in international journals has largely focused on a rather narrow period of

study (e.g., 1850–1940). Therefore, examination of historical aspects outside these settings and observation period may also add to extant knowledge in our discipline. Taken together, research examining observation periods and time settings that differ from those overwhelmingly studied in investigations published in the English language may benefit the ongoing theorization of accounting.

In conducting this research, scholars might wish to consider several factors. First, and although I may recognize my own bias in this, I would suggest that scholars venture beyond a mere description of their evidence, no matter how rich. Conversely, scholars conducting historical research should attempt to theoretically embed their evidence in order to contribute to accounting theorization, and hence, enhance the likelihood of their studies being published in international generalist and specialist accounting outlets. Ultimately, this would enable these scholars to succeed in the increasingly dominant C-market for institutions of higher learning.

Second, in order to identify the subject matter under investigation, scholars may not wish to focus simply on accounting issues related to double-entry bookkeeping practices. In many settings, accounting practices different from double-entry bookkeeping are being used, and such environments are equally valuable for conducting first-tier research. For example, as noted by some commentators (Bailey, 1988), double-entry bookkeeping was uncommon in former socialist countries. Importantly, the subject matter may focus on the wider aspects of accounting changes (Napier, 2006). Third, selection of the period of study does not necessarily have to be restricted to very old periods in medieval or ancient times. In this respect, there is a considerable lack of knowledge about the “history of the present” (Carmona and Zan, 2002), and especially, the period 1940–90. In settings such as former communist countries in Eastern Europe, or emerging economies in North Africa or Latin America, an investigation of the functioning of state-owned enterprises under the rule of communist parties may indeed add to prior accounting research. Furthermore, such a history of the present could refer to the implementation of international accounting and auditing standards in emerging and transitional economies (Mennicken, 2008; Ezzamel and

Xiao, 2007; Ezzamel, Xiao and Pang, 2007). Fourth, and according to the evidence in this chapter, these investigations may focus on the “consequences” of accounting techniques rather than on their “causes.” In this manner, scholars conducting historical research may broaden the scope of their investigations and examine the organizational and social implications of accounting practices, and hence contribute to the theorization of accounting, as was shown by bibliographical research (e.g., Brown, 1996; Napier, 2006). Finally, the choice of the subject matter under investigation should be guided by the identification of discontinuities or shifts rather than a search for the “early” implementation of certain accounting practices. Ultimately, another study will find an earlier implementation of an accounting technique, and will thus make our study obsolete. Focusing on discontinuities or shifts provides more ground for a theoretical discussion of these changes.

In this chapter, I make a case for historical research in accounting. As shown, historical research holds promise for enhancing the theorization of accounting, and hence such studies have the potential of being published in top-tier premier outlets, thereby promoting their authors within the increasingly dominant C-markets. Furthermore, scholars willing to engage in historical research may wish to consider the roadmap provided in this chapter, which covers factors such as: settings; focus on consequences, shifts, and discontinuities; reliance on the institutional characteristics of the settings rather than focusing on the mere description of archival data; and consideration of the “history of the present” as a valid area of historical research for both transitional and emerging economies.

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