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Short communication

Reflections on “Outlining Regulatory Space”[☆]

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1. Introduction

Papers are *mélanges* that mix together our interests (in the sense of what draws our attention, arouses our curiosity as well as whether we prefer the status quo or hope for a world with different possibilities and actualities), our broad personal goals (finish a PhD, get published), our willingness to and persistence in doing the needed work and perhaps most importantly our good fortune in the people that we meet and the serendipitous events that we experience (e.g., AOS workshops, lucky finds at the library or bookshop, helpful readers/critics of our work).

My paper “Outlining Regulatory Space” (Young, 1994) is such a *mélange*. In this paper, I wanted to explore a particular research question—why do some accounting issues get added to a standard-setting agenda but others do not? I had begun to explore this accounting question while writing my dissertation. This work with the help of reviewers, colleagues and a supportive and encouraging editor, Anthony Hopwood, eventually led to the development and publication of a paper. The paper and the dissertation project both began with a research question rather than a theoretical framework or a commitment to particular research methods. Typically, my initial research questions are broad and unwieldy, unrefined and unfocused. However, I trust that with work and persistence (and always some good fortune) the question will be narrowed and refined into one that will be sufficiently focused to address within a paper and may even attract the interests of scholars and policy makers. (Not all questions have turned out this way but enough have).

1.1. Source of research question

My research questions seem to percolate up from matters that draw my attention and pique my curiosity. They emerge from all sorts of interactions including readings in the business press, conversations with and publications by fellow academics, questions from students and the amalgamation of my accounting experience. My general interest in financial accounting and reporting and their associated policy making processes arose from my early training. As a student of accounting, during my studies in preparation for the CPA exam, as an auditor practicing at Arthur Andersen & Co., financial reporting and accounting had captured my interest and continued to hold my interest as I worked on my PhD. Initially I was

[☆] This work is a personal reflection on Young, (1994).

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drawn to financial accounting by the symmetry associated with double-entry bookkeeping and balance sheets and the beauty I find in such balance. However, I remained interested in financial accounting because this symmetry and beauty was accompanied by a chaotic blend of assumptions, estimates, inclusions, exclusions, and disagreements. Selecting the “right” accounting required the application of judgment in making comparisons and selecting analogies as well as judgment in developing the quantitative measures required to prepare journal entries. Eventually I would describe this blend of balance and chaos as the inextricable intertwining of a supposedly neutral technical device with messy politics but initially I was intrigued by the differences between the accounting presented in my financial accounting textbooks and tested on the CPA exam with the financial accounting that underpinned the production of annual reports and financial statements.

I was also fascinated by the standards and rules that guided the information that was to be “captured”/“constructed”. I was interested in them both for their technical content (back to that fascination with double entry bookkeeping) and because they emerged from the judgments of a relatively select few (albeit with input from others). Although I was always aware that a policy process produced these accounting standards, I was initially more interested in the work that was required to put the standards into practice than I was in the process that had developed accounting standards and in the processes that developed the process to develop accounting standards. I was also struck by the ebb and flow of accounting issues—the initial urgency to address a topic like inflation accounting and to develop a seemingly unending stream of supplementary standards to outline general and industry-specific disclosure requirements and then, after all this work and controversy, the complete disappearance of these standards from disclosure requirements. I noted the repetition of other issues—foreign currency translation, pensions, stock compensation arrangements, financial instruments, etc. I noted how sometimes disclosure requirements required the measurement of new objects or the re-measurement of “old” objects (e.g., pensions) and that later these disclosures informed new requirements for the balance sheet and income statement. Controversy in financial accounting standard-setting included not only accounting matters and their economic consequences but also organizational issues including experimentation with different structures to address “emerging” issues on a “timely” basis, discussions regarding the “appropriate” body to address nonprofit and governmental entity accounting issues, periodic changes in the organization of the FASB and in its due process procedures.

In other words, the area of financial accounting offered beauty, controversy, rules, judgments, questions of implementation, disagreements about process – an interesting mix of possible research questions. The previous paragraph makes it sound as though I was aware of this diversity of possible topics/questions as I began to develop my dissertation topic. The truth is that I was and I wasn’t aware of them. As I began, I “knew” of these issues but I considered some (many?) of them to lie outside of the scope of possible projects that could be considered “financial accounting.” Consequently, I then believed (or at least that’s what I think I believed more than 25 years ago) that a financial accounting question needed to be concerned with the preparation of accounting statements or connected to the process of issuing accounting guidance. This rather narrow view of what “counts” as financial accounting led me to formulate my research question to focus on what I considered to be a “proper” accounting concern—why some accounting issues were considered substantial/problematic enough to be included on a standard-setting agenda and others did not.

1.2. Refusing the research status quo and some good fortune

The development of an interesting research question is rarely enough, of course, to form the substance of a dissertation or an academic paper. The question needs to be connected to one or more approaches for gathering and analyzing data and evidence as well as connected to a means (our theoretical framework) for filtering the masses of data available into the bits that will count as evidence and those that will be deemed unimportant and/or irrelevant. Our choices regarding research methods and theory impact the framing of the research question adding to or detracting from its possibilities. In my graduate program, students interested in financial accounting and reporting typically approached financial accounting issues using financial economic theories and quantitative methods. While these tools can offer insights into some issues and questions, they seemed to drain my research question of any substance (and indeed interest for me) by reducing it to the quest for a quantitative model that would allow me to predict whether an accounting issue would land on the standard-setting agenda or not. The quantitative techniques that I considered using would have reduced my data to a series of 0–1 variables and thereby have drained it of context, historical detail, etc. Some enjoy this reductionism (or at least appear unbothered by it) as they enjoy tinkering with statistical models and quantitative methods. Others bothered by this reductionism might have decided to develop a different research question. However, still others may turn to other methods and theories and I fell into this latter group.

Our work as academics may list a single author on a research paper but our work is seldom, if ever, the product of a single mind working alone and our willingness to strike out on an unexpected path and try different things is usually aided by the presence and support of others. My willingness to turn to methods and theories different than those typically used in my doctoral program was likely due to my good fortune in the timing of my doctoral studies. For a brief period, a soft-spoken, extremely well read, thoughtful and intelligent scholar, Ted O’Leary, resided at my university. I cannot begin to express the enormous debt that I owe Ted for his support and encouragement in developing a different approach to my research question. Relatively early in my doctoral studies before I had any notion what I planned to work on for my dissertation, Ted began to suggest books, articles that I might find of interest. His suggestions provided me with a very different perspective on academic research from that provided by my more formal training (i.e., required coursework). Ted was always suggesting I read some “little book” or paper usually accompanied by a comment to the effect that the text likely had no relevance for my

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