



**Understanding  
Mattessich and Ijiri:**  
A Study of  
Accounting Thought

Nohora García

Studies in the  
Development of  
Accounting Thought  
**Volume 21**

UNDERSTANDING MATTESSICH  
AND IJIRI: A STUDY OF  
ACCOUNTING THOUGHT

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STUDIES IN THE DEVELOPMENT OF  
ACCOUNTING THOUGHT VOLUME 21

**UNDERSTANDING  
MATTESSICH AND IJIRI:  
A STUDY OF ACCOUNTING  
THOUGHT**

BY

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INVESTOR IN PEOPLE

*To R. Mattessich and Y. Ijiri (1935–2017), in memoriam;  
And to Adela and Misael*

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## LIST OF ABBREVIATIONS

AAA	American Accounting Association
AAM	<i>Accounting and Analytical Methods</i>
AHJ	<i>Accounting Historians Journal</i>
AICPA	American Institute of Certified Public Accountants
APB	Accounting Principles Board
AOS	<i>Accounting, Society &amp; Organizations</i>
BAR	behavioral accounting research
CAPM	capital asset pricing model
CMU	Carnegie Mellon University
CPA	Certified Public Accountant
EMH	efficient market hypothesis
FASB	Financial Accounting Standards Board
FIFO	first in, first out
GAAP	generally accepted accounting principles
GSIA	Graduate School of Industrial Administration
HC	historical cost
HCD	historical cost less depreciation
IASB	International Accounting Standard Board
ICGN	International Corporate Governance Network
IFRS	International Financial Reporting Standards
JAE	<i>Journal of Accounting and Economics</i>
JAR	<i>Journal of Accounting Research</i>
LIFO	last in, first out
OR	operations research
ORSA	Operations Research Society of America
PCAOB	Public Company Accounting Oversight Board
PW	Price Waterhouse & Co.
RAE	resource agent event
SEC	Securities Exchange Commission
SFAS	statement of financial accounting standards
TAM	<i>Theory of Accounting Measurement</i>
TAR	<i>The Accounting Review</i>

TFV	true and fair view
UBC	University of British Columbia
UNC	Universidad Nacional de Colombia
US	United States of America
XBRL	extensible business reporting language
YMCA	Young Men's Christian Association

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# FOREWORD

As García describes in her background and acknowledgements, *Understanding Mattessich and Ijiri: A Study of Accounting Thought* is the product of a research program that began almost a decade ago as a doctoral student. This project has then evolved through her appointment as an Assistant Professor of Accounting at the National University of Colombia and a succession of visits to (and collaborations with faculty from) the Universities of Carnegie Mellon, Mississippi, Queensland, and Yale.

García was drawn to the study of the development of accounting thought because of her training in economics in which it is still common to revisit the ideas of influential economists of the past, such as Adam Smith, Irving Fisher, and John Maynard Keynes (e.g., Ashraf, Camerer, & Loewenstein, 2005; Dimand & Geanakoplos, 2005; Skidelsky, 2010). In the field of accounting, however, research agendas of this kind (e.g., Bryson, 1976; Buckner, 1975; Roberts, 1975) began to disappear with the turn toward capital market research that emerged at the Universities of Chicago and Rochester in the 1970s and critical accounting research which emerged in Europe shortly thereafter (for more about this argument, see Persson, Radcliffe, & Stein, 2017).

With this shift in accounting research as the historical backdrop, García's book represents an important line of inquiry that is re-emerging through Gary Previtt's editorship of Emerald Group Publishing's Studies in Development of Accounting Thought series. The aim of this series is to inform readers about the historical foundations of the accounting discipline through the exploration of the lives and contributions of pre-eminent individuals in our field. Recent studies have revisited the contributions of such individuals as the co-founder of the first North American doctoral program in accounting, A. C. Littleton (Persson, 2016); the prominent critic of the accounting profession, Abraham J. Briloff (Criscione, 2009); and the longest serving AICPA Chief of Staff, John L. Carey (Barfitt, 2007).

In this book, García sets out to explore the intellectual foundations of two of the most important publications during the golden age of *a priori* research in accounting that preceded the turn to capital market research in NA.<sup>1</sup> The

first one is Richard Mattessich's *Accounting and Analytical Methods* (AAM) which was published in 1964. Mattessich was born in Trieste, Italy, in 1922 but grew up in Vienna, Austria. He graduated with a Doctor of Economic Sciences from the Vienna University of Economics and Business in 1945 and with the arrival of peacetime took up employment with the Austrian Institute of Economic Research. This eventually led to academic appointments in Switzerland and Canada before accepting a tenured professorship position at the University of California at Berkeley in 1959 (for more about his life, see Mattessich, 1995b; McWatters, 1994). At Berkeley, Mattessich joined fellow *a priori* scholars such as George J. Staubus, Maurice Moonitz, and Robert T. Sprouse in what was arguably one of the most influential accounting departments in the Western US (for more about this period, see Moonitz, 1986). And it was in this environment that Mattessich wrote his *magnum opus*, AAM, in which he attempted to develop a "unified frame" of accounting that encompass both the accounts of the national economy and those of publicly traded companies.

The second publication is Yuji Ijiri's *Theory of Accounting Measurement* (TAM) which was published in 1975. Ijiri was born in Kobe, Japan, in 1935 and graduated from Ritsumeikan University with a Bachelor of Laws before moving abroad to complete a master's degree at the University of Minnesota in 1960. This was followed by a Ph.D. in Industrial Administration from Carnegie Mellon University (CMU) in 1963, an initial placement at Stanford University, and then the return to his doctoral alma mater as a tenured professor in 1967. At Carnegie Mellon, Ijiri joined one of the most prominent and interdisciplinary industrial administration faculties in the Eastern US. With the exchange of ideas and encouragement from colleagues such as Herbert A. Simon, Richard M. Cyert, and William W. Cooper, Ijiri's research spanned the entire spectrum of accounting and business and often drew insights from mathematics and statistics during a period in which such overtures were just emerging (for more about Ijiri and this influence on him, see Sunder & Glover, 2017). TAM embodied the very best of this interchange of ideas and was considered avant-garde in its defense of traditional historical cost accounting from the perspective of measurement theory and logical deduction.

Both AAM (e.g., Cooper, 1966; Porter, 1965; Weinwurm, 1966) and TAM (Brief, 1976; Deskins, 1977; Nelson, 1976) received rave reviews in the accounting literature. Ijiri (1966a) described AAM as an "...excellent introduction to the new area into which accounting in the future should be developed..." (p. 293) and Beaver (1976) concluded that TAM was an "...outstanding book, which rightfully will influence thought in accounting for several years" (p. 531). Despite this initial attention and with the exception of a brief debate

between Chambers (1966a) and Mattessich (1967), the shift toward capital market research meant that both publications had fallen to the wayside by the 1980s. García's book is therefore an important contribution. It brings these works back into focus in the accounting literature, and it also offers what is a first attempt at a comprehensive analysis of the intellectual influences that underpin them. As such, this author considers *Understanding Mattessich and Ijiri: A Study of Accounting Thought* to be an important part in a line of scholarship that is aimed at renewing our interest in *a priori* accounting research and the pursuit of improving accounting practice through scholarship.

Martin Persson Western University, London (Canada)

## BACKGROUND AND ACKNOWLEDGMENTS

This book has its origins in my teaching at the Universidad Nacional de Colombia (UNC). When I began to teach accounting theory, I was interested in appropriate content for undergraduate students in public accountancy. Since I had read eminent authors during my economics studies, I applied this idea to familiarize accounting students with some of the work of the most distinguished authors on accounting. On beginning my doctoral studies, I found out that I would be allowed to carry out research on some of these works. After carrying out the research to its present state, I am aware that this kind of study can be classified in a specialized field apart from accounting history and accounting theory.

As in all research, the present work was made possible through the support of a large number of people and various institutions. I owe my deepest gratitude to Professors Shyam Sunder and Dale Flesher who encouraged me to turn my dissertation into a book. They have been extremely generous and supportive. Thanks to them, the reader has this book in his hands. Thanks to Professor Sunder for introducing me to Professors Flesher, Jon Glover, and Pierre J. Lang, the latter two of whom facilitated my access to the work and archives of Yuji Ijiri at Carnegie Mellon University.

Professor Flesher welcomed me during my internship year, 2009, and on later visits to the Patterson School of Accounting at the University of Mississippi in Oxford, in the summers of 2011 and 2012, and the fall semester of 2016. Here, I must mention that the J. D. Williams Library at the University of Mississippi facilitated my work enormously. I could not be more grateful to Professor Gary Previts for his support for this publication.

At the UNC, I am deeply grateful to my advisor, Professor Luis I. Aguilar and to the members of different Evaluating Committees, Professors Homero

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Bonnet, and O'Neil Fullerton introduced me to New Haven and gave me their friendship.

In the Yuji Ijiri Lectures in the Tepper School of Business (CMU) in June 2017, Ronald Dye set out how old accounting theory was substituted by a theory of disclosure of accounting information. Carol Salerno and Julia Corrin supported me when I visited CMU by providing access to Ijiri's Archives in December 2014. Mara Falk and Marcie Hayhurst were very supportive in obtaining permission to use Yuji Ijiri's photograph. I extend my warm thanks to Yumi Ijiri for her authorization to use this photograph.

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Lastly, it should be noted that the responsibility for the contents and interpretations in this volume belong fully to the author.

Nohora García, Bogotá, Colombia

## NOTE

1. Nelson (1973) came to define the notion of the golden age of a priori research in accounting, but Gaffikin (e.g., 1988, 2005a, 2005b) has since come to expand upon this period and the works of the authors involved.