

## Internet Appendix A31: Accounting Theory

Figure A31.1 Illustrative Pitch Template Example on General Theory

<b>Pitcher's Name</b>	Gabriel Donleavy	FoR	Accounting Theory	<b>Date Completed</b>	24/3/15
<b>(A) Working Title</b>	A General Theory of Accounting				
<b>(B) Basic Research Question</b>	How is it possible to design an analytically rigorous but predictively valid general theory of accounting?				
<b>(C) Key paper(s)</b>	<p>Watts, R. and Zimmerman, J. (1990), "Positive Accounting Theory: A Ten Year Perspective", Accounting Review, January, pp, 131-56.</p> <p>Mattessich, R. V. (1995). Critique of Accounting: Examination of the Foundations and Normative Structure of an Applied Science. London: Quorum Books.</p> <p>Ijiri, Y. (1989), "Momentum accounting and triple-entry bookkeeping: exploring the dynamic structure of accounting measurements", Studies in Accounting Research, Vol. 31, American Accounting Association, Sarasota, FL.</p> <p>and Marris R L, "The Economics of Managerial Capitalism", Cambridge University Press. 1964.</p> <p>Books representing well the conventional approach are Deegan C M, (2000) "Financial Accounting Theory, Belkaoui A, (1985) "Accounting Theory.</p>				
<b>(D) Motivation/Puzzle</b>	Accounting long predates written languages but its theories are partial, psychologically crude, incomplete and its conceptual framework is more of a codification of public accounting practice than a serious attempt to lay down theory in a scientific sense. It is overdue to evolve real theory that may be useful not tomorrow but only the day after.				
<b>THREE</b>	<b>Three</b> core aspects of any empirical research project i.e. the "IDioTs" guide				
<b>(E) Idea?</b>	The key idea is that double entry as a way of recording movements of any resource is subject to general laws that affect any material matter and maybe some intangibles too. Capitals are extendible as a concept beyond the International Integrated Reporting Council's six to any situation characterisable an input-output system; e.g. food and exercise. The central hypothesis is that there is a significant and identifiable difference between the set of capitals that build a real palpable capital when inputs exceed outputs and those for which the period end imbalance is a mere artefact of its accounting with no substantive importance in itself. This is all prior to identification of variables as this is meta work rather than specific theory testing.				
<b>(F) Data?</b>	<p>(1) What data do you propose to use? Theories of movement in other disciplines; Why? Because the general theory is to be a theory of movement into and out from all concepts of capital. Unit of analysis? Possessions</p> <p>(2) What sample size do you expect? Comprehensive – the whole population of relevant theories</p> <p>(3) Is it a panel dataset? Not applicable</p> <p>(4) Data Sources? Are the data commercially available? Yes. Research assistance needed? No but would help.</p> <p>(5) Will there be any problem with missing data/observations? no</p> <p>(6) Will your "test" variables exhibit adequate ("meaningful") variation to give good power? Quality/reliability of data? Not applicable</p> <p>(7) Other data obstacles? E.g. external validity? construct validity? Validity is central issue in all its aspects.</p>				
<b>(G) Tools?</b>	Theory testing, falsifiability, possibly matrix algebra all needed.				

<b>TWO</b>	<b>Two</b> key questions
<b>(H) What's New?</b>	Is the novelty in the idea/data/tools? In the idea. Which is the “driver”, and are the “passengers” likely to pull their weight? Theories in accounting have so far been partial and derivative, while the Conceptual Framework is not itself a theory. A valid theory grounded in accounting itself could be used anywhere there are measurable inputs and outputs and accounting for investment decision would be a special instance of such a general theory, not the whole theory per se.
<b>(I) So What?</b>	Why is it important to know the answer? Because accounting is a craft not a real university discipline but accounting discourse generally assumes theoretical underpinning above and beyond Chicago School economics.
<b>ONE</b>	<b>One</b> bottom line
<b>(J) Contribution?</b>	It would, at worst, be a moderately heroic failure. At best it would be a full on paradigm shift .What is the primary source of the contribution to the relevant research literature? Generalisability beyond financial markets on the Western model but greater predictability of accounting behaviour, including regulatory behaviour, within the traditional accounting fields of enquiry as well.
<b>(K) Other Considerations</b>	Is <b>Collaboration</b> needed/desirable? –Desirable of course, necessary no. <b>Target</b> Journal(s)? AR, AOS, CPA <b>after producing a short book or monograph.</b> “ <b>Risk</b> ” assessment – low, just the risk of wasted effort? Are there any serious challenge(s) that you face in executing this plan? What are they? Are they related to the Idea? Just the risk of being regarded as eccentric while pursuing this project until a tipping point arrives. Is the <b>scope</b> appropriate? Inherent in an attempt to formulate a general theory is that scope is <b>problematic</b> . It would become too broad if it tried to include every kind of matter and energy as if it were a physics project – it needs to be bounded inside the social sciences.