

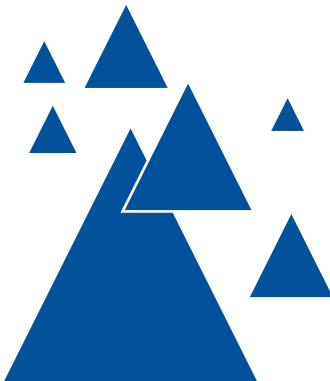
THE  
INSTITUTE OF  
CHARTERED  
ACCOUNTANTS  
OF SCOTLAND



# An Analysis of the Role of the Textbook in the Construction of Accounting Knowledge

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                         David Power        Lorna Stevenson



**AN ANALYSIS OF THE ROLE OF THE TEXTBOOK  
IN THE CONSTRUCTION OF ACCOUNTING  
KNOWLEDGE**

by

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# F

## OREWORD

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The education of future generations of accountants is critical to ensure the quality and reputation of the accounting profession. ICAS is committed to encouraging the use of principles in accounting standards which requires the education of accountants who have the expertise and courage to apply sound and ethical judgements. This report examines to what extent introductory financial accounting textbooks and introductory financial accounting training manuals used in university and professional education encourage independent learning and ethical awareness among students and enable future accounting professionals to engage in critical thinking.

The report assesses how authors and publishers decide upon the content of textbooks and training manuals, whether such texts refer to a broad range of corporate stakeholders or to a narrower view of reporting to shareholders, and how such texts are used by both educators and students. The project was undertaken by carrying out a variety of interviews and questionnaires with authors, publishers, lecturers and students, at both university and professional level, together with an analysis of introductory financial accounting textbooks and professional training manuals.

The report identifies that the two main influences on the content of textbooks are: the ability to increase sales and the syllabi of professional accountancy bodies. Cost and time constraints appear to limit the inclusion of wider material and thus texts and training manuals have a shareholder/investor emphasis with an assumed primary goal of profit maximisation. The discussion of wider interests and goals are limited and there is evidence that such texts do impact on students' future views of business and accountancy. The authors conclude with a number of

important recommendations for the stakeholders within accounting education to consider – not least the need to consider whether current accounting texts and education should be widened to include the social and environmental aspects of accounting and the ethical dimensions of, and implicit values reflected in, different forms of organisations.

This project was funded by the Scottish Accountancy Trust for Education and Research (SATER). The Research Committee of The Institute of Chartered Accountants of Scotland (ICAS) has also been happy to support this project. The Committee recognises that the views expressed do not necessarily represent those of ICAS itself, but hopes that the project will contribute to the development of accounting education.

David Spence  
Convener  
Research Committee

May 2008



# A

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# **E**XECUTIVE SUMMARY

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This report examines the role of the textbook and training manual in the teaching of introductory financial accounting. Although it has long been recognised that the textbook plays an important role in the education process, the issue has not been systematically examined in a comprehensive manner with respect to the teaching of introductory financial accounting. Based on research carried out in 2005, the current report addresses this issue. It does so using a research framework proposed by Thompson (1990) which recommends a comprehensive approach to the understanding of texts involving three separate aspects:

- The production of the textbook/training manual;
- The content of the textbook/training manual;
- The usage of the textbook/training manual.

Thompson's framework has been used to address four main questions about the role of the textbook/training manual in introductory financial accounting courses:

- (i) How do authors and publishers decide upon the content of financial accounting textbooks and training manuals?
- (ii) Do the contents of textbooks and training manuals refer to a broad range of corporate stakeholders, or do they encourage students to consider financial accounting within the narrow context of just reporting to shareholders?

- (iii) How are financial accounting textbooks and training manuals used by educators and students and are they supplemented with additional reading material?
- (iv) To what extent do financial accounting educators believe that textbooks, training manuals and other recommended materials encourage active independent learning and ethical awareness among students and to what extent do students engage in a 'critical reading' of such materials?

To address these questions the following research was undertaken in 2005:

- The higher education publishing industry was studied;
- Interviews were conducted with authors as well as publishers of textbooks and training manuals;
- An analysis of the content of introductory financial accounting textbooks and professional training manuals was undertaken;
- The users of introductory financial accounting textbooks were consulted. Specifically, lecturers who recommend the textbooks and training manuals were interviewed and surveyed via a questionnaire. In addition, students' views about the usage of textbooks and training manuals were ascertained using questionnaires and focus group discussions;
- The analysis was conducted with both university lecturers and undergraduates as well as professional educators and trainees to examine whether there was any difference between the roles of introductory financial accounting textbooks and training manuals.

Further context for the study is given in the introduction and the literature review chapters. As well as considering various perspectives on the significance of textbooks generally, and their implications for the

worldviews of their users, the study examines the literature, albeit small, on textbooks within the accounting discipline. A particularly important issue for this study relates to the assumption of shareholder primacy, and the maximisation of shareholder value as the assumed aim of business activity. The contestability of this approach to business organisation, which has been characterised as Anglo-American, is apparent from the existence of alternative approaches to be found in continental Europe and Japan. These alternatives typically balance the interests of a range of stakeholders and, traditionally, do not accord primacy to shareholders or to the maximisation of shareholder value. The ethical implications of a preoccupation with profit maximisation have been addressed in literature reviews on the subject of ethics which were recently published by ICAS.

A number of key findings have emerged from the research reported in this report. First, the two main influences on the content of introductory financial accounting textbooks are:

- the ability of such material to increase sales; and
- the syllabi of professional accountancy bodies.

The inclusion of wider contextual material is limited by cost constraints. For example, authors indicate that if new content is to be added or certain additional chapters included in a textbook, then other material may have to be dropped. Publishers seem to concur with this view; they want to develop a textbook that maximises sales so as to generate the greatest level of profit for their companies. In order to maximise sales, the publishers tend to look at university syllabi, which they acknowledge are heavily influenced by the accreditation requirements of professional bodies, to ensure that their textbooks will be widely adopted by lecturers. Authors are more equivocal about the impact of accreditation concerns on their decision to include material in their texts. However, the writers of professional manuals have no such

doubts. Their manuals are written to cover the syllabus for a professional body's examination; this is their main aim.

Second, the content of introductory accounting textbooks and professional training manuals had a shareholder/investor emphasis. Where different users of accounting information are outlined, the discussion is usually limited and normally contained within the introduction; once this discussion is finished, the majority of the textbook or training manual focusses almost exclusively on reporting to shareholders. In addition, few of the textbooks and none of the training manuals provide a context for financial accounting. Most simply assume, without elaboration, that the primary goal of the organisation is to maximise the wealth of shareholders; different goals are not considered and the assumptions underpinning the maximisation of shareholder wealth are not discussed.

Third, there is evidence within the texts of the typical modes of operation of ideology identified by Thompson (1990). In particular, there are examples of 'universalisation' through the implicit assumption that a single set of financial statements aimed at shareholders will satisfy the needs of all user groups; and 'reification', in other words, the presentation of a socially constructed activity as if it were real or natural.

The study also considers the concept of the 'selective tradition', in other words what is missing from the texts. The analysis suggests that certain key issues are not addressed in the examined texts: in particular, the issue of ethics is absent, as is any consideration of the social and political context of accounting. Without such content students are unlikely to recognise that there are contestable issues relating to the function of accounting or the role it plays in society.

Fourth, the lecturers who recommend introductory financial accounting textbooks for undergraduate courses use them in a variety of different ways. Some design their courses around the textbook using examples from the textbook in both lectures and tutorials. Others simply recommend a textbook almost as a backstop for students who do not attend lectures; instead, these lecturers use their own notes and examples in lecture and tutorial settings. Most lecturers locate themselves in between these two extremes on the continuum. Some recognise that

textbooks convey a particular view of the world and, as a result, supplement the textbook with additional recommended readings which highlight an alternative perspective. For those professional educators who run courses for accounting trainees, very little additional reading material is suggested; because of time constraints and the pressure to cover material for professional exams, these individuals tend to focus solely on the training manuals.

Fifth, there was some evidence to support the view that textbooks on introductory financial courses have an impact on students' views about the world. Questionnaire results suggest that students' support for the corporate goal of shareholder wealth maximisation increases following an introductory financial accounting course; this result is especially pronounced for professional trainees and for those who have not studied accounting prior to commencing their undergraduate studies or professional training. Further, the results from the questionnaire vary among undergraduates at different institutions; clearly, the lecturers' use of the textbook and the recommendation of additional material impacts upon students' critical evaluation of assumptions underpinning financial accounting.

Sixth, discussions with students following their introductory financial accounting course or training block confirm that a very narrowly focussed view of business is held. The primacy of the shareholder or owner is largely taken for granted and there is some evidence that little, if any, distinction is made between the incontestable need to make a profit which is necessary for survival, and the more contestable aim of maximising profit, or shareholder value.

Based on these findings, the authors recommend the following matters to be considered in the production of introductory accounting texts and more generally in the context of accounting education:

- 1) Students should be made aware of the extent to which socially contestable values can be implicit in conventional accounting practice.

- 2) Embody the wider social and environmental impacts of accounting practice in introductory financial accounting texts, to give more emphasis to the ethical development of accounting students from the beginning of their studies.
- 3) Widen the contextual issues addressed in accounting education, such as the strong, but indirect, influence of professional bodies on textbook content due to the importance of accreditation.
- 4) Extend the teaching of ethical issues beyond issues of professional conduct and probity to include the ethical dimensions of, and the implicit values reflected in, different forms of socio-economic organisation.
- 5) Lecturers should recognise that they are key participants in the introductory textbook selection process; if the wider context of accounting should be introduced to students, lecturers need to request from publishers books which include this material.
- 6) Recognise the extremely narrow orientation of introductory financial accounting training manuals, given that they are, typically, the only form of study text used by non-relevant graduate entrants to the profession in learning about accounting. While this group may possess a very wide range of subject specialist knowledge (Allison, 2007) as well as relative maturity, at the start of their accounting studies, they may also lack an appreciation of the socially constructed nature of the discipline when learning to cope with its technical complexity.
- 7) The size of the professional syllabus can inhibit wider discussion of important issues by constraining the inclusion of such incremental material in introductory financial accounting texts. Consistent with a widely held preference for principles rather than rules, there is a case for reviewing the balance between technical material and contextual socio-economic aspects of accounting in introductory financial accounting training manuals for professional syllabi.

# 1 INTRODUCTION

---

## Introduction

More than 20 years ago, the American Accounting Association (AAA) commissioned the *Bedford Report* which recommended, amongst other things, that students be encouraged to become 'active, independent learners and problem solvers rather than passive recipients of information' (AAA, 1986). Since then, there have been repeated calls from professional accounting bodies and recruiters for accounting firms to enhance both critical thinking skills and ethical awareness amongst accounting graduates (AAA, 1986; AECC, 1999; Albrecht and Sack, 2000; Gray *et al.*, 2001; Mathews, 1994a). This theme has also been reflected throughout the academic literature in the area with numerous studies exploring the ways in which this call can be answered (Baril *et al.*, 1998; Gallhofer and Haslam, 1996a; Loeb, 1988) and seeking to identify reasons why the development of critical awareness and ethical reasoning may not be taking place (Gray *et al.*, 1994; Kelly *et al.*, 1999; Lewis *et al.*, 1992; Power, 1991; Puxty *et al.*, 1994).

In one of a number of works recently published by ICAS in the field of ethics, undue single mindedness among trainees in regard to the role of business was highlighted by McPhail (2006) who noted concerns about an indoctrination of accounting students with mercenary values. He reviewed a significant number of studies which go as far as to suggest that accountants' moral maturity lags behind those of other professional groups. Indeed, the ICAS publication, *Taking Ethics to Heart*, notes that:



*A rules-based approach to ethical decision making has resulted in a relatively unsophisticated state of reasoning by accountants, which is poorer than that of the educated population as a whole.*  
(p.49)

Further, McPhail (2006, p.6) draws on Loeb (1991) and notes that the indoctrination of accountants induced a belief that:

*...ethics and social responsibility are unimportant considerations... unless they have a direct impact on production or profits.*

If indoctrination of accounting students is occurring then a likely source of such doctrine is clearly the textbook. Indeed the Bedford Report argued that:

*...textbooks are a key aid to instruction...nevertheless, excessive reliance on textbooks reduces the instructor's incentive to determine constantly what each student should learn. If the teaching process centers on repeating textbook material in the classroom... then the learning process risks becoming uninspiring to capable future accountants.* (AAA, 1986, p.177)

However, despite the increasing focus of educators, recruiters and professional bodies on the education of accountants in the years since the publication of the Bedford Report, the role of the textbook in accounting education has not been considered in any great depth. The focus of this research is to investigate the role of the textbook in both university and professional accounting education. A key aspect of the research is that it has adopted a framework informed by both stakeholder theory and the ideological character of accounting textbooks. The principle of stakeholder theory is that managers of a firm have obligations to a broader set of stakeholders as opposed to just shareholders. According to Gray *et al.* (1996, p.45) a stakeholder is:

*...any human agency that can be influenced by, or can itself influence, the activities of the organisation in question.*

Therefore, any business entity will have many stakeholders, including, for example, creditors, customers, employees, shareholders, suppliers and the local community.

In this respect, the present study explores the extent to which accounting textbooks and other recommended materials consider the interests of a broad group of stakeholders, such as creditors, employees, the government or the public: the primacy given to the interests of shareholders relative to other stakeholders is critically investigated. In the case of financial accounting, textbooks can help to shape students' views regarding the purpose of financial reporting information and the interests which such information serves. Arguably, the current emphasis placed on shareholders compared to other corporate stakeholders within financial accounting textbooks could be conceived of as 'constructing' a particular view of the world (Ferguson *et al.*, 2004; Hines, 1988). Furthermore, such emphasis may preclude the development of critical faculties and ethical awareness skills which professional bodies claim to be looking for among student recruits (Gray *et al.*, 2001).

The study therefore considers the production of introductory financial accounting textbooks and training manuals from the perspectives of authors and publishers, the ideological content of these textbooks and training manuals, and the use of textbooks and training manuals in relation to other recommended materials from the perspectives of educators and students. Despite being a relatively under-explored area of research, previous studies have suggested that textbooks are an integral part of many professional and accounting degree syllabi (Brown and Guilding, 1993). Through communicating 'conventional wisdom' to students, textbooks play a decisive role in constructing students' knowledge of a subject (Ferguson *et al.*, 2004; Kelly and Pratt, 1994; Zeff, 1988; 1989).

To this end, the views of publishers and authors are investigated by means of semi-structured interviews, to identify the processes and factors that currently influence the content of introductory financial accounting textbooks and training manuals. The research also seeks to elicit the perceptions of academics and professional trainers who are involved in the selection of recommended textbooks and training manuals. This strand of the project will help to identify the perceived importance of the textbook or professional training manual in respect of the overall course objectives and to contribute to an understanding of how textbooks and other materials are used in an educational setting. In addition, this research will also highlight any differences between the use of the textbook and other materials on university and professional courses.

Opinions regarding the content of financial accounting textbooks are sought from lecturers, professional educators and university students as well as from professional recruits with non-relevant degrees. This research strand is supported by an analysis of the content of a selection of recommended introductory financial accounting textbooks and professional training manuals. The aim of this strand of enquiry is to consider the characteristics of the texts and the emphasis given in textbooks to different corporate stakeholders, as identified in the *Corporate Report 1975* (ASC, 1975).

## Research questions

The research seeks to address four related issues in order to explore the role of the textbook in introductory financial accounting education:

- (i) How do authors and publishers decide upon the content of financial accounting textbooks and training manuals and what informs this process?

- (ii) To what extent do textbooks and recommended materials refer to a 'broad' range of corporate stakeholders, or do they encourage students to consider financial accounting within the narrow context of just reporting to shareholders?
- (iii) What is the role of recommended financial accounting textbooks, professional training manuals and other recommended materials in degree modules or professional training courses; how are they used by educators and students and what importance is ascribed to them?
- (iv) To what extent do financial accounting lecturers and professional educators believe that textbooks and other recommended materials, as pedagogical tools, engender active, independent learning and ethical awareness, and to what extent do students engage in a 'critical reading' of such material?

## Motivation for the research

It is perhaps the 'dominance of [an] empirical/calculative tradition' (Chua, 1996, p.129) in accounting, that has led critics of accounting education to observe that:

*Instructors [in accounting education] have used textbooks as a crutch, with the more inexperienced teachers simply becoming textbook facilitators.* (Herring, 2003, p.90)

The motivations behind this research emerged out of a growing concern about this perceived over-reliance on textbooks in accounting education, and out of another issue which has been gaining prominence in the literature; namely, that accounting education serves an ideological role, imparting to students a particular worldview which draws unquestioningly on the values and assumptions of Anglo-American

capitalism (Chua, 1986; Collison, 2003; Collison and Frankfurter, 2000; Gray *et al.*, 1994; Kelly and Pratt, 1994; Puxty *et al.*, 1994). In particular, it has been noted that accounting education reproduces and sustains the notion that society's welfare is optimised as a result of individuals acting in their own economic self-interest, and that the only participants in the wealth creating process that should have their interests maximised are shareholders. Thus, accounting students are not encouraged to consider alternative approaches to socio-economic organisation, or to speculate upon the power asymmetries which underpin the prevailing worldview that they encounter. A distinction can be made between what have been broadly categorised as Anglo-American models of capitalism, for example Britain and the USA, and various forms of 'social market' capitalism to be found, for example, in Western and Northern Europe and in Japan (Dore *et al.*, 1999; Dore, 2000). This distinction is often neglected in extant critiques of accounting and accounting education, often implying that 'capitalism' is a relatively monolithic and homogenous economic structure.

The primacy accorded to shareholders results in the maximisation of shareholder wealth or, less technically – profit maximisation - being widely accepted in the UK and US as the incontestable objective of business. Of course an introductory treatment of accounting typically does not involve incorporated entities with shareholders, rather the archetypal sole trader is usually the first ownership structure encountered by students of accounting. But the essentials of accounting stay the same for both types of entity and the focus on profit as an overriding business objective will typically remain. Profit maximisation may be defended by appeal to Adam Smith's (1776) famous observation that:

*It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. (Book 1, Chapter 2, p.11)*

However, while the market power of a sole trader is intuitively consistent with the ‘atomistic competition’ envisaged by Smith, it is questionable whether a similar rationale is appropriate when economic power is highly concentrated in, for example, large corporations. Indeed Berle and Mearns (1932), the most cited authors in the field of finance, pointed out the best part of a century ago, that:

*When we speak of business enterprise today, we must have in mind primarily these very units which seemed to Adam Smith not to fit into the principles which he was laying down for the conduct of economic activity. (p.346)*

Their assessment of the dominating power of commercial corporations, even then, was such that they commended public policy rather than self interest, ‘private cupidity’, as the proper mechanism for allocating corporate income streams. The role of power in this context was noted by Lovell (2005) in another of the ICAS sponsored works on ethics. He described how the UK government’s 1997 manifesto commitment to bring pluralism – as opposed to shareholder primacy - into company law was frustrated through political lobbying by corporate interests.

Such criticisms are not, of course, criticisms of profit *per se*; only by making a profit can a private entity survive but making a profit and maximising profit are very different things. However, our research suggests that this distinction may not necessarily be apparent to students of accounting. A direct consequence of a profit maximising culture for accountants themselves was highlighted by Pierce, in her literature review, *Ethics and the Professional Accounting Firm* (Pierce, 2006). She reported that:

*The research examined for this report identified the very successful commercialisation of accountancy and related services as the main driver of the change of ethos within accounting firms from*

*a predominantly 'service in the public interest' mindset to a 'commercial business's profit maximising' culture. ... The tensions created by the firms' pursuit of profit and growth targets undermine traditional values. (p.149)*

It is not appropriate in this work to seek to make a definitive case for or against profit maximisation as an appropriate aim for business. However, we invite the reader to at least acknowledge the contestability of that aim and to consider that accounting students, and indirectly wider society, may be ill-served by an education and training regime for accountants that does not expose them to that contestability. Indeed McPhail (2006, p.73) notes concerns about the public interest claims of the profession given:

*...the apparent inability of practising accountants to engage with the broader political-economy within which accounting functions.*

It is worth highlighting the central importance of this 'contestable' issue even at the geopolitical level, according to Lovell's (2005) literature review on *Ethics in Business*. Drawing on Hutton (2002) he noted that:

*European finance and trade ministers have come under intense pressure [from American interests] to enshrine in company law that the primary and exclusive focus of corporations is the shareholder (as is already the case in the UK). (p.105)*

Lovell also cited Hutton as follows:

*If the rest of the world is not careful, our future will be to accept globalization almost on American conservative terms and around American conservative preoccupations. (p.106)*

As implied by Hutton, there are, of course, many examples of advanced social market economies, particularly in Europe and Japan (see also Dore, 2000; Hall and Soskice, 2002) whose traditional socio-economic cultures have not been focussed on shareholder primacy. Their superior performance on some important health and social indicators (see, for example, Collison *et al.*, 2007) poses significant questions about the desirability of the shareholder primacy model and maximising shareholder wealth (MSW).

Given the prevalent use of textbooks as a pedagogical device in accounting education, this research addresses a gap in the literature – by explicitly focusing on the ideological characteristics of recommended accounting textbooks. More specifically, building on the limited prior research which examines the values implicit in accounting textbooks (in particular, Ferguson *et al.*, 2005), this work explores the production, content and use of introductory financial accounting textbooks and training manuals by drawing on Thompson's (1990) framework for the analysis of mass communication.

Previous studies have highlighted the tendency, within accounting education, to focus on technique acquisition whilst failing to instill questioning attitudes among students. For example, the extent to which newly qualified accountants can exercise judgments concerning the 'substance' of transactions over 'compliance with techniques' has been questioned in the literature (Ravenscroft and Williams, 2004). The relevance of such critiques could not be more apparent following the Enron debacle and its subsequent ramifications for public practice. Furthermore, such studies argue that accounting educators are failing to prepare students for the 'rigours and variety of the modern day business environment' and at the same time are failing to offer an educational experience that involves any social or philosophical interest for students (Humphrey *et al.*, 1996, p. 77; see also Blundell and Booth, 1988; Gallhofer and Haslam, 1996b; Gray *et al.*, 1994; Kelly *et al.*, 1999;



Lewis *et al.*, 1992; McPhail, 1999; McPhail and Gray, 1996; Macve, 1992; Matthews, 1994b; Power, 1991; Puxty *et al.*, 1994).

In this technique-driven learning approach, it is argued that students do not get the opportunity to locate the 'techniques' within any social or organisational context and are discouraged from employing a 'deep learning' approach to their education (Marton and Saljo, 1976). It is generally held that the development of a deep approach to learning is consistent with the avowed aims of both higher education and the accounting profession. Hirst and Peters (1970, p. 19) contend that an educated person is 'not just a person who has a know-how or knack' but rather one who has a knowledge and understanding which is 'not too narrowly specialised' and is thus enabled to distinguish between issues of substance and form.

Despite the criticisms of accounting education outlined above, there has been little research to date regarding the role of the textbook or professional training manual. These materials form an integral part of many degree courses and professional training syllabi: at an undergraduate level they are not only recommended as part of many courses but, in some cases, will also guide the course lectures and tutorials (Brown and Guilding, 1993; Ferguson *et al.*, 2004). In addition, through emphasising or limiting discussion on particular subject matter, textbooks or training manuals can often reflect a certain viewpoint (Zeff, 1988; 1989). This is an issue of which lecturers and professional trainers should, arguably, be more aware. There is also a dearth of work that considers the role of the textbook in relation to other recommended materials. The motives and dispositions for recommending such material may differ greatly from one lecturer to another, or between lecturers and professional trainers, and may serve to either reinforce the perspective of the textbook or to 'widen' the perspective of the student.

## Structure of the report

Chapter two provides some background to the study; more specifically prior work in the area is briefly outlined. The research approach adopted is described in chapter three, while chapter four discusses the findings from the first empirical component of this research which focuses on the production of introductory financial accounting textbooks and training manuals. Following a review of the characteristics of the higher and professional education publishing fields, this chapter details the findings from fifteen semi-structured interviews with the authors and publishers of introductory financial accounting textbooks and training manuals.

An ideological analysis of three recommended textbooks and three training manuals is undertaken in chapter five: this analysis is informed by Thompson's (1990) approach concerning the typical modes through which ideology operates. Chapters six and seven consider how introductory textbooks and training manuals are received by different users: students, lecturers and trainers. Chapter six describes the findings of a questionnaire distributed to lecturers and also reports on semi-structured interviews with lecturers and trainers who have taught introductory financial accounting. Chapter seven reports the results of a questionnaire distributed to university and professional students, concerning their perceptions about the purpose of accounting, the objectives of business, and their recommended financial accounting textbook or manual. This analysis is followed by a discussion of the findings from student and trainee focus groups; these groups allowed issues that were raised in the questionnaire to be probed in more depth. The final chapter draws together, and discusses, the findings from each of the empirical strands of the research and offers recommendations.

# 2 LITERATURE REVIEW

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## Introduction

Given the prevalence of textbooks in teaching accounting, this chapter outlines some relevant critiques of accounting education before considering the findings of existing research on textbook ideology; this is followed by a review of current knowledge on the production, use and content of accounting textbooks; a concluding section then ends the chapter.

## Critiques of accounting education

The accounting education change movement in the United States, an initiative driven by, in particular, the American Accounting Association (AAA, 1986) and the American Institute of Certified Public Accountants (AICPA, 1998), sought to address the growing perception that accounting education was failing to prepare students for the 'changing demands made on accountants by public practice' (Bolt-Lee and Foster, 2003, p.33). In this sense, professional accounting bodies and academic associations were engaging in a 'functionalist critique' of accounting education, by highlighting how the needs of business and public practice were being unrealized by the education process (Power, 1991).

A pervasive issue raised by the change movement, was that students were failing to develop critical thinking or interpersonal skills - the so called 'soft' skills - due to an overemphasis on technique acquisition (AAA, 1986; AECC, 1990a; Albrecht and Sack, 2000). For example,

the AECC's (1990a) recommendations for change included the need to have an understanding of general accounting without the memorization of rules and regulations, and an increased focus on developing conceptual thinking skills as well as a host of interpersonal skills, such as listening, interaction with diverse people, group work and leadership (see also, Ainsworth, 2001; Bolt-Lee and Foster, 2003). However, despite the US professional accountancy bodies' rhetoric for the need to increase the critical thinking skills amongst students, these skills were framed in a very limited way (Cuganesan *et al.*, 1997); in particular, 'critical' was taken to refer to the type of decisions students would be required to make in practice concerning 'complex facts' - for example, in relation to special purpose entities (Hayes and Baker, 2004) and precluded any concern about the purpose of accounting, its role in society or the interests that it serves.

What is implicit from this functionalist perspective, is that university accounting education is viewed as something that:

*...must provide an economic return to the society which has funded and organised the education.* (Kelly *et al.*, 1999, p.322)

However, there is a host of problems with this perspective and the critique that it proposes in relation to accounting education – which will be outlined briefly in the following paragraph.

The criticisms identified by the professional bodies and their proposed reforms are, arguably, aimed at maintaining the existing social structure and their own, arguably privileged, position within it. Furthermore, the suggested reforms imply that accounting scandals, such as Enron, are the result of a failure in accounting education to produce students with the desired functional attributes, and thus, they obscure or deflect the possible suggestion that such scandals are the result of an inherent deficiency in accountancy or the accounting profession itself (Sikka *et al.*, 2007).

In contrast to the accounting change movement, an increasing number of academic studies have started to question the values that accounting education propagates, and the role it plays in imparting a particular worldview to students which is, according to these researchers, at the very least, contestable (Chua, 1986; Collison, 2003; Gray *et al.*, 1994; Humphrey *et al.*, 1996; Kelly *et al.*, 1999; Lewis *et al.*, 1992; McPhail, 1999; Power, 1991; Puxty *et al.*, 1994; Sikka *et al.*, 2007; Sikka and Wilmott, 2002).

In considering the accounting literature which draws attention to aspects of ideology in accounting education, McPhail (2001, p.475) notes that the majority of the studies within it imply that there is a correspondence between accounting education and the economic system; this is due to claims that accounting education:

*...provides students with the knowledge of how to perform an essential function within free-market economies.*

McPhail (1999, p.836) had earlier suggested that most managers and accountants are motivated by 'the ethical conviction that economically appropriate action in itself is ethically good' (see also, Ghoshal, 2005; McPhail and Gray, 1996). In this respect, the accounting education process leads students to 'discipline themselves' into the belief that the pursuit of profit in a free-market economy, or more specifically, the maximisation of shareholder wealth, is an ethical way of behaving. McPhail notes that accounting is 'conventionally taught within the rubric of marginalist economics', and, thus, at least in the accounting aspects of their lives, accounting students behave in a manner consistent with the values associated with Anglo-American capitalism (McPhail, 1999, p.845).

For example, Gray *et al.* (1994) argue that accounting education emphasises shallow rather than deep learning and encourages a lack of critical reasoning amongst students. They claim that:

*Students absorb the current (often implicit) values of the industrial system and the accounting profession- without being aware that this is happening and that some matters are contestable. (p.62)*

The contestable matters to which Gray *et al.* (1994, p.62) refer concern the ‘rationalizations of neo-classical economics and especially the pursuit of self interest’. However, whilst accounting and accounting education implicitly adopt the values associated with this particular world view, accounting education presents accounting as a ‘neutral, technical, value free activity’ (Gray *et al.*, 1994, p.62).

Given the values that accounting education implicitly adopts, Gray *et al.* (1994) raise a number of concerns regarding the ethical and moral development of accounting students. In particular, they note that the theoretical underpinnings of the subject are restricted to only one subset of ethical reasoning: financial utilitarianism (Gray *et al.*, 1994; Gray *et al.*, 1996; McPhail and Gray, 1996; McPhail, 1999). In this sense, accounting students learn to accept that an action is judged to be desirable if it generates the maximum economic rewards. It is perhaps interesting to note that, according to McPhail and Gray (1996), while accounting students constrain their ethical reasoning to financial utilitarianism in an accounting context, they:

*...are able to offer evidence of more developed ethical maturity in non-accounting areas of their lives. (McPhail and Gray, 1996, p.2)*

McPhail and Gray (1996, p.27) maintain that accounting education could be viewed as a:

*...form of indoctrination... in the way it imbues students with the values and attributes of a world within a guise of an innocuous technical rationality.*

In this sense, accounting education 'fulfils a crucial economic role in the maintenance of liberal neo-classical economics' which it achieves through its presentation as an innocuous technical process (McPhail and Gray, 1996, p.28-29; see also: Gray *et al.*, 1994; Humphrey *et al.*, 1996).

In an assessment of how the ethical maturity of accounting students develops during their education process, McPhail and Gray (1996, p.5) consider how 'accounting education is constructed in society' and comment upon how accounting education is an 'essential element in the...suppression of the students' critical self-awareness'. The study suggests that this dominance reinforces and constructs accounting as a separate category of experience. McPhail and Gray (1996) suggest that the ideology of accounting and finance and how these subjects are presented in the media have had a negative impact upon the moral and ethical reasoning of students. In other words, the ideology reinforces particular, and at the very least, contestable, capitalist values; in particular, maximisation of shareholder wealth assumptions are conveyed, which McPhail and Gray (1996) view as being representative of financial utilitarianism. Furthermore, it is practitioners who come through the accounting education process who then set, particularly professional, exams and write textbooks and training manuals (Puxty *et al.*, 1994) thus maintaining the dominance of these values.

In their study concerning the relationship between the accounting profession and accounting education in Canada, Green and Everett (2003) suggest that there is a conflict within accounting departments to either provide a wide range of subjects or to provide an in-depth coverage of accounting concepts and procedures. However, they note that there is pressure on departments to offer 'courses that are designed by the profession as prerequisites for its accounting program'. In this sense, the profession does not have to 'directly mandate its requirements' to accounting departments, but instead, the profession relies on university students 'who identify themselves as potential members of the accounting

profession' (Green and Everett, 2003, p.13) and on that basis decide which type of degree is relevant.

Of particular relevance to the present research, Green and Everett (2003) acknowledge the significant impact that teaching materials have on learning. They suggest that textbooks tend to be Canadian versions of US texts which are authored by academics with strong connections to the accounting profession. They note that whilst:

*...some faculty members teach specific accounting courses with readings rather than a textbook, most adopt one of the standard texts (p.14).*

They add:

*This standardization of texts is an important element in how the field is structured, and how the boundaries on the accounting educators are circumscribed by both the profession and textbook authors (p.15).*

Green and Everett (2003, p.23) claim that accounting academics 'have traditionally embodied a more practice-based' orientation than their non-accounting counterparts; as a result, accounting academics have a tendency to 'simply go along with the demands of the profession'. In consequence, professionally-focused accounting academics find themselves 'trying to satisfy a 'customer base' (the profession), rather than reform or improve accounting practice per se' (p.23). Green and Everett (2003, p.24) recommend that the accounting education community reflect on the current 'practice-based' focus of their field and 'raise questions regarding the purpose of accounting education... [and] the growing lack of autonomy in the education field'.



## Textbooks and ideology

Crawford (2003, p.5) argues that ‘the symbolism of the textbook is well established in the English Language’, with metaphors such as ‘it was all done by the textbook’ reinforcing the notion that the textbook reflects or depicts an idea of convention and procedure. In addition, textbooks are often viewed as constituting an authorised or legitimate body of knowledge (Kuhn, 1962; Luke, 1997). Despite these commonly held perceptions about textbooks, there is relatively little systematic research into textbook production, content and use. Certainly, UK textbook research within the education literature seems peripheral at best (see also Ferguson *et al.*, 2005).

Apple and Christian-Smith (1991, p.1) point out that, despite the progress made in understanding the relationship between school knowledge and wider society:

*Little attention has actually been paid to that one artifact that plays a major role in defining whose culture is taught - the textbook.*

Furthermore, they note that, of the textbook studies that do exist, few consider the political and cultural roles that texts may play. In many respects, this oversight suggests that previous studies of textbooks assume texts to be a ‘delivery system of facts’ as opposed to ‘the result of political, economic, and cultural activities, battles and compromises’ (pp. 1-2). Poggeler (1985) maintained that political influence in textbooks is not limited to social science and may occur in subjects thought to be apolitical: he argued that both textbook authors and educators are insufficiently aware of this influence (see Johnsen, 1993). According to Crawford (2003, p.5), textbooks:

*...are a reflection of the history, knowledge and values considered important by powerful groups in society.*

This view is echoed by Apple (1991, p.46) who states that textbooks are ‘conceived, designed and authored by real people with real interests’ and are ‘published within the political and economic constraints of markets, resources and power’. In this respect, textbooks reflect the power of dominant groups and have the potential to reinforce cultural homogeneity through the advancement of shared attitudes (Apple, 1993; Crawford, 2003; Crismore, 1989; Gilbert, 1989). This view is developed by Raymond Williams (1989, p.58) when he refers to textbooks epitomizing the ‘selective tradition’:

*From a whole possible area of past and present, in a particular culture, certain meanings and practices are selected for emphasis and certain other meanings and practices are neglected or excluded. Yet within a particular hegemony, and as one of its decisive processes, this selection is presented and usually successfully passed off as ‘the tradition’, ‘the significant past’. What has then to be said about any tradition is that it is in this sense an aspect of contemporary social and cultural organization, in the interest of the dominance of a specific class.*

In 1991, Apple noted the dearth of empirical studies that examine the economics and social relations involved in the production of cultural products such as textbooks.

## **Accounting textbooks**

Whilst a number of critical accounting education studies allude to the role or content of the textbook (for example, Gray *et al.*, 1994; McPhail and Gray 1996; Herring, 2003; Puxty *et al.*, 1994; Zeff, 1989), there are only a handful of studies that formally explore either the production, use or content of accounting textbooks. This section outlines the research which does exist in this area, and hence, highlights a number of important issues that are relevant to the present study.

## **The production of accounting textbooks**

As part of a study into lecturers' perceptions of the content of accounting textbooks, Ferguson *et al.* (2004) consulted with a commissioning editor and a sales representative of two publishing firms regarding issues of content development. Although limited in terms of the number of interviews conducted with publishers, Ferguson *et al.* (2004) provide a number of insights which are relevant to the present research; in particular, their study noted the significance of marketing activity in terms of content development. For example, Ferguson *et al.* (2004) describe how the publishing editor would consult course outlines or have proposed manuscripts reviewed by academics in order make a more informed decision regarding the material to be included in a text.

In terms of constraints on the publishing process, both publishers in Ferguson *et al.*'s (2004) study alluded to the impact of the Research Assessment Exercise (RAE). In particular, it was suggested that the RAE was making it difficult for publishers to find good authors, since most university departments 'frowned' upon their lecturers spending their time on an activity that would not gain the department any direct RAE benefit. In this respect, publishers were finding it difficult to recruit authors with the 'best reputations' (Ferguson, *et al.*, 2004, p.22; see also, Cottingham and Hussey, 2000). One may infer that, as a result of not recruiting the best authors, the publishers become much more involved in the content development of textbooks themselves.

## **The content of accounting textbooks**

The vast majority of accounting textbook studies focus on the issue of content. While some of this research is primarily concerned with the presentation of technical material (for example, Aisbitt, 2005; Feige, 1997; Laidler and Pallet, 1998), there are a number of studies which

explicitly consider the values implicit in accounting textbooks. This section provides an overview of such studies, and considers how findings from this body of research may inform the present work.

As part of a wider project concerning the development of management accounting over the twenty year period prior to their study, Scapens *et al.* (1984) examined the 'conventional wisdom' taught to management accounting students through the use of textbooks. Twenty four management accounting and cost accounting textbooks were analysed with the aim of identifying similarities in content. The contents of the textbooks were summarised under five main headings; planning, cost classifications, control, costing and divisionalised organisations. Scapens *et al.* (1984) concluded that the core material of management accounting textbooks had not substantially changed in the period covered by the study (p.21). But, of particular relevance to the present research, was their observation that the decision-making models in all of the textbooks analysed were underpinned by a neo-classical economic framework. Moreover, they found that the assumptions behind these models implied 'that the decision maker is either the owner or shares the owner's goals' and is a profit maximiser (Scapens *et al.*, 1984, p.34).

In replicating the Scapens *et al.* (1984) study, Kelly and Pratt (1988) examined the criticisms of management theory and practice in management accounting. Their purpose was to:

*...survey conventional wisdom as presented to students of business through current textbooks [and to] identify areas where the wisdom is now suspect and potentially damaging (p.2).*

A sample of textbooks was selected by asking eleven publishers for their leading management accounting textbooks in New Zealand. The contents of the eleven textbooks surveyed were taken to be representative of the conventional wisdom as expressed by existing management accounting theory (Kelly and Pratt, 1988). The contents of the textbooks

were analysed using a classification adapted from the one used by Scapens *et al.* (1984).

Kelly and Pratt concluded that the perceptions of management accounting that were presented in popular management accounting texts were often over simplified and incomplete. They also found that the content of these texts did not equip graduates to tackle management accounting problems within a real-world situation. The authors argued that most of the textbooks which they examined for their study closely followed the format and content of previous textbooks which resulted in 'monotonous homogeneity'. In particular, they claimed that examples used in the textbook tended to focus on large multi-nationals rather than introducing students to a wider range of organisations such as small businesses and service organisations. One reason noted for this 'monotonous homogeneity' in management accounting textbooks was that academics did not challenge 'conventional wisdom which they, actively or passively, [helped] to perpetuate to undergraduates' through use of the textbooks (Kelly and Pratt, 1988, p. 20).

Building on the insights of both of these studies, Kelly and Pratt (1994) expanded their analysis to survey the views of management accounting lecturers about their recommended course textbooks. The accountancy departments of all the universities in New Zealand were contacted to find out what their primary recommended management accounting textbooks were, and to explore lecturers' opinions regarding the material presented in these texts. The majority of respondents suggested that their recommended management accounting textbooks tended to lack a 'breadth of framework' and were concerned predominantly with the presentation of management accounting techniques (Gray *et al.*, 1994; Kelly and Pratt, 1994). In order to accommodate 'societal, organisational and behavioural perspectives', respondents to Kelly and Pratt's (1994) survey suggested that their recommended texts had to be 'heavily supplemented'. However, their results also indicated that such perspectives were 'sometimes omitted from introductory courses'

altogether and tended to be offered on 'more specialised further courses' in the latter years of a degree programme (Kelly and Pratt, 1994, p. 317; see also Gray *et al.*, 1994; Humphrey *et al.*, 1996). In his field study analysis of professional accounting education, Power (1991, p.347) notes that, despite the calls by professional bodies to include ethical issues in accounting curricula, students often view this as 'unwelcomed' or 'waffle'.

Kelly and Pratt's (1994) survey identified Horngren's (1991) *Cost Accounting: A Managerial Emphasis* as the most widely used introductory management accounting text on New Zealand degree programmes. This text was then analysed to identify what changes were made over its various editions, and to speculate on possible reasons for these changes. Only seven chapters in the seventh edition (1991) were identified that did not have a corresponding chapter in the first edition of this book which was published in 1962: they concluded, following a comparative analysis with other popular management accounting textbooks, that textbook authors were reluctant to change the content of their textbooks, and consequently, management accounting textbooks were fairly homogenous.

In their concluding remarks, Kelly and Pratt (1994) suggested that the accounting profession has had a negative influence on textbook development (Humphrey *et al.*, 1996; Gray *et al.*, 1994; Green and Everett, 2003). Furthermore, the paper also pointed to a general absence within management accounting textbooks of any explicit discussion of the traditional framework or paradigm that underpins the text. They argued that a fundamental 'shift' is needed in order to accommodate increasing developments in organisations and greater diversity among management accounting as a practice. They also noted that there is an 'urgent need' for textbooks which make explicit the underlying values of accounting.

In an earlier study, Zeff (1988) arrived at a similar conclusion; he argued that intermediate accounting textbooks did not explicitly discuss

the 'economic consequences' of applying an accounting standard. In this context, Zeff (1988) was suggesting that the 'economic consequences issues' of self-interested lobbying activity during the standard setting process should be highlighted; in particular, the motivations of this activity should be discussed in textbooks. Zeff found that only about 50 per cent of the textbooks examined contained a minimum level of discussion about the 'economic consequences issues' associated with the three topical issues he examined. Zeff's (1988) conclusion that the historical and social developments of accounting standards are not alluded to within accounting textbooks, suggests at least one way in which students may be prevented from 'acquiring a full appreciation of how change occurs in their field' (Zeff, 1988, p.434; see also Zeff, 1989).

Out of a concern that 'the social effect of mainstream accounting is to reproduce the status-quo of imbalanced wealth and power structures', Cuganesan *et al.* (1997) explored the 'enabling possibilities' of accounting education. In particular, their study analysed the content of a popular management accounting textbook, Horngren, Foster and Datar's (1994) *Cost Accounting: A Managerial Emphasis (8th edition)*, in order to illustrate:

*...the subtle ways in which 'mainstream' management accounting textbooks exclude an awareness of the partisan nature of accounting and discourages a questioning of its social and organizational effects. (Cuganesan et al., 1997, p.432)*

Expanding on prior investigations into management accounting textbooks, Ferguson *et al.* (2005) considered the content of introductory conventional accounting textbooks, including financial accounting, management accounting and financial management textbooks. In examining the content of accounting texts, Ferguson *et al.* (2005) undertook a content analysis of the preface and preliminary chapters

of 21 introductory financial accounting, management accounting and financial management textbooks as recommended by the 11 accounting degree awarding institutions in Scotland (Ferguson *et al.*, 2005).

The analysis of recommended textbooks indicated that the interests of shareholders were predominant within financial accounting and financial management textbooks, while management accounting texts had a more pronounced managerial orientation. In this respect, Ferguson *et al.* (2005) provided further support to claims made in prior studies that the primary ethical perspective conveyed to accounting students is that of financial utilitarianism (see Gray *et al.*, 1994; McPhail, 1996; McPhail and Gray, 1996). Based on the results of the content analysis, Ferguson *et al.* (2005) suggested that students were being deprived of a broader insight into the study of accounting that could be provided through a consideration of other ethical perspectives. In addition, Ferguson *et al.* (2005) claimed that a shareholder emphasis in accounting textbooks, together with a lack of critical discussion, might serve to reinforce an uncritical approach to learning which, in turn helped to maintain the incontestability of the ideological status-quo (Collison, 2003; Gray *et al.*, 1994; Humphrey *et al.*, 1996; Kelly and Pratt, 1992; 1994; Lewis *et al.*, 1992; McPhail, 1996, 1999; McPhail and Gray, 1996; Puxty *et al.*, 1994).

### **Professional education**

Despite the claims that professional accountancy bodies make regarding the 'sound theoretical and practical education' which their members receive, and that the accounting education process embraces 'good principles of accounting, governance and ethical conduct', Sikka *et al.* (2007) argue that there is insufficient discussion of theories, principles, ethics, public interest, globalisation, scandals or social responsibility in accounting textbooks in order to produce the socially reflective accountants which the profession claims to want. In their analysis, Sikka



*et al.* (2007, p.5) undertake a ‘qualitative review’ of books recommended for ‘professional education, including those specifically written by the profession themselves’. As Sikka *et al.* (2007, p.9) point out:

*...recommended books provide authoritative texts, ideas, worldviews and conceptual maps for organising and understanding the world.*

Their analysis examined the financial accounting, management accounting and auditing books which appear on the reading lists published by some of the major UK accountancy bodies; this was supplemented by the reading lists of a number of universities and private institutions that specialise in professional education, including ACCA, CIMA and CIPFA. In total, 19 financial accounting, nine auditing and 14 management accounting textbooks were subject to analysis. In their review, Sikka *et al.* (2007, p.10) note that the recommended texts:

*...contain virtually no discussion of ethics, morality, notions of public interest, social conflict or social responsibility...*

and maintain that authors of introductory texts ‘shy away’ from introducing critical perspectives:

*...in the belief that aspiring students need to learn the techniques first and that somehow later on they will learn to critique the same... the advanced textbooks offer little comfort [that this does occur].*

Furthermore, despite the significance accorded to the term ‘true and fair view’, Sikka *et al.* (2007) found little evidence of any discussion of this term, or what its implications were for practice. For the auditing textbooks analysed, Sikka *et al.* (2005, p.13) discovered that agency theory and shareholder wealth maximisation assumptions were:

*...lurking in the background, and in many ways, form the heart of the texts, but are not really critiqued.*

In their conclusions, Sikka *et al.* (2007) ask how students are supposed to gain the skills and values such as critical thinking and ethical awareness that the profession claims to want, when these issues are largely absent from, or not sufficiently addressed, in the educational material which students encounter.

Even though the majority of accounting studies relating to aspects of textbook content are concerned specifically with management accounting textbooks (Cuganesan *et al.*, 1997; Kelly and Pratt, 1988; 1994; Scapens *et al.*, 1984), one of the predominant themes to emerge from this literature is that accounting textbooks often do not acknowledge the framework or paradigm that underpin them. In particular, textbooks are often silent with regard to the interests that are served by business activity or accounting processes; in this respect, accounting textbooks have been criticised for uncritically propagating the view that the sectional interests of the shareholder should be maximised.

### **The use of accounting textbooks**

Studies which consider the use of textbooks are limited, covering a number of different issues; for example, the use of textbooks in relation to other teaching methods (Brown and Guilding, 1993), how lecturers use textbooks (Ferguson *et al.*, 2007), how and where students read textbooks (Phillips and Phillips, 2006), and the 'critical' reading of accounting textbooks (Manninen, 1997). Given the difference in focus between these studies, a brief synopsis of each will be outlined and a critical assessment of their relevance to the present research project presented.

In a survey of teaching methods employed on university accounting courses, Brown and Guilding (1993) compare ten modes of instruction

used by accounting and non-accounting faculties (see Figure 2.1). The findings indicate that for both accounting and non-accounting schools, the top three teaching methods employed were: lectures; seminars/tutorials; and prescribed textbooks respectively. However, it was noted that accounting departments placed considerably more emphasis on both lectures and prescribed textbooks than their non-accounting contemporaries. According to Brown and Guilding (1993, p.211) this was because:

*...accounting focuses on widely accepted practices, then much of the teaching can be achieved through textbooks and prescriptive lectures.*

adding that if attempts are made...

*...to develop analytical and professional judgement skills...then different teaching methods are needed.*

In this respect, the relative lack of emphasis accorded to tutorials in accounting departments might be suggestive of a less discursive approach to teaching (Brown and Guilding, 1993). Consequently, the greater employment of prescribed textbooks by accounting faculties may have educational consequences such as less critical analysis of widely accepted theory and the 'homogenisation' of accounting degree programmes (Brown and Guilding, 1993).

*Figure 2.1 Survey of teaching methods*

1. Lectures
2. Seminars/tutorials
3. Prescribed textbooks
4. Case study discussion
5. Debate/discussion
6. Practical workshops
7. Instructional films or videos
8. Computer simulations
9. Role play
10. Industrial visits

Adapted from Brown and Guilding (1993)

Phillips and Phillips (2006) argue that, despite the emphasis which institutions place on textbooks in introductory accounting courses, there is little research that actually describes how students interact with textbooks. Their study reports on the accounts of 172 undergraduate students regarding 'their experiences with 13 chapters of an introductory financial accounting textbook' (Phillips and Phillips, 2006, p.2). The purpose of their research was to determine whether students reading behaviours are likely to prevent textbooks from achieving their intended goals.

Students were asked to complete a learning journal regarding their textbook reading habits; the learning journal asked students three open ended questions about their reading: (i) where are you?; (ii) where did you start and end this section?; and (iii) how are you feeling when you are reading this section? In addition, some closed questions were asked regarding students' use of self-study questions and problem based questions at the end of each chapter.

The results indicated that students used the textbook in a variety of settings: 'only 15 per cent of students read the textbook in the library as opposed to 78 per cent who read at home' (Phillips and Phillips, 2006, p.10). Students who read the textbook outside the library stated that they read:

*...while watching TV, babysitting, working at a job, working out, visiting friends and family, waiting at a hair salon, travelling in a car, attending church, or sitting in another class. (p.10)*

In addition, various distractions to reading were noted by students, including illness, hangovers, relationship problems, with the biggest barrier being a heavy workload in other courses.

Two reading strategies were typically employed by students – 'sinking' or 'skimming'. Sinking entailed carefully reading the textbook, taking notes and highlighting important topics so that the information content would 'sink in'. Skimming involved reading quickly over a chapter and often skipping the learning objectives, just to get through the assigned reading. Phillips and Phillips (2006, p.12) reported that students' approaches to reading the recommended textbook had a bearing on their course performance; for example:

*Of those who read the learning objectives, 39 per cent were in the top quartile and 27 per cent were in the second quartile. In contrast, most students who skipped the learning objectives were in the third and fourth quartiles (30 per cent and 33 per cent respectively).*

However, Phillips and Phillips (2006) did not report any association between student performances and the sink or skim approaches to reading, since students reported that they typically used both strategies depending on their situation. It was also noted that 85 per cent of

students skipped the self-study questions while 68 per cent omitted the end of chapter problem-based questions.

In their conclusions, Phillips and Phillips (2006) discuss the merits of talking to students about the sinking versus skimming approaches to reading in an attempt to encourage good reading habits. They cautioned that:

*There is no need to scare students by emphasizing how difficult the material is in an attempt to spur students to put more effort into reading... students already fear the textbook and expect topics to be confusing (p.20).*

### **Business and management textbooks**

There have been very few studies into the use or content of business and management textbooks. A notable exception to this generalization includes Cameron *et al.* (2003a). In a special edition of *The Journal of Management Education*, four prominent textbook authors were asked to consider whether their texts were 'propaganda' or reflected a particular ideology (Cameron *et al.*, 2003a). Each author's response to this question indicated that there was a general awareness that their textbooks reflected a particular ideology; indeed there was a perception that it was thought desirable for textbook authors to promote a particular ideology, particularly if this was based on scholarly research.

In his commentary on Cameron *et al.* (2003a), Mir (2003) points to the contradictory responses offered by the authors, who seem keen to claim that their books are both ideological and truthful. Mir (2003) argues that management is 'imbued with power' whilst being located in a definite hierarchy; however, this is seldom ever questioned in management textbooks and is made to appear 'natural'. For example:

*When management texts talk about 'effective management practice', they seldom (if ever) point out that this effectiveness is judged from the point of view of a limited set of stakeholders (most often the owners, shareholders and (top) managers) (p. 737).*

Whilst Robbins states that textbooks should reflect 'business school values' (Cameron *et al.*, 2003, p.714), Mir (2003) notes that Robbins does not define these values. In their response to criticisms, Cameron *et al.* (2003b) state that learning is the result of two factors: (i) content, which textbooks help articulate; and (ii) process, which refers to the role of teachers who guide the learning process. In this respect, Cameron *et al.* argue that textbooks alone cannot indoctrinate readers. In addition, they claim that it is important to present content which is consistent with the 'dominant ideology' - which they view as reflecting 'western world organizations' - because these are the ideologies which students will encounter when they graduate.

## **Summary**

This chapter has provided an overview of various critiques of accounting education. In particular, the research highlights how the education process instills the values to unquestioningly support a particular approach to capitalist organisation. In the context of accounting education, it was noted that, from this perspective, students absorb unquestioningly the values associated with financial utilitarianism. In particular, students learn to accept as a matter of course that shareholders should be the only constituency to have their interests maximised as the result of economic activity. More specifically, previous work suggests that the values implicit in accounting, business and management textbooks reflect the values associated with Anglo-American capitalism; for example a number of studies have highlighted the emphasis accorded to the interests of shareholders/owners in these

texts (Cuganesan *et al.*, 1997; Ferguson *et al.*, 2005; Mir, 2003; Sikka *et al.*, 2007). However, while issues of textbook content are undoubtedly important, the review of the textbook literature has also highlighted the importance of two other issues surrounding textbooks: their production and use.

The existing research on textbook use is relatively slim, and the authors are aware of only a few studies which consider the use of accounting texts. Nevertheless, the small body of research into textbook use that does exist would suggest that to fully appreciate the ideological character of texts, it is important to consider how users engage with texts and how their content is received. The following chapter outlines the research approach undertaken in this study.



# 3 RESEARCH APPROACH

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## Introduction

This study focuses on introductory financial accounting since this is typically the first course that accounting students attend at university, or that non-accredited degree holders face as part of their professional accounting education<sup>1</sup>. The research approach adopted in this study is based on Thompson's tripartite framework. There are a range of methods associated with Thompson's (1990) analytical approach; the aim of the current chapter is to present an overview of each of the methods employed in this work, and to briefly describe how they have been applied in the present study. Thompson's framework considers the three aspects of production, content and use when analysing text; this framework is described in more detail in the following section. Each of these three aspects of Thompson's framework was studied in analysing:

- introductory accounting textbooks recommended in universities; and
- introductory financial accounting training manuals used in professional accounting training courses.

The rest of this chapter is structured according to each of the three analytical stages outlined in Thompson's (1990) model: after outlining Thompson's model in section two, the third section analyses the context associated with textbook or training manual production and the views of producers about the text production process. This approach outlines the production process and helps to convey an understanding of the

factors, such as the syllabi of the professional accounting bodies, which influence the content of accounting texts.

The fourth section outlines the approach taken to analyse the content of the texts. It highlights the definition of ideology employed in the study and considers how ideology can be conveyed within different financial accounting textbooks and training manuals. In analysing the introductory financial accounting textbooks and professional training manuals, the study paid particular attention to the context within which accounting is presented, the ideological character of the texts examined and the linguistic devices employed in them to convey their world-view to the reader.

The fifth section contains a description of the methods used to assess how texts are used by readers; four strands of enquiry were employed to gain an insight into how textbooks are used by students, lecturers, professional trainers and trainees. Eleven semi-structured interviews were undertaken with lecturers of introductory financial accounting courses from several institutions across the UK as well as with two professional trainers involved in teaching professional courses. An electronic questionnaire was distributed to university lecturers identified as teaching introductory financial accounting in the current British Accounting Review Research Register (Helliard *et al.*). In addition, a two-stage questionnaire was issued to students attending three different institutions - two in Scotland and one in England - and to non-relevant graduates sitting for their first stage professional exams. Finally, a series of focus group interviews were undertaken with both university students and professional trainees exploring in a little more depth the issues addressed in the questionnaire surveys.

A brief synopsis highlighting the overall execution of the research is provided in the penultimate section; in particular, this section outlines issues relating to sample selection. While this chapter discusses the methods employed in the current work, and briefly highlights the motivation for their choice, the specific details regarding how each

method was implemented will be outlined further in chapters four, five, six and seven where the findings from each of the empirical components of the research are discussed.

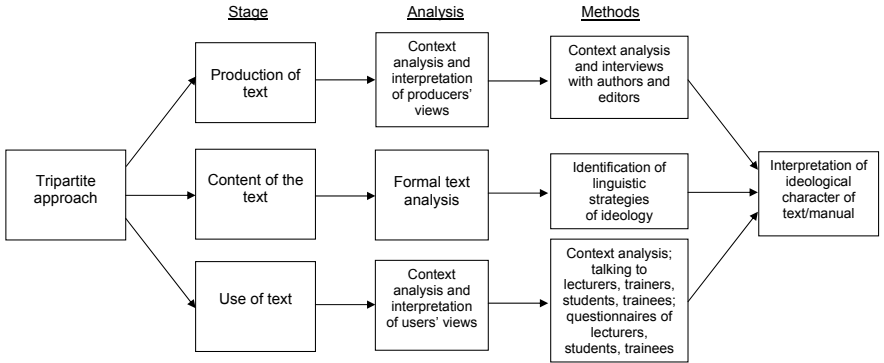
### **Thompson's (1990) framework for analysis - the 'tripartite approach'**

Thompson (1990, p. 275) notes that:

*The social-historical world is made up, in part, of [people] who, in the routine courses of their everyday lives, are constantly involved in understanding themselves and others, and interpreting the actions, utterances and events which take place around them.*

Thus the process of interpretation is not, as Thompson (1990, p.275) points out, the privileged position of the analyst or some distinctive method which the analyst employs - but a 'fundamental characteristic of human beings'. It is therefore important to recognise that accounting textbooks and training manuals already have meaning for those involved in their production and use; in other words, such artefacts will be routinely interpreted by authors, teachers and students in the course of their everyday lives. Thus, to understand their meaning, or to interpret their significance, the researcher must consider what these texts mean to the people who use them. In addition, the contexts in which the texts are produced and used should not be neglected. Thompson's (1990) framework for the analysis of items such as accounting textbooks and training manuals embraces each of these elements of production, content and use and is referred to as the 'tripartite approach'; it has been adapted to consider the role of ideology. The three elements of the approach as shown in figure 3.1 are: the production of the text; the construction of the text; and the use of the text.

Figure 3.1 Thompson's tripartite approach



### The production of the text

According to Thompson, the first stage of analysis - the production of the text - is most appropriately carried out by combining analysis of the context of production with the perceptions of the text producers. In exploring the context dimension of production, the researcher may consider the characteristics of the institution within which the text is produced, the patterns of ownership and control within the institution, the technologies employed in production and the procedures carried out by individuals to promote the text, such as marketing or promotion. Thompson (1990) notes that the perceptions of text producers will involve the:

*... opinions, beliefs and understandings which are held and shared by the individuals who comprise the social world [via] interviews, participant observation and other kinds of ethnographic research (p.279).*

Thus with regard to the production of accounting textbooks and training manuals, an approach is required that seeks:

*...to elucidate the understanding of the individuals involved in producing and transmitting media messages... the ways in which they understand what they are doing, what they are producing and what they are trying to achieve (p.305).*

Such an approach helps to illuminate the:

*...rules and assumptions implicit in the production process, including assumptions about the audience and its needs, interests and abilities (p.305).*

### **The content of the text**

Thompson's (1990) framework suggests that the content of texts must be studied to determine the extent to which, and the ways in which, ideology operates in the text. As a number of linguistic strategies for the identification of the operation of ideology are identified in Thompson's framework, a qualitative content analysis approach was used in applying this framework to the analysis of introductory financial accounting textbooks and training manuals. In particular, each textbook and training manual was read to see how the content was structured, and the way in which the purpose of financial accounting was explained. Specifically, this research strand focussed on identifying the linguistic devices used to describe accounting; in addition whether textbooks and manuals concentrated on technical financial accounting material, and prioritised the interests of shareholders, or whether a broader stakeholder approach was adopted, was investigated.

## **The use of the text**

The third strand of Thompson's model, the use of studied text, is similar to the first, in so far as both an analysis of context and an interpretation of individuals' perceptions are undertaken. In this case, the views of the users of the accounting texts – lecturers, trainers, students and trainees - are explored, and an analysis of the context within which texts and training manuals are selected and used is undertaken. For example, how accounting textbooks are used by students on undergraduate courses is determined by a feature of higher education: namely, the adoption system. In this sense, the use of an accounting textbook by students will most likely depend on whether the textbook or manual has been recommended for a course by the lecturer. Furthermore, the textbook may be used by the course lecturer to structure lectures and tutorial activity, and it may be supplemented with other texts or materials.

## **Production of the texts: the first stage of Thompson's framework**

This study employed two methods when researching the production of introductory financial accounting texts and training manuals: context analysis and interviews with text producers. Semi-structured interviews were conducted with individuals involved in the textbook and training manual production process; this included both authors of introductory financial accounting textbooks and financial training manuals as well as commissioning editors of publishing firms. These methods are described in more detail below.

## Context analysis

An analysis of the conditions associated with the production and use of texts in the present study draws on published research and publicly available statistics on the fields of publishing, higher and professional education and accounting. More specifically, secondary sources of information relating to the field of publishing were identified by conducting searches on scholarly search engines and databases such as Google Scholar, Ingenta and Science Direct. The results of these searches identified that most research into the field of publishing was primarily based on the publishing industry in the US (Coser *et al.*, 1982; Greco, 2005; Greco *et al.*, 2007). Furthermore, these studies tended to consider the publishing industry as a whole and, therefore, had a limited focus on the field of higher education and professional education publishing. In this respect, Thompson's (2005) detailed study of higher education and academic publishing in the UK and the US is an extremely important source of data with regard to the present study. In addition to previous research on the publishing industry, secondary data was also obtained from publishers' websites, publishing trade association websites, the Financial Reporting Council and government statistical sources, in particular, the Higher Educational Statistical Agency. Drawing on Thompson's (1990) framework for the typical characteristics of social contexts, information was sought in relation to the size of each segment of the publishing industry, how activity is organized, and what influences activity in these segments, both internally and externally. Given that the focus of this work is on accounting textbooks and training manuals, the greater part of analysis at this level was concerned with publishing in higher education and in professional accounting education.

## **Interviews with producers**

One of the key features of Thompson's (1990) tripartite approach is the interpretation of individuals' everyday understanding of the social world. According to Thompson (1990), individuals' understandings may be ascertained by drawing on a range of approaches such as focus groups and interviews. In this study, individuals' views with regard to the production of accounting textbooks and training manuals were explored using semi-structured interviews.

Semi-structured interviews were undertaken with the producers of accounting texts; more specifically, with authors of textbooks and training manuals and with commissioning editors. It was felt that semi-structured interviews would allow enough flexibility to pursue topics in detail, depending on the interviewee's response, but would also ensure that pre-identified issues were discussed. In particular, a predetermined interview schedule was drawn up based on existing research findings; however, the semi-structured approach was adaptable enough to allow the interviewer to pursue a line of enquiry that had not previously been considered. While two interviewers were present at some of the interviews, one of the authors of this report was consistent throughout all of the interviews. Finally, given the nature of the interview context, semi-structured interviews allowed the interviewer to seek clarification where an answer to a question was unclear.

## **Content of the texts: the second stage of Thompson's framework**

A key objective of this study was to identify the worldview presented by accounting texts and training manuals in order to assess their ideological characteristics; it is therefore important to establish the meaning of 'ideology' adopted in this research. The concept of ideology has been variously used to refer to: specific kinds of beliefs, such as fascism, communism or nationalism (Eagleton, 1991); beliefs which



are in some way false or which legitimate political power (Eagleton, 1991; Thompson, 1990); and communication which constrains what is said or thought (Fairclough, 2003; Van Dijk, 1998; Wodak and Meyer, 2001).

Thus, this second strand of the research focuses on analysing the content of accounting textbooks and training manuals and draws on a method developed by Thompson (1990) for this analysis. While this analytical framework is outlined in greater detail in chapter five where the findings are presented, a summary is provided in Table 3.1. Thompson's (1990) approach identifies five main linguistic modes for the operation of ideology: legitimation; dissimulation; unification; fragmentation; and reification. Each of these five modes has a number of associated linguistic strategies. In applying this approach to the analysis of introductory financial accounting textbooks and training manuals, a qualitative content analysis approach was employed (David and Sutton, 2004); in this sense, Thompson's (1990) approach was used as the basis of coding for the analysis of the introductory financial accounting textbooks and training manuals in this study.

*Table 3.1 Modes of operation and associated linguistic strategies for ideology*

Mode of operation of ideology	Linguistic strategy	Explanation
Legitimation	Rationalization	Justify or rationalize social relations
	Universalization	Argue that institutional relations that serve a few groups benefit everyone
	Narrativization	Locate current social relations within traditions and stories from the past
Dissimulation	Displacement	Use a term that would normally refer to something else
	Euphemization	Shift the descriptive language to give social relations a positive 'spin'
	Trope	The figurative use of language, including synecdoche, metonymy and metaphor
Unification	Standardization	Create a union of individuals or groups through the standardization of language and symbols
	Symbolization of Unity	Create a collective identity among groups from the adoption of a shared set of symbols
Fragmentation	Differentiation	Emphasise differences between groups
	Expurgation of the other	Create a common enemy to unite people in opposition
Reification	Naturalization	Present situations as natural, and as the outcome of a natural historical process
	Eternalization	Portray situations without their historical background
	Nominalization	Turn actors and action within a sentence into nouns

Adapted from Brasier (2002), p.241 and Thompson (1990), p.60

The qualitative content analysis which identifies these linguistic strategies was applied to three core introductory financial accounting textbooks recommended at three university institutions, and to three professional accounting texts. The three university texts are: Wood and Sangster (2005), *Business Accounting 1*, recommended by University A; Black (2005), *Introduction to Accounting and Finance*, recommended by University B; and Britton and Waterston (2006), *Financial Accounting*, recommended by University C; the introductory financial accounting training manuals produced by ICAS, ACCA and ICAEW were also analysed.

### **Use of the texts: the third stage of Thompson's framework**

This study employed four methods when researching the use of introductory financial accounting texts and training manuals: analysis of the context of their use; semi-structured interviews with individuals involved in the selection and use of introductory financial accounting textbooks and training manuals; questionnaire surveys of university introductory financial accounting teachers, university students and accounting trainees; and focus group interviews with university students and professional accounting trainees. These methods are described in more detail below.

### **Context analysis**

As discussed above, the analysis in the current work of the context within which textbooks and training manuals are used drew on published research and publicly available statistics on the fields of publishing, higher and professional education and accounting.

## Interviews

It was decided to undertake semi-structured interviews with one of the main sets of users of accounting texts - lecturers and professional trainers. Again, it was felt that semi-structured interviews would permit topics to be explored in detail, depending on the interviewee's response, but would also ensure that pre-identified issues were discussed, and clarification established where required.

### Questionnaire - lecturers

In addition to the interviews undertaken, an electronic questionnaire was administered to university lecturers identified in the *British Accounting Review Research Register* (Helliard *et al.*, 2004) as teaching introductory financial accounting; this helped gain some understanding about the views of a wider range of those in this educational field. As Sarantakos (1993) points out, questionnaires allow for wider coverage, meaning that the everyday understanding of a greater number of university accounting lecturers can be explored. Further, they enable researchers to determine whether the views of lecturers obtained from a small number of interviews are in accordance with those of the larger sample; thus the questionnaire findings provide a check on any interview findings obtained.

### Questionnaire - students and trainees

In order to glean some insights into the everyday understanding of accounting students and trainees, this study employed a two-stage questionnaire. Given that this study is concerned with the ideological character of accounting education and, more specifically, accounting textbooks and training manuals, it was deemed important to explore the worldviews and understanding of students and trainees prior to their

study of accounting. A two-stage questionnaire approach was therefore employed in order to explore students' and trainees' perceptions; the initial questionnaire was distributed to the three sets of students and to the trainees at the very beginning of their first class on financial accounting in order to assess their perspectives before they began their studies. A second questionnaire was then distributed on completion of their introductory financial accounting studies in order to assess whether, or to what extent, students' and trainees' worldviews had changed over the course of studying accounting. In addition to asking questions about their recommended textbook or training text, both questionnaires also sought respondents' perceptions regarding the purpose of accounting and the objectives of business. In particular, these sections in the questionnaire focused on: the stakeholder groups for whom students and trainees felt accounting information was prepared; and what they thought were the objectives of business - for example, to maximise profit or to increase market share.

### **Focus groups**

While the questionnaire allows for an initial insight into the everyday understanding of a wide range of accounting students, it was thought that the issues raised in the student/trainee questionnaire should be pursued in more depth. Semi-structured interviews might have facilitated a deeper probing of specific issues with accounting students, however it was felt that focus groups had a number of inherent benefits over this approach when used with students. In particular, it was thought that students would feel more comfortable in a focus-group setting, and the spontaneity of the discussion would encourage students to express their opinions and perceptions more freely.

Focus groups are defined by Sarantakos (1993, p.249) as a form of discussion which 'includes more than one person at a time'; he goes on to note that focus groups 'must be large enough to provide a basis

for a reasonable discussion but not too large to become uncontrollable' (1993, p.250). In this sense, a group size of anywhere between three and ten was deemed appropriate for this type of research. The group discussion is facilitated by a group leader, normally the researcher, who asks a number of 'discussion-generating' questions (Sarantakos, 1993, p.251). However, since the discussion should develop quite naturally, there is considerable scope for the discussion leader to pursue further issues which arise in the context of the discussion. In this respect, the conduct of focus-groups is similar to that of semi-structured interviews, only with more participants present.

## Execution of methods

The application of Thompson's (1990) tripartite framework is demanding in terms of the analytical stages required: a range of methods are necessary in order to sufficiently address each of the three stages of Thompson's (1990) model. As Thompson (1990, p.304) states:

*[A] comprehensive approach to the study of [textbooks] requires the capacity to relate the results of these differing analyses to one another, showing how the various aspects feed into and shed light on one another.*

Thus, the three strands of the tripartite approach were applied to both university students and to professional accounting trainees. In order to survey a range of different university students, three university institutions were selected which differed in terms of location, the type of institution and the type of student typically enrolled on an introductory financial accounting course (see Table 3.2). More specifically, University A is an 'old' university in Scotland with predominantly accounting undergraduates enrolled on the introductory financial accounting module. University B is a 'new' university in Scotland, attracting typically

local students, and offering a more professionally-orientated degree to predominantly accounting undergraduate students. University C is an 'old' university in the North of England with a mix of accounting and non-accounting students on the introductory financial accounting module.

*Table 3.2 Characteristics of each university*

	Location	Number of students	Duration of accounting degree	Typical student on introductory accounting course
University A	East Scotland	18,000+	4 years	Accounting
University B	West Scotland	11,500+	4 years	Accounting
University C	North England	24,000+	3 years	Mix of accounting and non-accounting

In order to provide a comparison with university undergraduate experiences, the non-accredited degree holders studying for their first financial accounting examination with a professional accounting institute were surveyed in the same way using effectively the same questionnaire instrument. In other words both the professional and university students completed a two-stage questionnaire of their perceptions; the initial questionnaire was distributed and completed during the first financial accounting class to gather students' perspectives before they began their studies; the second questionnaire was then distributed at the last of these introductory financial accounting classes in order to assess the extent to which students' perceptions had changed over the course of their initial studies of financial accounting.

## Summary

As the principal aim of this work is to explore the role of the textbook in the construction of accounting knowledge, this chapter has outlined three sub-aims. Firstly, this study considers how introductory financial accounting textbooks and training manuals are produced and what factors influence the content of these texts. This aim is addressed by considering the context of production as well as the views of individuals involved in the production process; more specifically, authors and commissioning editors. Secondly, this research seeks to understand the way in which the role of accounting in society is discussed in these texts using the presence of ideological linguistic devices. Thirdly, this work considers how introductory financial accounting textbooks and training manuals are used. This aim is addressed by seeking the views of the principal users of accounting textbooks: lecturers, professional trainers and students. As part of this aim, the study also focuses on the extent to which students' views about the objectives of business and the purpose of accounting have changed over the course of studying a course on accounting and the possible role the textbook may have played in shaping their perceptions.

The following four chapters of this report draw explicitly on each of the three analytical stages of Thompson's (1990) model. Chapter four considers the context in which accounting textbooks and training manuals are published, as well as the everyday understanding of authors and commissioning editors regarding the production of accounting texts and training manuals. Chapter five addresses the content of accounting textbooks and training manuals in order to identify the modes of operation of ideology that are apparent in these texts. Chapter six considers the use of accounting textbooks and manuals from the perspectives of lecturers and professional trainers; the views of students are addressed in chapter seven.



**ENDNOTE**

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1. While financial accounting tends to be the first course that accounting students attend at university or in their professional accounting training, it could be argued that an introductory module in accounting should seek to provide an overview by emphasising the relationships between financial accounting, auditing, management accounting, corporate finance etc., and identifying the role of accounting within its social context. Of course some of this broader context may be supplied in the other modules which students and professional trainees undertake during the first year of their studies. However, it is arguable that the values which are implicitly embedded in financial accounting need to be made explicit within the subject area itself.

# 4 PRODUCTION OF ACCOUNTING TEXTBOOKS AND STUDY MANUALS

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## Introduction

This chapter explores how the contents of textbooks and study manuals are decided upon and what influences their production process. As chapter three has highlighted, Thompson's (1990) analytical framework stipulates that in order to explore the production of items such as accounting textbooks, the researcher should consider the context of production along with an interpretation of the everyday understanding of individuals involved in the production process. In exploring these dimensions, two strategies are employed. First, in order to address the context of accounting publishing in higher education, this chapter makes use of existing research and publicly available statistics about publishing in the Higher Education area for the UK. In particular, this chapter considers the relationship between the field of publishing, and the fields of accounting practice and higher education. Second, this chapter reports on the results of semi-structured interviews with the: authors and publishers of introductory financial accounting textbooks; and authors and publishers of training manuals.

This chapter is structured as follows: the following section outlines the context of higher education; in particular, aspects of the 'adoption system' in relation to publishing; publishing as a cultural and economic practice; and the interrelationship between accounting publishing in higher education, accounting practice and the field of higher education are examined. The third section considers the context of accounting education by professional bodies. The fourth section of this chapter

examines the perceptions of authors and publishers regarding the publication of introductory financial accounting textbooks; more specifically, it considers issues of content, discusses the perceived homogeneity in financial accounting textbooks, and outlines issues relating to ideology. The final section concludes.

## **The context of higher education publishing and textbooks**

As briefly highlighted in chapter two, the area of publishing may be split into separate fields – each with their own characteristics and dynamics including the fields of trade publishing such as fiction, academic publishing including research reports, higher education publishing comprising textbooks and teaching resources, and reference publishing. Each follows a different ‘logic’, in terms of how they compete for customers, and how success is defined (Apple, 1991; Thompson, 2005). In the field of academic publishing, for example, success is defined in terms of prestige and reputation, while in the field of higher education publishing success is often associated with financial profit (Apple, 1986; 1991; 2004; Thompson, 2005). This section outlines the context of the field of higher education publishing; this field is primarily concerned with the publication of textbooks, or other teaching resources, for teaching purposes at university or other higher education institutions.

### **The ‘adoption system’**

As chapter two highlighted, a defining feature of the field of higher education publishing is the ‘adoption system’, whereby textbooks are marketed to lecturers and sold to students (Apple, 1991; Thompson, 2005). In the UK, adoption decisions are normally taken by the course lecturer(s); once a decision has been made, students are told which textbook or textbooks are required for a course. Therefore, marketing

activity in higher education publishing tends to be directed at course lecturers, whose adoption decisions will ultimately influence the sale of textbooks. This marketing activity takes various forms, and may include sales representatives calling at lecturers' doors informing them about new titles, and supplying lecturers with free inspection copies in the hope that the text will be adopted. As Thompson (2005) notes, the sales representative system in higher education publishing is often critical in terms of adoptions, and for this reason, sales representatives tend to have a higher status in higher education publishing than they do in other publishing fields. Furthermore, the sales representative system is traditionally viewed as a 'training ground' for aspiring editors (Thompson, 2005, p.200; see also, Apple, 1991; Greco, 2005). In addition to sales representatives, another marketing approach in higher education publishing is to target lecturers by including ancillary materials which assist in the delivery of the course; for example, PowerPoint slides, multiple choice test questions and additional discussion questions, often with answers (Smith and Deridder, 1997).

A key aspect of marketing a textbook is to gather information about what gets taught on courses and what lecturers would like to see in their adopted textbooks. This activity is carried out in a number of ways, and may include the inspection of university course outlines to see what common themes exist, or sending draft chapters of new books to lecturers for review. By inspecting course outlines, publishers can identify common items in course content at a wide range of institutions and begin to develop the textbooks which are more likely to secure the greatest number of adoptions. In order to secure a large segment of the market, publishers take a 'non-controversial' approach to developing textbook content, leading to what Thompson (2005, p.221) describes as 'standardized, homogenized 'vanilla' textbooks'. Furthermore, by sending manuscripts out for review, publishers create 'stakeholders', that is, academics with a vested interest in the textbook concerned (Thompson,

2005). Not only does the review process serve to strengthen the material in a textbook, it also extends:

*...the network of gatekeepers who know about the book, who are mentioned and thanked in the preface and who have some stake (however minor) in a textbook (p.199).*

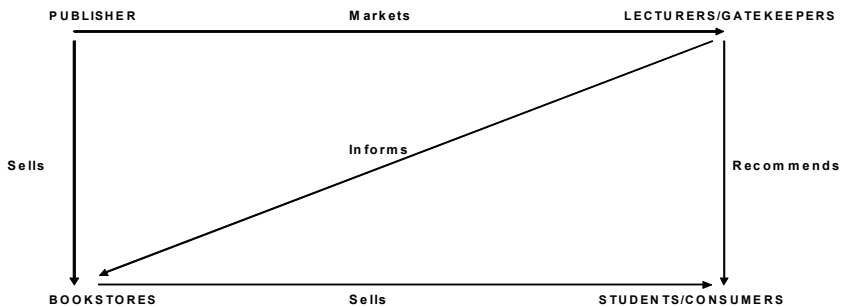
Marketing activity tends to be directed at introductory level courses, where the highest student numbers, and hence highest potential sales, are to be found. In this respect, it is worth noting that publishers tend to use a larger number of reviewers at this level (Ferguson *et al.*, 2004).

According to Thompson (2005) the adoption system creates a 'form of non-price competition' whereby competition between publishers is based on grounds other than price. One consequence of this is that publishers rarely consult with the ultimate user of textbooks - the students - regarding what they think of, or what they would like to see in, their textbooks. Indeed, when student opinions are sought it is often with a view to ultimately influencing the course lecturers' opinion. For example, publishers may seek student feedback on a textbook when revising an edition. When it comes to marketing a new edition, sales representatives and other marketing promotional activity may highlight how the updated text has taken into consideration the views and requests of students. However, promotion on this basis will still be predominantly targeted at course lecturers; in other words, the sales representative may encourage the course lecturer to adopt a text because its features are consistent with what previous students have indicated they want in a text (Thompson, 2005).

Figure 4.1 provides an overview of the traditional textbook publishing and distribution process, taking into consideration the adoption system. This model shows that the marketing activity of publishers is primarily aimed at course lecturers who have a 'gatekeeper' role, since their decision to adopt a particular textbook will normally

lead to the recommendation of that textbook to students. Furthermore, lecturers will inform the university bookshop of their choice of recommended course text, resulting in copies of the text being ordered to satisfy anticipated student demand. Bookshops tend to decide on the number of copies of a textbook to order based on how many students are enrolled on the course and how well the text has sold in previous years (Thompson, 2005). As well as marketing textbooks to lecturers, publishers will sell their books directly to university bookshops based on the demand for their texts. Finally, the bookshop will sell the textbooks directly to the student.

*Figure 4.1 The traditional textbook production and distribution process*



Adapted from Thompson (2005, p.200)

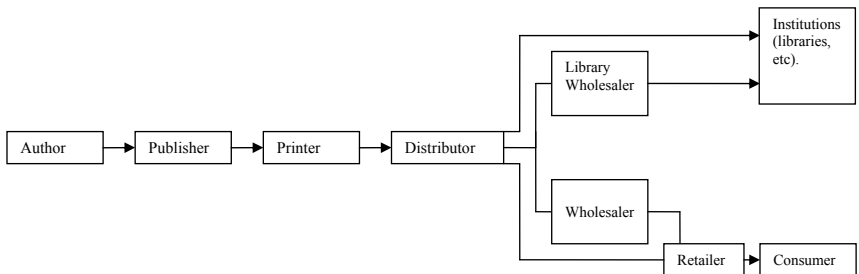
However, the structure is often more complicated in practice: despite the ‘captive market’ created by the adoption system, a textbook adoption will not necessarily translate into sales for a number of reasons. For example, a text which is required will normally secure more sales than a textbook that is recommended or supplementary (Thompson, 2005). Similarly, the used-book market may also limit a textbook’s sales: students may buy second-hand textbooks either through the university bookshop, through direct sales from other students who have taken

the course in the past or through websites such as Amazon. Indeed, an increasing feature of the marketing of higher education textbooks is the extent to which new editions of a text are more frequently published in order to reduce the impact of the used-book market on text sales (Ferguson, 2002; Thompson, 2005). Furthermore, multiple copies of a recommended textbook may be placed in an institution's library for students, making it less necessary for students to purchase the textbook themselves (Greco, 2005).

### Publishing as an economic and cultural practice

As Thompson (2005, p. 20) notes 'the publisher is only one of the organisations involved in the publishing chain' and a range of organisations will typically be involved in the publication, distribution and sale of a book. Figure 4.2 outlines a representation of the typical activities involved in the production of a book showing how a book is 'gradually produced and transmitted via distributors and retailers to an end user who purchases it' (p.20).

*Figure 4.2 The textbook publishing chain*



Adapted from Thompson (2005, p.20).

According to Thompson (2005) the supply chain is also a 'value chain', whereby value is added at each of the links. While a number of the activities will be undertaken by the publishing firm, others may be outsourced. For example, in the publishing phase, copy editing and typesetting may be outsourced, or carried out by freelancers, while the printing and binding will normally be undertaken by a printer. The price of a book will include the value added at each stage. Table 4.1 outlines the indicative percentages of a book's price which accrues to each of the activities in the production process according to the Booksellers Association (2005). According to the Booksellers Association, trade discount:

*...is the weighted average of UK trade discounts and export discounts, including discounts to wholesalers. Typically wholesalers give around 35 per cent discount to bookshops, whose overheads (rent/rates, heat/light, staff, shopfitting/equipment, advertising etc) may amount to 30 per cent to 35 per cent, giving a net profit of 2 per cent to 5 per cent.*

*Table 4.1 The constituent determinants of the price of a book.*

Activity	%
Manufacturing Costs	15
Royalties	8
Distribution/marketing	8
Publisher overheads	9
Trade Discount	55
Publisher Net Profit	5
<b>Total</b>	<b>100</b>

Source : The Booksellers Association, [www.booksellers.org.uk](http://www.booksellers.org.uk), 2005.



The book publishing industry, both in the UK and globally, is dominated by large media conglomerates which have emerged out of high levels of merger and acquisition activity over the past 20 years (Greco, 2005; Greco *et al.*, 2007; Schiffrin, 2000; Thompson, 2005). These large corporations, such as AOL Time Warner, Disney, and News Corporation, may have interests in a wide range of different media; they may already be powerful organisations in the film, television and newspaper industries. Thus, for some of the dominant organisations in the field, publishing may be a relatively small part of their operations (Greco, 2005; Schiffrin, 2000; Thompson, 2005). For example, AOL Time Warner is a fairly powerful player in the book publishing industry through its ownership of Little, Brown and Company. Indeed, AOL Time Warner was the 14th largest book publisher in North America during 2002 – although, as Thompson (2005, p.55) points out:

*These ventures are dwarfed by its activities in film, television, cable, music and other media sectors.*

One feature of the merger and acquisition activity in this sector is that large media conglomerates which have a significant presence in the book publishing industry are typically multi-national corporations. For example, Pearson plc, a UK based media conglomerate, acquired the educational publishing business of Simon and Schuster, ‘one of the great imprints of the American publishing industry’, in 1998 (Thompson, 2005, p.56). Through the acquisition of major higher education imprints such as Prentice Hall, Pearson became a dominant player in the US market. Similarly, Bertelsmann, a German based media conglomerate has pursued a strategy of acquiring major publishing organisations in the US and UK, such as Random House, in order to enter the dominant ‘English language market’ (Thompson, 2005, p.57; see also Schiffrin, 2000). This strategy has led Bertelsmann to become the largest book-publisher in the world (Thompson, 2005). According to Thompson

(2005) the ‘conglomeratization’ of the publishing industry has had a significant impact on textbook publishing; in particular, it has led to an increased presence of US-based textbook publishers in the UK. Whether a UK or European media conglomerate acquires a US textbook publisher or vice versa, the result tends to be that there is an increase in the ‘flow of products, knowledge and expertise from the US... into the British and European fields’ (Thompson, 2005, p.270). In certain subject areas, this has led to an ‘Americanization of the curriculum’, whereby the curriculum itself has become homogenised across countries (Thompson, 2005, p. 287).

While the emergence of large media conglomerates has characterised the book publishing industry in general, Thompson (2005) notes that this activity is more prominent in some publishing fields than others. More specifically, as Thompson (2005, p.60) points out:

*The five largest book publishers in North America in 2002 were publishers who are active in educational and professional publishing – Pearson, International Thomson, Reed Elsevier, McGraw-Hill, and Wolters Kluwer (see Table 4.2).*

Table 4.2 shows the top 5 North American publishers and the top 5 higher education publishers in the US. An analysis of market share in the US higher education sector reveals that Pearson is the largest with sales of around 30 per cent. Thomson is a close second with 26 per cent of the market and McGraw-Hill is third with 16 per cent. The data in Table 4.2 highlights the concentration of this market. The top 5 higher education publishers control 84.1 per cent of sales (Thompson, 2005).

*Table 4.2 The top 5 North American book publishers and the top 5 higher education publishers in the US*

Top 5 North America Book Publishers (2002)			Top 5 Higher Education Publishers in US (2002)		
Rank	Publisher	World sales (\$m)	Rank	Publisher	US Sales (\$m)
1	Pearson	5,786	1	Pearson	998
2	International Thomson	4,226	2	International Thomson	864
3	Reed Elsevier	4,214	3	McGraw-Hill	530
4	McGraw-Hill	2,804	4	Houghton Mifflin	212
5	Wolters Kluwer	2,628	5	Wiley	148

Source: Thompson, 2005

While a similar level of concentration has taken place in this sector for the UK, the size of the market is much smaller than its US counterpart. For example, although Pearson's total US sales in 2002 were estimated to be £2671m, their UK sales were around £183m (see Thompson, 2005, p.59). However, it is not easy to obtain data for sales specific to the higher education segment in the UK. The most authoritative overview of book sales in the UK is provided by the Publishers Association, a trade association which serves the publishing industry. This association's publication, *The UK book publishing industry statistics yearbook 2005*, details publishers' sales within the UK. However, the categories into which sales are divided does not identify the higher education segment as a separate area; instead, it only discloses information about all academic and professional book sales. Similarly, Neilson Bookscan provides book sales data, at a considerable cost; yet while the data it provides includes publishers' market share, it does not

disclose this information for different market segments. According to Thompson (2005, p.272):

*There are no published statistics on the market shares of different firms in the UK field of higher education. One well informed publishing analyst estimated that Pearson's sales in the UK higher education market were around £60 million in 2003, Thomson's were around £22 million and McGraw-Hill's around £18 million; this would give them market shares of around 32 per cent, 12 per cent and 10 per cent respectively. If the estimates are accurate, it would mean that the three players which are dominant in the US higher education market also control, between them, more than half of the higher education market in the UK.*

### **Adjacent fields**

As Thompson (2005, p.44) points out, publishing fields do not exist in isolation, but are 'deeply interwoven with other fields through complex forms of interdependency'. In this sense, the field of higher education publishing is strongly linked, in a mutually supporting way, with the academic field of higher education itself. From the publishers' perspective, the academic field is both the primary source for the recruitment of authors and also the primary market for its products (Thompson, 2005). From the academics' perspective, the publishers represent a means of disseminating their work, as well as being a provider of teaching materials. Furthermore, the field of higher education publishing relies on academics for a range of other activities, such as reviewing manuscripts, editorial advice and editing book series, while academics rely on the continual influx of new books into their discipline in order to keep the teaching of their subject as 'cutting edge' as possible (Thompson, 2005).

The field of higher education has expanded greatly in the UK since the 1960s, with the number of students who progress beyond secondary schools increasing fivefold. As Thompson (2005) explains, in 1963 there were only twenty four universities in the UK with a total of 120,000 students; there are currently 116 university institutions in the UK with over 2 million students (HESA, 2005). In addition to increased student numbers, Thompson (2005, p.263) draws attention to 'changes in student finances which have some bearing on the resources available for the purchase of books'. In particular, in 1998, 'student grants were abolished and replaced by tuition fees and a system of student loans'. As a result, student debt has increased significantly, while the number of students seeking part-time employment to cover some of the costs of attending university has grown. There is some evidence to suggest that increases in student debt have had a negative impact on textbook sales; for example, drawing on a study undertaken by the Department of Education and Employment in 1998-1999, Thompson (2005, p.263) found that:

*...37 per cent of full-time students and 30 per cent of part-time students said they had not bought some books they needed because they could not afford them (see also, NUS, 2000).*

It is conceivable that the price rise in such texts, well ahead of the general UK inflation rate, has impacted on the affordability of university textbooks.

Another aspect of the academic field which has had an impact on the field of higher education publishing is the Research Assessment Exercise (RAE). The RAE was introduced by the Conservative government in the 1980s in order to provide 'some measure of accountability and external quality assurance in higher education' (Thompson, 2005, p.281). The higher education funding bodies in the UK use the RAE assessment to 'determine their grant for research to the institutions which they fund'

(<http://www.rae.ac.uk>); a poor performance in the RAE may therefore have serious consequences for a university discipline. Because the RAE guidelines place particular emphasis on peer reviewed journal articles and research reports, many academics do not want to write textbooks (Thompson, 2005). In particular, under the rules for the forthcoming 2008 RAE, the panel criteria for accounting and finance research 'excludes the development of teaching materials that do not embody original research' (RAE, 2006, p.60). With each university department 'strongly encourage[d] to submit four items of output for all full-time members of staff', many academics and departments prioritise their work according to this criteria; it is therefore unlikely that many academics would have the time, or the support of their department, to write a textbook (RAE, 2006).

In terms of accounting textbooks, the field of accounting practice will also influence higher education publishing. Although the field of higher education publishing is somewhat separate from the field of professional publishing which is dominated by the publication of, for example, training manuals and reference texts, the field of accounting practice relies on accounting undergraduate students receiving what is deemed to be appropriate accounting knowledge, and the skills required for accounting practice. In this respect, one feature of the interdependence between the academic field and the field of accounting practice is extremely pertinent to higher education publishing: the accounting profession accredits university accounting courses. In order to become a qualified accountant, students must pass the examinations of one of the professional accounting bodies as well as completing a period of work experience. On an accounting degree, a number of the subjects that students study are similar to those required for a professional accounting qualification. In cases where a degree module closely resembles the content of a professional accountancy syllabus, the relevant professional body may accredit the university module; therefore, the graduating student will be exempt from that professional

examination if they subsequently decide to study for a professional accountancy qualification.

According to the Higher Education Statistics Agency (HESA, 2004), over 40 per cent of accounting graduates pursue careers as accounting and finance professionals. Therefore, for many accounting degree students, the exemptions offered by a particular degree programme may be an important consideration in selecting that degree. Indeed, many university accounting departments in the UK market their degree programmes in terms of the number of exemptions their students are entitled to (Sikka *et al.*, 2007). More recently, a number of 'fast track' degree programmes have emerged which offer students the maximum number of exemptions; in some cases, students have the option of studying on a programme which has been developed in partnership with a professional accounting body or one of the 'big 4' accounting firms, such as the 'Ernst & Young Degree' offered at Lancaster University. With many accounting departments in the UK seeking to attract students on the basis of accreditation, the content of degree programmes will be shaped, to a greater or lesser extent, by accreditation criteria (Ferguson *et al.*, 2004). This has important implications for the development of accounting textbooks. As Thompson (2005) points out, good editors are often very knowledgeable about the discipline in which they are publishing; therefore, one would expect an editor in accounting to be aware of the accreditation requirements as well as any changes to the professional syllabus. Furthermore, if textbook publishers develop the content of their textbooks based on what typically gets taught on an undergraduate accounting degree, then the influence of professional accreditation requirements is going to influence this process indirectly (Ferguson, *et al.*, 2007).

## The context of professional accounting education

The six professional accountancy bodies which comprise the Consultative Committee of Accountancy Bodies in the UK and Ireland have around 270,000 full members and 160,000 student members and worldwide they have over 350,000 members and over 365,000 students (see Table 4.3). Public accounting is generally a graduate profession, with over 85 per cent of the student intake of ICAEW, ICAI and ICAS possessing a degree (FRC, 2007). A distinguishing feature of the UK accounting profession relative to the profession in North America, continental Europe and Australasia is that it encourages recruitment of graduates with non-relevant degrees (see Duff *et al.*, 2007). The average percentage increase in member numbers across the six institutes was 3.2 per cent per annum between 2001 and 2006; however student numbers have been growing more quickly at 5.5 per cent per year worldwide over this period.

*Table 4.3 Numbers of students registered worldwide, 2001-2006*

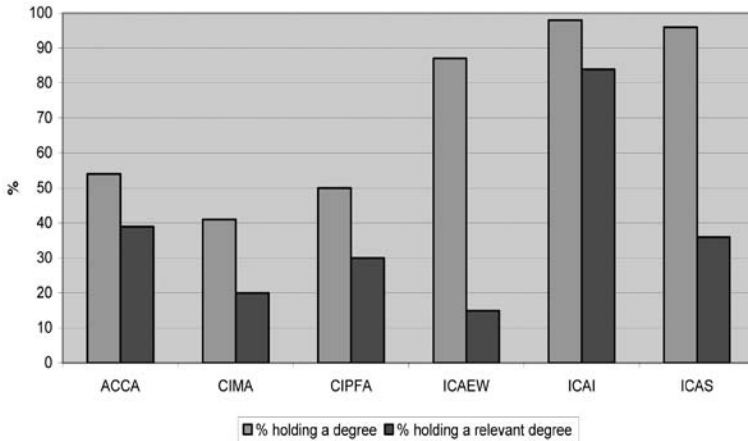
	ACCA	CIMA	CIPEA	ICAEW	ICAI	ICAS	TOTAL
2001	173,662	75,263	2,322	10,114	3,008	2,080	278,179
2006	252,767	88,256	3,071	13,551	4,525	3,154	365,324
% growth (2001-2006)	45.6	17.3	32.3	--	50.4	51.6	30.4

Source: Table 8, Key Facts and Trends in the Accountancy profession, FRC, 2007



A sizeable proportion of this percentage increase relates to the recruitment of graduates with non-relevant degrees (see Figure 4.3); these have to sit all their professional body's examinations and do not receive any exemptions. At one level, the admission of a group with diverse backgrounds in a wide range of non-relevant degrees might introduce a great deal of diversity into the accounting training programmes. On the other hand, such programmes are normally constrained as to the amount of time that they can devote to teaching the trainees; the trainees are normally expected to cover material in the professional syllabi for the introductory modules in a relatively brief time; they certainly do not have the three to four year period that undergraduates with a relevant degree would have had to absorb material for which they gained exemptions. Further, the professional trainees have to study for their examinations in their spare time or during periods of work-release from their firms. Thus, the material will have to be covered quickly and the emphasis will be on preparing for exams.

*Figure 4.3 Percentage of professional students holding a degree and those holding a relevant degree*



Notes:

1. The figures are based on students worldwide.
2. The accountancy bodies' definitions of a 'relevant degree' are as follows:

ACCA	Accountancy, Business
CIMA	Business Studies, Business Administration, Finance, Accountancy
CIPFA	Accountancy
ICAEW	Accountancy and Accounting & Finance
ICAI	Accountancy, Business & Commerce, Finance
ICAS	Accountancy

Source: Chart 17, Key Facts and Trends in the Accountancy profession, FRC, 2007. These figures are based on recent information collected by the FRC pertaining to 2006.

The following section draws on the perceptions of individual accounting textbook, training manual authors and commissioning editors to consider the relationship between the context of text production and how this is experienced by individuals involved in the production process.

## **Authors' and publishers' perspectives**

The views of authors and publishers were sought because they were deemed to be key actors in terms of decisions regarding the contents of textbooks. Whilst other individuals, such as printers, sales representatives, wholesalers and retailers, play an important part in the process of production and distribution of accounting textbooks and training manuals, it was thought that these roles were not as directly involved with the decisions concerning content development. As mentioned in chapter three, given the relative paucity of empirical evidence concerning the content, development and production of textbooks in accounting education, an exploratory approach was undertaken: semi-structured interviews were chosen as the principal method of data collection.

Fifteen semi-structured interviews were conducted between June 2004 and May 2007: nine with introductory financial accounting textbook authors, two with training manual authors and four with commissioning editors. Authors and publishers were contacted directly and interviewees were selected on the basis of access. Each interview lasted between 45 minutes and one hour. A summary of interviewees' details is provided in Table 4.4.

*Table 4.4 Interviewee background details*

<b>Panel A - Authors</b>				
<b>Author</b>	<b>Textbook/ training manual</b>	<b>Gender</b>	<b>Professional accounting qualification</b>	<b>Currently in print</b>
A	Textbook	M	Yes	Yes
B	Textbook	F	Yes	Yes
C	Textbook	M	Yes	Yes
D	Textbook	M	Yes	Yes
E	Textbook	M	Yes	Yes
F	Textbook	F	Yes	Yes
G	Textbook	F	Yes	Yes
H	Textbook	M	Yes	Yes
I	Textbook	M	Yes	No
J	Training manual	F	Yes	Yes
K	Training manual	M	Yes	Yes
<b>Panel B - Textbook Commissioning Editors</b>				
<b>Publisher</b>	<b>Textbook/ training manual</b>	<b>Gender</b>	<b>Subject area</b>	<b>Type of publisher</b>
A	Textbook	M	Marketing & Accounting	Higher Education
B	Textbook	M	General Accounting	Higher Education
C	Textbook	F	General Accounting	Higher Education
D	Textbook	F	Management & Accounting	Higher Education and Academic

Note: The table shows the background details of the interviewees who took part in this stage of the project. The first column shows the interviewee code letter, while the second column indicates whether the interviewee was involved in the production of either a textbook or training manual. The gender of each interviewee is supplied in the third column. The fourth column of Panel A indicates whether the interviewee has a professional accounting qualification, while column five shows if their text is currently in print. The subject areas which each commissioning editor is responsible for are supplied in column four of Panel B, while column five shows the type of publishing organisation they work for.

As Table 4.4 shows, all of the textbook authors interviewed held a professional accounting qualification; in this respect, it could be argued that the predominance of professionally qualified accounting textbook authors reinforces the link between university accounting education and the accounting profession (Green and Everett, 2003). All but one of the authors interviewed had written books which were in print. The commissioning editors interviewed worked for firms which primarily operated in the area of higher education publishing except for one whose firm also published scholarly reports. All of the commissioning editors worked mainly in the area of accounting, although one editor was also involved in the commissioning of marketing textbooks and another with management texts. For both the authors and commissioning editors interviewed, there was a mix of gender; more specifically, four of the authors interviewed were female and seven male, while two of the commissioning editors were female and two male. All of the participants worked in different places; in the case of authors, all of the interviewees worked for different institutions throughout the UK, and all of the commissioning editors worked for different firms. While no claims are made about the generalisability of this sample, the interviewees represent a good spread of authors and commissioning editors in the area of introductory financial accounting.

Before the start of each interview a statement of the objectives of the project and a list of possible discussion points and questions were

given to the interviewee. The interviewees were not restricted to these topics but instead were encouraged to expand on other issues that they believed to be important. All interviews, except for two, were recorded. Interviews were conducted on a strictly non-attributable basis. The views of the authors and publishers that emerged from the interviews can be summarised into separate areas and will be discussed under the following headings: the contents of financial accounting textbooks and study manuals; homogeneity in financial accounting textbooks and study manuals; and ideology.

### **The contents of financial accounting textbooks and study manuals**

Authors and commissioning editors were asked a number of questions regarding the decisions surrounding the content of accounting texts and the publishing process in general. A number of issues emerged from this aspect of the discussion; namely, that the contents of textbooks, to an extent, were 'planned' by publishers, and that whilst the market was defined in terms of what was taught on undergraduate accounting education courses, there was an indirect influence on textbook content by professional accounting bodies.

All of the textbook commissioning editors noted that the contents of introductory financial textbooks were driven predominantly by perceived market demand. When asked to comment on whether textbooks were written to cover both professional and higher education markets, respondents suggested that it would be commercial suicide to try and cover two markets at once. However, Publisher A noted:

*I personally wouldn't go and look at professional courses. I would rely much more on the modules that are taught in higher education. If they are influenced by professional [syllabi], then I guess, indirectly I would be as well.*

Therefore, the textbook publishers defined their markets almost entirely by reference to university accounting curricula; textbook content was principally derived from what was taught on university degree courses. Whilst publishers acknowledged that they paid little attention to the professional market or professional accounting syllabi, all of the commissioning editors interviewed acknowledged that it was likely that professional accreditation influenced the content of what was taught at university and would therefore affect decisions regarding textbook content indirectly.

Both textbook authors and publishers were asked to consider how much each had influenced the content of the textbook. Publisher C explained:

*It's a mixture of both really. We do get people approaching us, usually with an idea rather than actually having written a manuscript... it's a mixture of that and us thinking 'well, where is the gap, what do we need, what's happening in the market, what kind of book are people asking for?' and then going out and finding an author to write it for us.*

Publisher A noted that it was more common for the contents of textbooks to be planned by the publisher for introductory level courses, whilst authors were more likely to submit scripts for textbooks at more advanced levels, such as accounting theory. He stated:

*We will know what we want to do, it's just a question of finding [an author], and really, you pick those up as you go along. If somebody has got [an idea] in that area, that's when you will sit down... and start shaping the contents to what you want - which is really driven by the market.*

Some of the authors agreed with this sentiment. For example, Author F explained that textbooks were written for the market and did not necessarily reflect the author's own ideas of the subject. Authors B and G had not been involved in the initial editions of their textbooks and therefore explained that they were not privy to any negotiations that may have taken place between the original authors and publishers regarding the contents of their textbooks. However, both of these authors noted that their respective publishers had never suggested that they include or remove any material from the editions they had worked on.

Three of the authors, Authors A, C and D, indicated that decisions regarding content were entirely up to them, subject to a few minor changes which resulted from the review process. For example, Author C explained:

*I was quite clear on what the book I wanted to write was, and they basically went along with it. Basically, they have a review process... and the reviewers had some comments, and where possible, I incorporated them into my book. 90 per cent of the content of the textbook was decided by me.*

The review process is quite rigorous for introductory financial accounting textbooks because the market is relatively large at this level. Typically, there would be around ten reviewers for an accounting textbook at an introductory level, whilst there would probably only be about three for a more specialised, higher level textbook. The process was detailed by Publisher A as follows:

*The author will get to see the reviews. They will be anonymised. We will sit down and say, three reviewers have picked up on this, and then basically it is give and take. The only thing that drives our need for an extra chapter or not is whether we think we will hit a slightly bigger market by having it. Whereas, I think*



*authors feel sometimes a bit more personally that that is how the subject should be taught. I'm not saying that that is right or wrong; I mean I don't have a formal accountancy qualification. My knowledge of accounting is all about what is taught and how it is taught... I don't necessarily know what it is, if I did then I would be writing the books. So it needs to go to an academic [for review]... Everything is a compromise. I mean, we are in publishing to make money. It is as simple as that. We are not here to disseminate information or whatever, this is just how we choose to make money. If we thought that adding another 30 pages, which means adding 30 pages worth of paper to every unit we produce... will bring a greater return, then we will do it.*

Publisher A's comment highlights the negotiations that take place regarding decisions about content, and how these processes are affected by the social and economic relations within the publishing industry (Apple, 1991; Thompson, 2005). It seemed clear from the comments made by three of the commissioning editors interviewed, that financial goals, rather than any alternative aims, dominated editorial decisions. All of the commissioning editors interviewed, bar one, perceived their publishing firm as a profit motivated business: Publisher D viewed her firm's activity as making a contribution to knowledge in the subject areas her company operated in, although she acknowledged that profit was important in terms of survival. Again, drawing on Apple (1991), it would appear that publishing organizations do not have a particular political agenda which shapes the contents of their textbooks; instead, existing market structure and the 'bottom line' are influential in this regard. From the publisher's perspective, the knowledge which is deemed important is the knowledge that sells.

With an increasing focus on the bottom line, the 'marketing' of textbooks was viewed by Publishers B and C as being as important as content development. For example, Publisher B explained:

*To be honest, it's less to do with the content of the book, although it has to be right or thereabouts... It is more dependent on your commercial power in the market, how many reps you have, how good they are at getting round and seeing lecturers and getting them to accept books.*

According to the professional training manual authors interviewed, the content of their manuals was determined entirely by the syllabi of their respective professional bodies. For example, Author K commented on how he revised the content of his text when the syllabus changed. He explained that he was:

*...just sent...a syllabus, and then it is down to me to read through the syllabus and pick out the changes and make the appropriate additions and subtractions.*

While Author J stated that her manual was updated annually, she noted that content was always restricted to what was on the syllabus. Given the importance of the professional syllabus in terms of its influence on the content of training manuals, both authors were asked to comment on how the professional syllabus at each institute was developed. In their response, both authors alluded to consultation with accounting firms. For example, Author J explained that one member of her institute was responsible for keeping:

*...an eye on what different professional organisations are doing, and what expectations there are of accountants when they practice, which leads into our syllabus document.*

She added that a representative from her professional body:

*...has been to the different accounting firms and has got views as to what's happening in Europe and overseas as well.*

In this respect, the syllabus of her institute was developed following consultation with accounting firms so as to 'try and make the qualification as recognisable as possible'. Similarly, Author K noted that another institute for which he had worked in the past 'did a lot of work with firms', who, at that time, were concerned with debates surrounding 'technical competence versus broad skills'. While such issues became integrated into the syllabus at that time, Author K explained that:

*It went one way and then it moved back. Firms had wanted business people with a broad knowledge base, so the move was to have a scenario question, that didn't just, for example, deal with fixed assets; it dealt with a range of issues... so you would build in five or six standards and then explore broad issues. That went on for a few years, but, interestingly enough, they did a second survey of the firms to see whether they liked the new syllabus, and they said... students are coming into firms unable to do basic bookkeeping. So it moved backwards a bit. So, we were then told that in our questions to always have a bit of basic bookkeeping in there.*

These comments highlight an important aspect of the accounting education process and the role of private sector activity, qua accounting firms, in influencing the content of the accounting curriculum. More specifically, while accounting firms directly influence the content of professional accounting syllabi, these syllabi, in the guise of accreditation requirements, also indirectly influence the content of accounting degree programs and, again indirectly, accounting textbooks. This influence is perhaps not so indirect in the case of training manuals.

In terms of Thompson's framework, the everyday understanding of authors and commissioning editors would suggest that the content development of introductory financial accounting textbooks is a well managed process, influenced by a range of factors. In particular, interviewee comments suggest that the strong financial motives of the

large media conglomerates that publish introductory financial accounting textbooks are influential in terms of content development. For example, interviewees alluded to the content of textbooks being aligned with the perceived expectations of 'the market', and how publishers have a clear understanding of the market through their research activity. In this sense, it seems that content is developed in such a way that it secures the maximum number of adoptions. Furthermore, the review process also contributes to the content development of introductory financial accounting textbooks, since reviewers' comments are frequently addressed, and changes to content made accordingly. In addition, one commissioning editor referred to the importance of the marketing of financial accounting textbooks; again, there is a link to the context of publishing, since it was suggested that if a publishing firm had sufficient commercial power, it could secure adoptions so long as the content was 'thereabouts'.

For professional training manuals, content was determined entirely by the professional syllabi. Both of the training manual authors interviewed explained how the syllabi were developed through a consultative process with accounting firms regarding the qualities and skills they deemed to be important. In this sense, the knowledge base of the accounting professions appears to be, to an extent, influenced by powerful accounting firms – furthermore, professional accounting education syllabi, through accreditation requirements, also influence the content of accounting degree programs and, indirectly, accounting textbooks. However, it is recognised that others, including academics, are involved in the setting and amending of professional syllabi. In many respects, this section has highlighted the complex ways in which publishing context can impact upon the content of financial accounting textbooks and study manuals. In terms of the development of content in the service of power, the role of the accounting profession, through accreditation requirements, was noted in this section. This issue will be pursued further in the following two sections.

## Homogeneity in financial accounting textbooks and study manuals

According to Author E:

*...introductory accounting books, if you look at them across the planet... they are all the same. They all cover the same topics!*

He was not alone in making this observation: authors A, B, C, D and I also acknowledged that most of the financial accounting textbooks tended to cover the same material, even though there appeared to be a wider choice of financial accounting textbooks on the market in comparison to other accounting subject areas (see Ferguson *et al.*, 2004). Although the authors interviewed were sometimes keen to distance themselves from any influence exerted by professional accounting bodies, it would appear that accreditation requirements, whether directly or indirectly, impacted upon the contents of financial accounting textbooks (see also Green and Everett, 2003; Ferguson *et al.*, 2004; 2005).

A number of the textbook authors consciously consulted professional accreditation requirements in order to make sure that 'everything was covered' (see Table 4.5). For example, Author D stated that he and his co-authors:

*...literally took the syllabuses of the major professional bodies and went through the introductory syllabuses and ticked off what we thought should be in it, and made sure we covered everything.*

It was perhaps not a surprise that a number of authors consulted with professional accounting syllabi, given that all of the authors were professionally qualified (see Table 4.4). While a number of textbook authors consulted with professional accreditation requirements when writing their text, the role of the accounting profession was played down and typically viewed as having little influence on the contents

of introductory textbooks. However, an ‘indirect’ relationship was acknowledged by nearly all of the textbook authors interviewed (see also, Ferguson *et al.*, 2007). In this sense, authors tended to view the act of writing an introductory textbook as an ‘autonomous’ activity (see Green and Everett, 2003); indeed consistent with Green and Everett’s (2003) insights, Author C stated:

*I have been influenced very little by professional bodies. Only indirectly in the sense that I might want to be in the market to reach first year accounting students, whose syllabus in turn might be dictated by the fact that the accreditation bodies might want them to cover partnerships.*

Similarly, Author B explained that a textbook was not written to specifically get exemptions but ‘you hope to [meet] exemption requirements’ in the process. She felt that most authors would try and meet accreditation requirements because:

*You can’t market your book properly if you can’t meet the exemption requirements. They are a sub-conscious influence if you know what I mean. For example, I didn’t go back to fundamentals of accounting for ACCA [to check] what was in the syllabus [and whether] I was covering every single thing... But, being a qualified accountant and being aware of accreditation requirements, then that is always in the back of your mind.*

*Table 4.5 Summary of Authors' Responses on Textbook Features*

<b>Author</b>	<b>Professional syllabus/ accreditation consulted?</b>	<b>Intended Audience</b>	<b>How is active independent learning achieved?</b>
A	Yes	Level 1, UK accounting undergraduate	Learning objectives and outcomes, questions/ self-test
B	Yes	Level 1, UK accounting undergraduate	Questions/self-test
C	Yes	Level 1, UK accounting undergraduate	Questions/self-test, web-based questions
D	Yes	Level 1, UK accounting undergraduate **	Questions/self-test
E	*	Secondary school accounting students	N/A
F	No	Level 1 UK business undergraduate	Questions/self-test
G	No	Level 1, UK accounting undergraduate	Learning contract, reflection of learning experience, questions/ self-test
H	No	Level 1 UK business undergraduate	Learning objectives and outcomes, questions/ self-test

*Table 4.5 Summary of Authors' Responses on Textbook Features (Cont.)*

Author	Professional syllabus/ accreditation consulted?	Intended audience	How is active independent learning achieved?
I	Yes	Level 1, UK accounting undergraduate	Learning objectives and outcomes, questions/ self-test
J	Yes	Professional accounting students	Learning objectives and outcomes, questions/ self-test
K	Yes	Professional accounting students	Learning objectives and outcomes, questions/ self-test

N/A = Not Answered

\* Secondary school standardised test curriculum consulted. Whilst author E's textbook was aimed at secondary schools, it is, none the less, the most widely adopted textbook on accounting degree programs in the UK. For this reason, it was felt that the views of this author were of importance to the study.

\*\* First edition of textbook intended for professional students.

Two of the textbook authors interviewed indicated that another reason for the homogeneity in financial accounting textbooks was the reluctance of lecturers to engage with alternative approaches to teaching the subject. For example, Author G suggested that such reticence, in some cases, is down to people 'looking for an easy life' and not wanting to do anything that is different. Talking specifically about her own textbook, which takes a more alternative approach, Author G suspected that some of the negative reactions to her textbook arose because 'it just offends sensibilities, in that it is chatty... and quirky and some people find that very threatening'. Similarly, Author I noted:



*One of the things that I realised, much to my horror, was that accountants, and accounting lecturers in particular, are far more conservative than other academics. In other [disciplines], if someone takes a more radical approach to teaching and they find that it is effective, they may think 'oh, this is great' and it would be more quickly adopted... But accountants - no. [The financial accounting textbook market is] by and large, saturated with the same sort of stuff. Nobody takes a radical approach. Some take minor, minor differences, with 'unique selling features'. But essentially, it's the same material you get no matter what.*

The homogeneity in financial accounting textbooks was noted by the majority of interviewees and was attributed, in part, to professional accreditation requirements. Whilst professional accounting bodies do not directly determine the contents of financial accounting textbooks, their influence is enough to ensure that courses adhere to accreditation requirements (Green and Everett, 2003). As mentioned in the previous section, if textbooks are designed to match course content, and course content is designed to cover professional accreditation requirements, then it is likely that textbooks will match closely the content and knowledge which professional accounting bodies deem to be relevant. In addition, all of the authors held a professional accounting qualification; having been trained and tested by their respective professional bodies, it could be argued that this process shaped authors' ideas of what should be included in an introductory financial accounting textbook (Green and Everett, 2003).

While the training manual authors were asked to comment on whether they thought their texts differed from those of other professional bodies, it was not as apparent from their remarks that training manuals were perceived as homogenous. For example, Author J felt that the training manual she was involved in developing was 'better' than those of other professional bodies. In particular, she noted that her text was

much more comprehensive, and would therefore mean that tutors would not have to concentrate their efforts on teaching syllabus material that was missing from the text. Author K felt that there were differences in the professional syllabi, although he acknowledged that ‘at this level, because it is basic accounting, [the differences are not so apparent]’.

Again, one interpretation of the views expressed by authors and commissioning editors suggests that another condition, specific to accounting education, is important in terms of the content development of accounting textbooks. In particular, as a result of the professional accounting bodies accrediting university degree programmes, the content of accounting courses tends to be fairly similar across institutions. In conducting market research to find out what material is taught on different courses, the commissioning editors interviewed acknowledged that most universities attempt to cover what is required for accreditation purposes. Furthermore, some authors actively sought to cover professional accreditation requirements in their textbook, or consulted with professional examination syllabi to ensure that there was close alignment with what was taught on professional accounting education courses. While both training manual authors consulted with the syllabi of their respective professional bodies, it was not suggested that professional accounting training manuals were homogenous – however, one training manual author acknowledged that at the basic accounting level there would be similarities in content. The following section considers how the conditions outlined thus far may be linked to a perceived ideology within accounting textbooks.

### **Ideology and accounting textbooks**

Drawing on a specific critique in Cameron *et al.* (2003a, p.713), authors were asked whether or not they viewed their textbook or study manual as ‘propaganda’ or ‘ideology’. For their part, the professional training manual authors tended to view their texts in terms of ‘neutrality’

or 'fact'. For example, when the question was put to Author J, her response was 'neither, I see it as statement of fact'. In her response to an earlier question, Author J stated that 'one of the things we try to bring through in the text is this idea that by serving the needs of the shareholders you serve the needs of a lot of other groups'. It was suggested to Author J that the explicit privileging of certain users could be viewed as ideological, to which she stated emphatically, 'no, I still see it as statement of fact'. Author K felt the text he authored was 'completely neutral', in the sense that:

*It simply reflects the syllabus. ... The syllabus would say who are the users, and would list them and say shareholders, creditors and other stakeholders.*

In this sense, Author K acknowledged that the professional examination process reflected 'what I would call training, not education', adding:

*If the world has said that we produce accounts in this way, [students] are there to learn how to do it. I doubt if the firms, or the examiners are concerned to get students, as part of their training, to think about what could be done or should be done.*

Responses indicated that most of the textbook authors thought that, due to the nature of the subject, financial accounting textbooks reflected a monolithic capitalist view of the world; therefore, maximisation of shareholder wealth assumptions were implicit throughout. For example, Author F explained that students get taught capital market accounting at university whether they like it or not. This view was expressed succinctly by Author E, who stated:

*This book is purely and simply based on the philosophy that people studying accounting should learn how to do it. Because accounting traditionally is profit and loss and balance sheet, produced for the shareholders and the owners, that is the focus of the book.*

Authors who adopted this particular view of the world in their text were asked whether they felt that such an approach was desirable. Author H explained that you cannot get away from the fact that accounting ‘is the handmaiden of capitalism’ but added that, in his view, students are insufficiently aware of this relationship. The majority of responses suggested that introductory level accounting was not the place to introduce wider contextual issues, such as the relationship between accounting and the economic structure of a society. For example, Author D argued that:

*I think if you are learning accounting it is better to learn accounting first and then you [can] develop your own critical faculties, which is broader than just the accounting question.*

Author B supported this comment, stating that students at an introductory level ‘find it difficult just to understand the basic fundamental principles. For some of them that’s hard enough’. However, authors differed in their views on how much later these wider issues should be taught. For most, final year courses on corporate governance or social and environmental accounting were the appropriate place to cover this material on an accounting degree.

However, two of the authors made an explicit attempt to explain the context of financial accounting and to introduce alternative perspectives in their textbooks. For example, Author F explained that stakeholder perspectives were ‘killed off’ by the former UK Prime Minister, Margaret Thatcher, who scrapped a green paper, drafted under the previous Labour government, which considered corporate reporting for a wider group of

stakeholders. The Green Paper was entitled 'The Future of Company Reports' published in July 1977 (HMSO, 1977). Amongst other things, the Green Paper outlined a requirement to report to a wider group of stakeholders such as employees, customers, the public etc. as well as a requirement to include value added statements in company accounts. The Green paper was influenced by the publication of the discussion paper, *The Corporate Report* (ASC, 1975). Whilst the rights of shareholders have explicit primacy in UK company law, Author F attempted to introduce the perspectives of other stakeholders by including a conversation between different constituencies throughout the text, so that their views were considered in the book.

Similarly, Author G attempted to make students aware of relationships between stakeholders, other than simply financial relationships. She explained that in her textbook she:

*[Tried] to get students to understand that financial information flows always follow physical moves, or exchanges. So the systems perspective on teaching bookkeeping, means that we start off with the physical [flows]. So that kind of flow is the first thing. And after, we say, are we going to capture this physical flow in a financial way and can we measure it, in which case we are actually doing something in the accounts. It does of course mean that we immediately say, oh there is pollution - but actually, we don't measure that, because even though it physically happens, there are no financial flows as a result of it [because] it is not part of our accounting system. So right from the very outset we say, there are all of these flows, and we are going to catch a subset of them. In that respect, those relationships become explicit right up front.*

In this respect, students were exposed not only to the relationships that exist between stakeholders but also to the limitations of accounting information. However, it seemed that authors were limited in terms

of the extent to which they could introduce contextual issues into their textbooks. One of the most common reasons cited was that there was no market for such issues and, in particular, reviewers were not asking for such things to be included.

Interestingly, some authors explained that the worldview presented in their textbook was different from their own. For example, Author H commented that he stopped working as an accountant because he was not 'enough of a capitalist', even though his textbook teaches students how to perform a role which is intrinsically important to the functioning of capitalism, in particular, the Anglo-American variant. Similarly, Author A suggested that the values presented in his textbook did not necessarily accord with his own. He noted that, when writing his introductory accounting textbook, he and his co-author felt it was necessary to include material on the International Accounting Standards Board's *Framework for the Preparation and Presentation of Financial Statements*. While the Framework prioritises the user needs of shareholders, Author A acknowledged that 'if you put the needs of the shareholder first you are actually making... a statement about the relative share of economic wealth'. However, Author A did not see it as his role 'to tell the students that this is all wrong, or that the employees should be the main users', although he felt that, at the very least, it was important to 'raise the issue with the students and try and suggest that at least there is an issue there'. Nevertheless, he noted:

*The textbook adopts whatever propaganda or ideology there is in accounting. It is certainly not something we have explicitly challenged - at most what we have done is occasionally said, 'this may be worth thinking about'. I think the position we have taken is quite a passive one.*

One other limitation, frequently cited by interviewees, was the length of the textbook. In terms of minimising production costs, both authors and publishers were aware that if something additional were to be added, then something would usually have to be removed. If that something happened to be there for accreditation purposes, then there was an inherent danger that sales would be adversely affected. As Author B explained:

*That is the constraint I think. If you extend one part of the book, you are only given a certain amount of words that you can use... [so] what do you drop? If it is a balance of weighing up exemptions with wider issues, then what is going to be more marketable? Is it having a textbook that covers these wider issues, or is it a textbook that covers... the things you need for exemptions?*

In most cases, the authors interviewed indicated that they considered their textbook was ideological, in the sense that its content tended to support the values and assumptions of the Anglo-American variant of capitalism. In particular, it was noted that accounting textbooks tend to prioritise the user needs of shareholders. While a perceived ideology in introductory financial accounting textbooks was acknowledged by the majority of interviewees, only two authors attempted to resist this particular worldview by introducing alternative perspectives or by challenging taken for granted assumptions. However, it seems that resistance and contestation to a perceived ideology is limited within the production of accounting textbooks. More specifically, given the space constraints imposed by the publishing process and the desire to keep publishing costs to a minimum, publishers are reluctant to drop material from a text that is perhaps required for accreditation purposes and replace it with wider/contextual material, as it would be assumed that this would negatively affect sales. As Apple (1991) points out, there is certainly evidence of progressive ideas within the accounting textbook

production process – however, it would appear that the context of accounting textbook production inhibits the extent to which contestable ideas can be made explicit and developed.

## Summary

This chapter has highlighted the structure of the field of higher education publishing, and the interrelationship between publishing and other areas: namely, higher education and accounting practice. In particular, by drawing on Thompson's (1990) framework, this chapter has highlighted the context of accounting text production as well as the everyday understanding of the authors and commissioning editors involved in the text production process. By considering the perceptions of individuals involved in production, as well as the context, a more comprehensive picture of the operation of ideology within accounting textbook publishing was permitted. The focus is predominantly that of a shareholder view, and even though some authors recognise the inherent problems with this, they are mainly concerned about covering professional bodies' syllabi and the technical nature of financial accounting.

The following chapter builds upon the findings outlined above, by examining the content of three introductory financial accounting textbooks and three professional study manuals.



# 5 ANALYSIS OF CONTENT OF ACCOUNTING TEXTBOOKS AND TRAINING MANUALS

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## **Introduction**

This chapter analyses the content of three introductory financial accounting textbooks, as well as the introductory financial accounting study manuals specifically written for ACCA, ICAS and ICAEW. As mentioned in chapter three, Thompson (1990) suggests that the texts can be analysed in a number of ways. The analysis in this chapter draws on an approach developed by Thompson (1990) which specifically considers the typical linguistic modes through which ideology operates. This chapter is structured as follows: the next section outlines Thompson's approach to analysing the typical modes of operation of ideology; this approach underpins the analysis in the current chapter. This is followed by a discussion of the results from the analysis; the discussion is considered under the following six headings: legitimisation; dissimulation; unification; fragmentation; reification; and selective tradition. The final section concludes.

## **Typical modes of operation of ideology**

As introduced in chapter three, Thompson (1990) distinguishes five general modes through which ideology can operate: legitimisation; dissimulation; unification; fragmentation; and reification. Each of these modes can be 'linked with various strategies' of language as illustrated in Table 3.1.

Thompson (1990) stresses a number of qualifications regarding his approach. Firstly, he acknowledges that the operation of ideology is not restricted to the five modes outlined, and that they will not necessarily operate independently of each other. It is possible that ideology will operate in other ways or that different modes will overlap. This point will be addressed further in this section under the heading 'selective tradition'. Secondly, the strategies listed are not exhaustive, and those which are listed are not necessarily 'uniquely associated' with the modes with which they have been identified. As Thompson (1990, p.60-61) notes, 'the most one could say is that certain strategies are typically associated with certain modes'. Thirdly, the outlined strategies are not necessarily ideological in themselves but rather depend 'on how the symbolic form constructed by means of this strategy is used and understood in particular circumstances'; in other words, whether it serves to sustain power relations in a particular context, such as the accounting education process (Thompson, 1990, p.61).

### **Selective tradition**

In addition to Thompson's (1990) approach, the analysis of financial accounting textbooks and training manuals in this chapter will draw on the 'selective tradition' (Williams, 1961; 1989). As mentioned in chapter three, the selective tradition refers to a 'particular set of emphases and omissions' within a culture (Williams, 1961, p.145). The term itself was first introduced by Raymond Williams (1961), who distinguished between three levels of culture: lived culture; recorded culture; and selective tradition. According to Williams (1961, p.66), the lived culture is specific to a particular time and place, 'only fully accessible to those living in that time or place'. Recorded culture refers to aspects of culture, from art to 'everyday facts', which are no longer part of a lived culture and thus only 'survive in its records' (Williams, 1961, p.66). Finally, the selective tradition is the factor which connects the lived and recorded

period cultures. In this respect, while ‘theoretically’ a period is recorded, in practice, the record ‘is absorbed into a selective tradition, and both are different from the culture that is lived’. (Williams, 1961, p.66).

Williams (1961, p.61) argues that it is not possible to ‘wholly recover ... that sense of life’ within a particular period. Instead, certain things from a period are selected for emphasis, and this selection ‘will be governed by many kinds of special interest, including class interest’ (Williams, 1961, p.66). Of particular relevance to this research, Williams (1989, p.60) alludes to the role of the selective tradition within education, stating that:

*Education transmits necessary knowledge and skills, but always by a particular selection from the whole available range.*

Indeed, the application of the concept of selective tradition to education has been widely adopted by contemporary education researchers; for example, Apple (2004, p.6) suggests that when considering aspects of curriculum content, researchers should consider ‘Whose knowledge is it? Who selected it? [and] Why is it organised and taught in this way?’.

In this important respect, the analysis of accounting textbooks and study manuals in this chapter will also consider the selective tradition in relation to accounting textbooks, by not only taking into account what is ‘in’ the texts, but also what is omitted. The following section outlines the application of Thompson’s (1990) approach, in conjunction with the concept of the selective tradition, to the analysis of three recommended introductory financial accounting textbooks and three professional study manuals.

## **Analysis of introductory financial accounting textbooks and training manuals**

This section discusses the findings of the analysis of the three core introductory financial accounting textbooks as well as three professional study manuals. The analysed texts are: Wood and Sangster (2005), *Business Accounting 1*, recommended by University A; Black (2005), *Introduction to Accounting and Finance*, recommended by University B; Britton and Waterston (2006), *Financial Accounting*, recommended by University C; ACCA (2005) *Preparing Financial Statements*; ICAS (2005) *Test of Competence: Financial Accounting*; and ICAEW (2007) *Accounting: Professional Stage*. As discussed in chapter three, a qualitative content analysis approach was employed (David and Sutton, 2004), using Thompson's (1990) approach as the basis for coding prior to the analysis of the accounting texts. Analysis was undertaken by reading each of the six texts in their entirety while identifying characteristics that corresponded with Thompson's (1990) approach. A preliminary analysis of the first chapter of each of the three university recommended textbooks was undertaken independently by each of the authors of this study; each analysis was then compared and checked for consistency. While there were a few minor discrepancies, for example, where text could be interpreted as belonging to more than one category, the process was deemed to generate sufficient consistency for the analysis of the recommended textbooks and study manuals to continue in their entirety. The results of the analysis will be discussed under the following six headings: legitimisation; dissimulation; unification; fragmentation; reification; and selective tradition.

### **Legitimation**

Common to all of the financial accounting textbooks and study manuals was their discussion of potential 'users' of accounting

information; this discussion was generally contained within the introductory chapter of each text. A list of stakeholders or potential users of accounting information was identified in each text, with a very brief explanation of what each of their information requirements were likely to be. In their discussion, both Black (2005) and Britton and Waterston (2006) referred to authoritative sources: the ASB's *Statement of Principles* and the IASB's *Framework for the Preparation and Presentation of Financial Statements* respectively. In both Black (2005) and Britton and Waterston (2006), shareholders appeared first on the list in their discussion of users. For each of the professional study manuals, managers appeared first on the list, followed by owners/shareholders, while the general public were placed at the bottom of each list. One might legitimately assume that such lists were ordered in terms of the perceived relative importance of each user group and their right to financial information. In all of the recommended textbooks and study manuals, it was assumed that users were primarily interested in financial information or the financial performance of an entity.

The strategy of legitimisation which all of the texts share, to a greater or lesser extent, is the assumption of universalisation, in other words that a single set of financial statements will satisfy the user needs of all the stakeholder groups that they identify. Black's (2005) treatment of this issue differs from the other two recommended textbooks, in that the author merely lists the users and their perceived needs, providing no discussion on whether or not a single set of financial statements can possibly meet these needs. Whilst both Britton and Waterston (2006) and Wood and Sangster (2005) acknowledge that a single set of statements might not necessarily satisfy all user needs, the authors present a rationalisation of their preference for a single set of financial statements, based primarily on the perceived additional costs of providing information to a range of users. For example, Wood and Sangster (2005, p.7) state that:

*Many different groups of stakeholders make it impossible to produce accounting information at a reasonable cost... As a result, accounting focuses on producing information for owners. The other stakeholder groups often find the accounting information provided fails to tell them what they really want to know. However, if organisations made the effort to satisfy the information needs of all stakeholders, accounting would be a very costly exercise indeed.*

Similarly, Britton and Waterston (2006, p.11) also raise the question of cost, asking ‘who would pay for all the extra reports if separate reports were produced for different user groups?’

Although Britton and Waterston (2006) pose this question, they at no point allude to the fact that the IASB Framework upon which they base their discussion explicitly states that all user needs can be adequately addressed by preparing financial statements primarily aimed at shareholders. In fact, Wood and Sangster (2005) is the only one of the three recommended textbooks to acknowledge that financial statements are prepared for ‘the owners’ - despite the fact that Wood and Sangster (2005) did not refer to either the IASB’s Framework or the ASB’s *Statement of Principles* which make this explicit.

Like Black (2005), all three professional study manuals list the potential users of accounting information<sup>1</sup>, implying that a single set of financial statements could adequately satisfy the user needs of each group. ICAS (2005, section 14.4) draws attention to the IASB’s Framework, highlighting how the Framework maintains that the user needs of all stakeholder groups can be adequately addressed by ‘focusing on the needs of present and potential investors’ referred to in ICAS (2005) as the ‘defining class of users’. Despite the contestability of such a statement, this assumption is not problematised in any way by ICAS (2005). While ACCA (2005) discusses the ASB’s *Statement of Principles*, there is no discussion that this conceptual framework also explicitly prioritises the user needs of shareholders. Although ACCA (2005, p.199) mentions

that one of the benefits of the *Statement of Principles* is that it 'provides a basis for resolving disputes', it is not clear what the nature of these disputes might be. If one were to assume that disputes were waged between different users of financial statements regarding their right to information, then ACCA's (2005) silence in regard to the priority ascribed to shareholders in the *Statement of Principles* is significant. In referring to the role of the auditor, ACCA (2005, p.287) explicitly implies that by serving the interests of shareholders, the wider interests of society are addressed, stating that by acting as a 'watchdog for shareholders' auditors also serve as a watchdog for 'society as a whole'.

Although ICAEW (2007) discusses the information needs of a range of users at the beginning of the text, later in the text that range is significantly narrowed. In particular, in a discussion relating to the regulatory framework for company accounts, ICAEW (2007, p.420) describe how regulation is in place to help investors and that published accounts are prepared so that 'investors [can] make meaningful comparisons' – the needs of other users seem to have disappeared from the discussion.

In the opening chapters of all three recommended textbooks, the authors draw on stories which 'recount the past' when explaining the role/function of accounting. By presenting the practice of accounting 'as part of a timeless and cherished tradition' (Thompson, 1990, p.61) all three texts potentially obscure relations of domination. For example, Wood and Sangster (2005, p.xv) note that:

*[Double entry] has been in common use for over 500 years and is probably the most tried and tested technique for doing anything you are likely to encounter.*

Utilising the strategy of narrativisation, the three recommended textbooks mention Luca Pacioli in terms of the development of accounting. Whilst mentioning the influence of Pacioli is not necessarily

ideologically charged in itself, again, none of the three texts reflect upon the immense changes which have occurred in the organisation of business activity since the 15th century, when Pacioli's *Summa* was first published. In other words, although there is a need to place accounting in a historic context; by neglecting to differentiate between the structure of organisations and, in particular, between issues of ownership and control, students are led to believe that a set of techniques developed in a completely different social and economic context - in particular one where the separation of management and control did not exist - can serve the same purpose in contemporary business organisations (multi-national corporations).

Only one of the professional training manuals, ICAS (2005), draws attention to the historical context of accounting, referring to Pacioli's *Summa* as well as the use of record keeping in early civilisations such as, 'Babylonians, Assyrians and Egyptians'. Similarly, ICAS (2005) does not provide any suggestion of the immense changes to the structure of organisations which have taken place since these early times. It is of note that, while the three recommended textbooks and ICAS (2005) recount stories from the past and, arguably, place accounting within a 'cherished tradition', both ACCA (2005) and ICAEW (2007) neglect to provide any historical context whatsoever.

Britton and Waterston (2006) is the only recommended textbook to explicitly consider why employee costs are classified as an expense in the income statement as opposed to an 'asset' in the balance sheet. In their discussion, Britton and Waterston (2006) employ a chain of reasoning which, it could be argued, defends the status quo in terms of offering a rationale for the asymmetrical power relations that traditional accounting systems accord to employees and shareholders. For example, they state that because a skilled workforce cannot be:

*...reasonably objectively measured in money terms... [It] is not an asset that you will see in the balance sheet... it does not appear*



*because the value of the asset cannot normally be objectively quantified.* (Britton and Waterston, 2006, p.57, emphasis added)

This ‘rationalisation’ is taken up further on pages 62 and 63, where the authors support their argument by drawing on the IASB’s Framework. Whilst Britton and Waterston (2006) acknowledge that a key employee would meet some of the Framework’s definition for the classification of an asset, in that an employee will represent a future economic benefit, they state that, ‘the Framework also imposes the further condition that the element must also be capable of being objectively quantified’. The authors express agreement with the Framework on this matter: that the lack of objectivity should mean that employees are not classified as an asset. It is perhaps worth noting that, throughout their text, Britton and Waterston (2006) use the term ‘objectivity’ repeatedly – and the term is often employed in the context of providing a rationale for using one accounting technique over another.

ACCA (2005, p.192) is one of the few examined study manuals to address the issue of why employee costs are classified as an expense, and it employs a similar, albeit a much more pithy, explanation when they state that employee costs tend not to be recorded as an asset since it is ‘very difficult to arrive at a value’. The ICAS financial accounting manual (2005) also has an activity which asks trainees to consider why employees are not recognised as an asset in the financial statements and how a monetary amount could be put in them if they were.

## **Dissimulation**

Of the typical strategies associated with the mode of ideology, those involving ‘dissimulation’ are primarily concerned with aspects of language; in particular, the figurative use of language. It is apparent that in textbooks the figurative use of language is not as apparent as it

might be in, for example, a political speech or Chairman's statement (see Amernic and Craig, 2006). However, there are a few commonplace accounting terms which are pervasive in the three texts investigated, as well as in accounting discourse in general, which could be considered to be consistent with 'dissimulation' as described by Thompson (1990).

The first of these is the term 'the accounting equation' which is used in all of the recommended textbooks and study manuals to explain how the value of capital can be calculated by deducting liabilities from assets. The use of the term 'equation' in the construction of a balance sheet implies a notion of mathematical objectivity. In this sense, the positive connotations associated with the term imply that some level of mathematical objectivity applies to the balance sheet. Thus, the highly subjective nature of the items which make up the balance sheet are obscured. Furthermore, there is an element of circularity in treating what is in essence a definition as an 'equation'.

Another phrase is employed by Black (2005) and Britton and Waterston (2006) which, whilst in the context of acknowledging the limitations of financial accounting manages, simultaneously, to project a positive image for the discipline of accounting. By referring to accounting as 'not an exact science', both Black (2005, p.64) and Britton and Waterston (2006, p.x and p.51) acknowledge that the measurements and assumptions in accounting practice may vary. However, by implication, they are also stating that accounting is still a science; it is simply an inexact one. In this sense, one could argue that these texts employ the strategy of displacement, whereby the positive associations with the term science, for example, rational, logical, objective, are transferred to the practice of accounting.

## **Unification**

In terms of the 'unification' mode of ideology, Thompson (1990, p.64) refers to artefacts which have been adapted to a 'standard

framework' and are 'promoted as the shared and acceptable basis of symbolic exchange'. Given that accounting regulations and legal statutes govern much accounting practice in the UK, it would seem inevitable and of course readily understandable, that these would be drawn on to some extent in each of the texts. Indeed, all of the textbooks and study manuals allude to these regulations and standards, and in particular, the *Companies Act 1985* and the ASB's *Statement of Principles*; however the study manuals draw on a wider range of accounting regulations and tend to devote more discussion to such issues. It could, of course, be argued that for sound pedagogic reasons reference to regulations should be included in an introductory financial accounting textbook. For this reason, the present analysis will not dwell on the discussion of company law or accounting standards which appear in each of the texts; however, the analysis will focus on what is left out of these discussions: for example, what Zeff (1989) refers to as 'economic consequences' issues, and this will be presented in the 'selective tradition' discussion towards the end of this chapter.

Nonetheless, other aspects of 'unification' were apparent in the three recommended textbooks. More specifically, the strategy of creating a collective identity, or 'symbolization of unity' was employed in two of the texts. For example, Black (2005) illustrates the importance of double-entry bookkeeping by quoting from an economic correspondent of the BBC, Peter Jay. When Jay states: 'Without double-entry bookkeeping capitalism itself can hardly be imagined', he alludes to a collective identity which is in no way problematised by Black. It seems to imply that the readers identify with a particular world view. Similarly, in Britton and Waterston (2006) there is another remark which appeals to a perceived sense of collective identity. Following a discussion of the Company Law Review in the UK, Britton and Waterston (2006, p.130) conclude that, 'all of this should help maintain the UK's position as the best place to set up and run a business'.

There are a number of reasons why such an assertive appeal to patriotic sentiment seems misplaced. In particular, in the preceding discussion Britton and Waterston (2006, p.130) treat the contestable as incontestable. They outline a number of features of the Company Law Review, highlighting that it will 'enable better shareholder agreement', 'facilitate better communications with shareholders' and 'modernize and deregulate the law'. Given that no reference is made to any other stakeholder group, the reader can only assume that the UK is the 'best' place to set up a business because it prioritises the interests of shareholders and emphasises free market principles. Again, this assertion is not problematised in any way, and there is no discussion of alternative governance arrangements which take into consideration the interests of other stakeholder groups: for example, German companies have a two-tier board structure, with a range of stakeholders represented on the supervisory board.

As mentioned above, all of the professional study manuals analysed refer to accounting standards and company legislation; while this in itself is not evidence of an ideological strategy, there are a number of remarks made in these texts which could legitimately be interpreted as appeals to a collective identity. In particular, ACCA (2005) note that most countries with a 'developed commercial infrastructure have limited companies... and a framework of regulators surrounding them'. This remark is further clarified by acknowledging that, while regulation may be viewed by companies as 'irksome', even 'the USA, which is widely seen as a bastion of private enterprise' has a strict accounting framework (ACCA, 2005, p.283).

## **Fragmentation**

According to Thompson (1990), 'fragmentation' can be considered to be the opposite of 'unification'; instead of appealing to a collective identity, fragmentation emphasises difference from the 'other' and this

may include emphasising distinctions and differences, or by presenting the 'other' as evil or harmful (Thompson, 1990).

While there was little evidence in the three recommended textbooks of presenting the 'other' as evil or harmful, there were a number of occasions where distinctions were emphasised; in particular, between accounting practice in the UK and other countries. On a number of occasions, differences were highlighted as if a statement of fact with no attempt to contextualise the differences, or to discuss their implications. For example, Black (2005, p.7) notes that the balance sheet formula, or 'accounting equation', is differently structured in mainland Europe: fixed assets + current assets = liabilities + capital; and on p.51, he also points out that the profit and loss layout is also different there. Similarly, Britton and Waterston (2006, p.6) refer to the difference between the specification of records which are required to be kept in the UK and France. While neither Black (2005) nor Britton and Waterston (2006) offer an explanation of the differences, Britton and Waterston (2006) invite students to ponder the differences and consider whether flexibility in the UK or comparability in France was a more desirable feature in financial reporting; they concluded, 'ultimately, we get the accounting that reflects our society'. However, in later sections of their book, Britton and Waterston (2006) highlight further differences between the regulatory framework in the UK and the regulatory frameworks in Germany, France, the Netherlands and China. For example, Britton and Waterston (2006, p.184, emphasis added) state that in Germany:

*...banks were able to force companies to provide financial information... thus there was no pressure for full public disclosure.*

Whereas Britton and Waterston (2006) previously characterise the regulatory environment in the UK as 'flexible', they associate Germany with 'force' and imply secrecy through a perceived lack of

public disclosure. Furthermore, whilst discussing the implications of Germany being a member of the EU and, in particular, the requirement for Germany to introduce the concept of 'true and fair view' in to their company law following the EU Fourth Directive, Britton and Waterston (2006, p. 184) state that in Germany:

*Accounts are still prepared in accordance with law, which according to German law will provide a true and fair view. An interesting way of interpreting true and fair!*

Therefore, the reader is to assume that in the UK we have a proper understanding of true and fair - as vague and contested as such a term is - whilst implying that German law, through lack of sophistication or otherwise, does not accommodate such a concept.

Another example of differentiation can be inferred from the Britton and Waterston (2006) text. In a passage describing the emergence of social and environmental accounting, Britton and Waterston (2006) note that while there is increasing evidence of environmental accounting, there is much less evidence of social accounting. The reasons they cite for this state of affairs is that environmental accounting, in many ways, is more 'objective', and that social accounting tends to be 'politically charged' (Britton and Waterston, 2006, p.12). One could infer from such a statement that the status quo of financial accounting is taken for granted, and that there is more evidence of environmental accounting because, due to its perceived objectivity, it more closely resembles traditional financial accounting. Furthermore, one could argue that social accounting is being differentiated from traditional financial accounting because of its politically charged nature. This is problematic for two reasons: first, there is a clear insinuation that being politically motivated is negative due to its incompatibility with the 'objectivity' of the status quo. Second, and perhaps more worryingly, it implies that traditional financial accounting is not politically motivated, despite the sectional interests which it serves (Collison, 2003). The ideological

strategy of fragmentation was not as apparent in the three professional study manuals.

## Reification

One strategy of the ‘reification’ mode of ideology, is to present:

*... a state of affairs which is a social and historical creation... as a natural event or as the inevitable outcome of natural characteristics (Thompson, 1990, p.66).*

This ‘naturalization’ of financial accounting is apparent in all three recommended texts, whereby the fundamental characteristics of accounting are presented as something which everyone uses in their everyday lives. For example, Wood and Sangster (2005, p.4) argue that accounting is used by people in everyday life because:

*... otherwise, you would not know how much money you had with you, how much you would have if you spent some of it.*

This naturalisation of accounting is reinforced further, and the reader is told that ‘we all use accounting ideas’ (Wood and Sangster, 2005, p.6). Similarly, Black (2005, p.271) explains that just as individuals need to budget, ‘businesses need to budget as well’. However, whilst emphasising the apparently unproblematic and natural activity of accounting – authors are ignoring issues of scale, and the different ends to which accounting activity is used by individuals in their everyday lives in comparison with multi-national corporations.

Another aspect of naturalization apparent in all of the textbooks and study manuals is in their assumptions regarding the distribution of wealth. For example, in the first discussion of ‘profit’ in their text, Wood and Sangster (2005, p.8) state that capital:

*...comprises the funds invested in the business by the owner plus any profits retained for use in the business less any share of profits paid out of the business to the owner.*

In other words, that the profits should accrue to the owners of the business is automatically assumed – it is taken as natural. Similarly, Britton and Waterston (2006, p.18) state that:

*...the profits ultimately belong not to the business, but to the owners, since the whole business belongs to them.*

Again, it is taken as natural that profits accrue to the owners, since they own the business. Taken together with another natural assumption, that ‘businesses exist to make profit’ (Wood and Sangster, 2005, p.39), the reader is left in very little doubt that businesses are run primarily in the interests of the owners/shareholders. Furthermore, this is compounded by the rationale outlined above that employee costs should be classified as an expense. In other words, businesses exist for the primary aim of making profit for the owners; indeed to make, or more specifically, to maximise profit, one must minimise costs, in other words, the returns to other participants in the wealth creation process.

Like the introductory financial accounting textbooks, all three study manuals take it as natural that ‘business exists in order to make profits for its owners’ (ACCA, 2005, p.4). Table 5.1 summarises the modes of operation of ideology apparent in each of the six texts analysed.



*Table 5.1 Thompson's modes of operation of ideology in each of the six accounting texts analysed*

Mode of operation of ideology	Linguistic Strategy	Wood & Sangster	Black	Britton & Waterston	ICAS	ACCA	ICAEW
Legitimation	Rationalization	✓	✓	✓	✓	✓	✓
	Universalization	✓	✓	✓	✓	✓	✓
	Narrativization	✓	✓	✓	✓	x	x
Dissimulation	Displacement	✓	✓	✓	✓	✓	✓
	Euphemization	x	x	x	x	x	x
	Trope	x	x	x	x	x	x
Unification	Standardization	✓	✓	✓	✓	✓	✓
	Symbolization of Unity	x	✓	✓	x	✓	x
Fragmentation	Differentiation	x	✓	✓	x	✓	x
	Expurgation of the other	x	x	x	x	x	x
Reification	Naturalization	✓	✓	✓	✓	✓	✓
	Eternalization	✓	x	x	✓	✓	x
	Nominalization	✓	✓	✓	x	x	x

Note: This table shows which of Thompson's modes of operation of ideology and associated strategies were apparent in each of the accounting texts analysed. The symbol ✓ signifies that the strategy appeared in the text, while x denotes that it was absent. The absence of a particular strategy is not regarded as significant: the above examples were identified in the texts analysed, but this exercise was intended to be illustrative rather than generalisable.

### **Selection: the 'selective tradition'**

As the start of this chapter discussed, the selective tradition, in relation to curriculum content, refers to the material which is selected and emphasised in the curriculum as well as what is omitted. While the analysis sections above have discussed the contents of the three financial accounting textbooks and three study manuals under investigation, there has been little consideration given to what has been left out of these

texts. It is to the omissions in these texts that this section now turns; in particular, when considering what is missing from the three textbooks, this section will draw on Sikka *et al.* (2007) and Zeff (1988), since both of these studies have highlighted the exclusion of certain issues in other accounting textbooks.

As Sikka *et al.* (2007, p.21) point out, despite recent claims made by professional bodies that reforms in accounting education will lead to the emergence of accountants who are both ethical and socially responsible, there was little evidence of these issues in accounting textbooks or study manuals. According to Sikka *et al.* (2007) the following issues were absent from the accounting textbooks that they analysed: the social or organisational context of accounting; ethics and social responsibility; the 'public interest'; accounting scandals; economic theory; and the politics of accounting standard setting. Similarly, for the three recommended accounting textbooks which are the focus of one element of the present study, these issues were notable for their absence. For example, the only textbook of the three to discuss social and environmental accounting was Britton and Waterston (2006). However, as mentioned above, this discussion could be perceived as drawing a distinction between traditional accounting and social and environmental accounting. One aspect of the discussion of social and environmental accounting is important in terms of the 'selective tradition'; in a section entitled 'the future of financial accounting', Britton and Waterston (2006, p.11) state:

*Nevertheless, social and environmental accounting is not only a good example of the way financial accounting changes, but is also an increasingly important topic in its own right.*

What this statement fails to convey, is that the accounting profession has long resisted putting social and environmental issues on the agenda. Instead of responding positively to emerging issues, as might be inferred from Britton and Waterston (2006), the accounting profession has been reluctant to develop standards or a regulatory framework on

environmental issues, and indeed could be conceived as an impediment to the development of social and environmental accounting (Matthews, 1997).

Similarly, Britton and Waterston (2006) is the only one of the three textbooks to consider the legal or political context of accounting. However, this discussion is quite limited in a number of respects; in particular, while it is noted that in countries such as France and Germany, the accounting system is rule-based, reflecting the 'Roman' system of law, there is no mention of differences in the interests served by the governance structures in these countries. More specifically, Britton and Waterston (2006) do not address the fact that the interests of shareholders, above all other stakeholder groups, are enshrined in UK company law, or that German law requires other interests to be represented at board level.

While ICAS (2005) discusses the difference between accounting regulation in 'Napoleonic' law countries and more 'laissez-faire' countries, this discussion is extremely brief, covering only one paragraph. Furthermore, this discussion does not address the interests that are served by corporate activity in these different regulatory environments. These contextual issues were not addressed at all in either ACCA (2005) or ICAEW (2007). The analysis of these texts supports Sikka *et al.*'s (2007) assertion, that there is little in accounting textbooks or study manuals to encourage students to critique the agency theory or maximisation of shareholder wealth assumptions that underpin the calculations and techniques the texts contain. In this respect, one might have thought that by introducing the legal and political context of accounting in other countries, such a critique could have been developed. However, this was not the case.

Another issue that was curiously absent from all three university introductory textbooks and two of the introductory training manuals was a significant discussion of ethics. Given the number of accounting scandals in recent years, which have subsequently led to questions regarding the 'poverty of accounting education', it would seem reasonable

that an appropriate place to raise the issue of ethics would be in an introductory accounting textbook (Sikka *et al.*, 2007, p.4). As some of the authors who participated in this study suggested (see chapter four), issues such as ethics would be covered towards the latter part of an accounting degree; however, as Sikka *et al.* (2007) point out, there is little evidence of these issues being discussed in advanced accounting textbooks.

Drawing on Zeff (1988), none of the textbooks analysed refer to the self-interested lobbying activity which takes place during the accounting standard setting process. Admittedly, introductory financial accounting textbooks tend not to explicitly address individual accounting standards – nevertheless, this should not prevent textbooks from at least acknowledging that the rules of accounting are the outcome of a political process, often influenced by powerful groups within society (Sikka *et al.*, 1989).

## Summary

The analysis of accounting textbooks and training manuals in this chapter has demonstrated that even textbooks that are often considered apolitical or merely technical may exhibit ideological characteristics – often in very subtle ways. For example, texts do not usually draw on the political or legal context within which accounts are produced, and ethics is notable by its absence. The following chapter considers the use of accounting textbooks and training manuals, and, in particular, whether the principal users of these accounting texts are conscious of an ideological aspect of these texts.

## ENDNOTE

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1. Some professional bodies have one or two activities in their training manuals that require students to assess how information within the financial statements may be of interest to a range of users. However, the focus remains on the single set of financial statements currently produced.

# 6 USERS OF ACCOUNTING TEXTBOOKS AND TRAINING MANUALS: LECTURERS AND TRAINERS

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## Introduction

This is the first of two chapters which provide details of the research findings from the application of the third strand of Thompson's model: how introductory financial accounting texts are used. The views of lecturers and trainers are provided in this chapter, while chapter seven details the responses obtained from students and trainees. Two elements of research were conducted for this chapter: a questionnaire survey of lecturers, and a series of interviews with university accounting lecturers and with trainers of professional students. The questionnaire survey is reported first, the interview findings follow, and a summary ends the chapter.

## The lecturers' survey

In June 2005, an online survey was conducted which sought the views of introductory financial accounting lecturers regarding their recommended course materials and, in particular, their recommended course text. Suitable participants for the survey were targeted by identifying individuals within the British Accounting Review Research Register (Helliard *et al.*, 2004) with a teaching specialism in the area of financial accounting. A total of 280 lecturers were e-mailed with details of the study and a web-link to the survey: 36 useable surveys were returned, representing a response rate of 13.33 per cent.

The survey instrument was split into a number of parts. First, respondents were asked about the textbook that they used when teaching introductory financial accounting. Second, the questionnaire ascertained respondents' perceptions about whether or not the recommended textbook was supplemented by additional reading. Details about the sources of any

additional reading, the reasons for recommending additional material and the proportion of the course not covered by the recommended text were ascertained. In the third section of the questionnaire, respondents' views were sought on the extent to which their recommended text discussed the information needs of different stakeholders: a list of nine stakeholders was supplied, developed from the corporate report, and respondents were asked to rate the coverage in the text of their information needs using a 5-point Likert scale ranging from 1 (not at all) to 5 (quite a lot). A follow-up question sought respondents' views about the extent to which the information needs of these stakeholders should be discussed in an introductory financial textbook. The fourth section of the questionnaire sought respondents' views about the content of an ideal introductory financial accounting course. Specifically, respondents were asked whether such a course should discuss the wider social context of financial accounting, consider the historical context of the subject, introduce students to business ethics, compare the rules-based and principles-based approaches to financial accounting and develop students' critical thinking skills. In addition, respondents were asked about whether or not these issues should be introduced during the early stages of a course on financial accounting. The final section of the questionnaire ascertained background details from the respondents in order to check whether the sample was typical of lecturers in the area.

An analysis of the background information in Table 6.1 indicates that about 1/3 of respondents were male, while 2/3 were female; the modal age was between 41 and 50 years. Most respondents were experienced lecturers with over 70 per cent having more than 10 years in teaching, while over 75 per cent had taught financial accounting for at least 11 years. Finally, an inspection of Table 6.1 reveals that just over 40 per cent of respondents taught students who were specialising in accounting while a sizeable number taught either non-specialists or a mix of students. What the background information highlights is that, although the response rate is relatively low and the sample size fairly small, the on-line survey has ascertained the views of experienced individuals who have taught financial

accounting to students over a large number of years; their views should therefore be of interest.

*Table 6.1 Background information about the respondents*

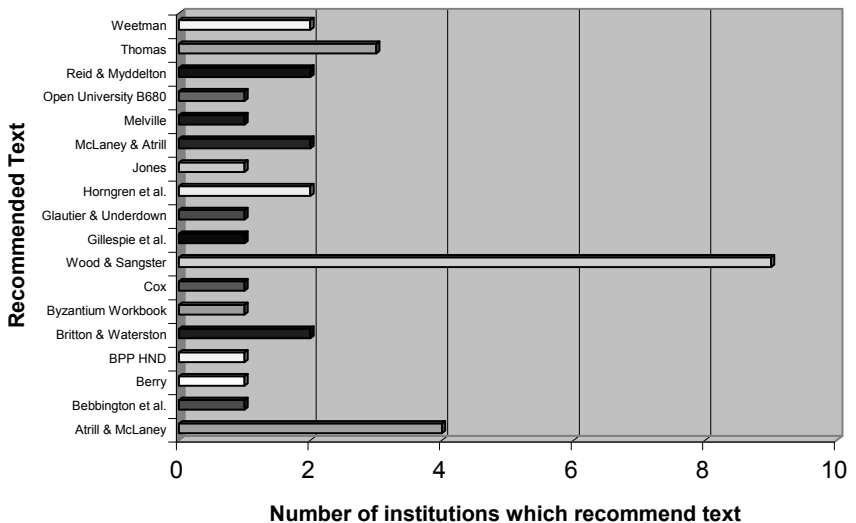
Characteristic	Number	%
<b>Gender</b>		
Male	12	33.33
Female	22	61.11
No reply	2	5.56
<b>Age</b>		
21-30	1	2.78
31-40	7	19.44
41-50	18	50.00
51+	9	25.00
No reply	1	2.78
<b>Number of years teaching experience</b>		
1-5	2	5.56
6-10	5	13.89
11-15	12	33.33
15+	14	38.89
No reply	3	8.33
<b>Number of years teaching financial accounting</b>		
1-5	2	5.56
6-10	5	13.89
11-15	13	36.11
15+	15	41.67
No reply	1	2.77
<b>Type of students taught</b>		
Accounting specialists	15	41.67
Non-specialists	8	22.22
Mix of specialist and non-specialist	6	16.67
Other	6	16.67
No reply	1	2.77

Note: This table describes the background information of the respondents to the on-line questionnaire survey of lecturers who teach introductory financial accounting.

### Lecturer survey results

Findings from this survey suggest that Wood and Sangster's *Business Accounting I* is the most frequently recommended financial accounting text on accounting and business degree courses within UK universities (see Figure 6.1 below).

*Figure 6.1 Recommended financial accounting textbooks used on accounting and business degree programs at UK Higher Education Institutions*



Nine of the respondents (25.7 per cent) recommended Wood and Sangster's textbook for their course, whilst Atrill and McLaney's *Accounting and Finance for Non-specialists* was recommended at four institutions (11.4 per cent) and Thomas' *Introduction to Financial Accounting* at three (8.6 per cent); all other textbooks were recommended at either one or two institutions. It is perhaps worth noting that the lecturers who



recommended Wood and Sangster taught predominantly on courses which were attended by students specialising in accounting, whereas Atrill and McLaney was recommended mainly on non-specialist accounting courses (see Table 6.2).

*Table 6.2 Financial accounting textbooks recommended in relation to type of student enrolled on course*

Textbook	Total	Mostly accounting specialists	Even mix	Mostly accounting for non-specialists	Other
Atrill & McLaney	4	0	1	3	0
Bebbington <i>et al.</i>	1	1	0	0	0
Berry	1	0	1	0	0
BPP HND	1	1	0	0	0
Britton & Waterston	2	1	1	0	0
Byzantium Workbook	1	0	0	1	0
Cox	1	1	0	0	0
Wood & Sangster	9	5	2	1	1*
Gillespie <i>et al.</i>	1	1	0	0	0
Glautier & Underdown	1	0	1	0	0
Horngren <i>et al.</i>	2	1	1	0	0
Jones	1	0	1	1	0
McLaney & Atrill	2	0	0	1	1
Melville	1	1	0	0	0
Open University B680	1	0	0	0	1
Reid & Myddelton	2	0	0	0	2
Thomas	3	2	0	0	1
Weetman	2	1	0	1	0

Note: For the five respondents who selected 'other', all indicated that they taught introductory financial accounting on MBA courses.

\* One of the respondents who recommended Wood & Sangster failed to indicate the type of student typically enrolled on the course that he/she taught.

In addition to a recommended textbook, respondents were asked to specify whether any other material was recommended on the course. Whilst a range of materials tended to be recommended, including professional and academic journal articles, it is worth noting that 16 respondents stated that they recommended another textbook (see Table 6.3). In the absence of a single textbook playing a central role and structuring the course itself, courses are being developed by the lecturers themselves using a variety of sources.

*Table 6.3 Respondents' views about materials additional to the recommended text*

Question	No	%
<b>Panel A - In addition to the textbook students are recommended to read:</b>		
Professional journal articles	20	55.56
Newspaper articles	17	47.22
Other textbooks	17	47.22
Chapters from other textbooks	17	47.22
Academic journal articles	12	33.33
<b>Panel B - Additional reading material is recommended:</b>		
To supply an alternative perspective	24	66.67
To increase awareness of current issues	22	61.11
To encourage independent learning	19	52.78
To encourage critical thinking skills	19	52.78
Because the textbook is not comprehensive	17	47.22
<b>Panel C - The proportion of the course not covered by the recommended textbook:</b>		
0-9%	8	22.22
10-19%	8	22.22
20-29%	9	25.00
30-39%	3	8.33
40-49%	6	16.67
50%+	1	2.78
No reply	1	2.78

Reasons identified by responding lecturers for recommending other material included: providing an alternative perspective (24 respondents); encouraging independent learning (19 respondents); increasing awareness of current issues (22 respondents); and encouraging critical thinking (19 respondents). Although not as prevalent an issue, almost half of the respondents indicated that they recommend other material because their recommended textbook did not cover everything on the course (17 respondents). Respondents were asked to indicate how much of the course they believed their textbook covered. The majority (nine respondents) thought their recommended text covered 71-80 per cent of the course, whilst eight respondents indicated that their text covered 81-100 per cent of the course. For the respondents who recommended Wood and Sangster, four indicated that the text covered 81-90 per cent of the course, three suggested 71-80 per cent, one 61-70 per cent and one 51-60 per cent.

Table 6.4 summarises respondents' views about the actual and desired coverage of information needs for different stakeholders in their recommended financial accounting text. A 5-point Likert scale was employed which ranged from 1 (not at all) to 5 (quite a lot). The table describes the number of responses to each stakeholder group, the mean score awarded by those surveyed and the standard deviation of the replies around this average score. The second-last column reports a t-test of the null hypothesis that the mean score is equal to 1 while the final column documents the p-value for this t-test.

*Table 6.4 Respondents' perceptions of stakeholder coverage in recommended texts*

Question	Responses	Mean	SD	t-test	p-value
<b>Panel A - Financial accounting textbooks discuss the information needs of:</b>					
Shareholders	30	3.53	1.01	13.77	p<0.01
Analysts/advisers	33	2.85	0.91	11.73	p<0.01
Managers	32	2.78	0.97	10.33	p<0.01
Trade creditors	32	2.59	0.84	10.77	p<0.01
Government	33	2.36	0.60	12.99	p<0.01
Customers	32	2.31	0.69	10.72	p<0.01
Employees	33	2.21	0.55	12.77	p<0.01
General public	32	2.16	0.77	8.53	p<0.01
NGOs	30	1.80	0.89	4.94	p<0.01
<b>Panel B - Financial accounting textbooks should discuss the information needs of:</b>					
Shareholders	33	4.27	0.80	23.46	p<0.01
Analysts/ advisers	33	3.73	0.91	17.20	p<0.01
Managers	33	3.70	0.95	16.28	p<0.01
Employees	33	3.27	1.10	11.90	p<0.01
Trade creditors	32	3.25	1.02	12.53	p<0.01
Customers	33	3.09	1.10	10.92	p<0.01
Government	33	3.06	1.00	11.86	p<0.01
General public	33	3.06	1.06	11.18	p<0.01
NGOs	30	2.87	1.22	8.35	p<0.01

A visual inspection of Panel A of Table 6.4 indicates that the information needs of shareholders were perceived to be discussed more fully than those of other stakeholders. The mean score of 3.53 was the highest recorded and significantly greater than those documented for analysts/advisers in second place (mean = 2.85), managers in third place (mean = 2.78) and trade creditors in fourth place (mean = 2.59). The information needs of Non-Governmental Organisations (NGOs) were

rated last achieving an average score of only 1.80. Although shareholders had the highest mean score, there was some variability in the responses of the different lecturers surveyed; the standard deviation for this category was the largest documented, indicating that while some lecturers believed that their textbook discussed the information needs of shareholders to a significant extent, others held a different view. Such a finding is not surprising given the mix of different textbooks used by the lecturers responding to this on-line questionnaire.

Despite the range of mean scores awarded to the different stakeholder categories, one clear finding from Panel A of Table 6.4 is that the information needs of all stakeholder groups are covered to some extent in the financial accounting texts used by the lecturers. A t-test of the null hypothesis that the mean score awarded to each group by the respondents is equal to 1 (not at all) is rejected in every instance. All the t-statistics are greater than their critical value of 2.00, and the p-values are all significant being lower than 0.05. Thus, the lecturers seem to think that the information needs of all the stakeholder groups listed are discussed to some extent in their recommended financial accounting texts although the level of coverage varies from one group to another.

Panel B of Table 6.4 reports the result of a follow-up question about the extent to which financial accounting textbooks should discuss the information needs of the different stakeholder groups mentioned. The main result to emerge from an analysis of this panel of the table is that all of the mean scores were considerably higher than their counterparts reported in Panel A of this table: respondents were strongly of the opinion that financial accounting textbooks should discuss the information needs of a range of stakeholders. One might infer from the comparison between Panels A and B of the table that respondents believed that coverage of the information needs of stakeholders should be increased – those of employees, customers and NGOs were some of the largest changes in mean score documented. However, caution must be exercised when making such inferences as the standard deviations of responses in Panel

B of the table were higher than their counterparts in Panel A for six of the nine stakeholder groups; this implies that there was a wider spread of opinions for the questions in Panel B.

The final section of this lecturers' questionnaire sought views about the content of financial accounting courses and in particular about whether issues other than technical material – such as the social and historical context of accounting as well as business ethics – should be included. This section builds upon the findings in Table 6.4 since such broader material is likely to be of interest to a range of different stakeholders and not necessarily shareholders. A five-point Likert scale was again used but in this instance the possible responses ranged from 1 (strongly disagree) to 5 (strongly agree) with 3 representing the neutral response (neither agree nor disagree). The mean scores and their standard deviations are displayed in Table 6.5 together with the results for a test of the null hypothesis that this mean score is not different from the neutral response of 3. The final column documents the p-value for this t-test; a p-value of less than 0.05 allows the rejection of the null in favour of the alternative hypothesis that the mean score is statistically different from the neutral response.

*Table 6.5 Respondents' perceptions about the content of a financial accounting course*

Panel A - A financial accounting course should:					
Question	Responses	Mean	SD	t-test	p-value
Develop critical thinking skills	33	4.30	0.77	9.72	p<0.01
Compare the rules and principles-based approaches	33	4.12	0.65	9.91	p<0.01
Discuss the wider social context of the subject	34	4.12	0.95	6.89	p<0.01
Include business ethics	33	3.97	1.02	5.49	p<0.01
Discuss the historical context of the subject	34	3.77	0.89	5.01	p<0.01
Panel B - The early stages of a course on financial accounting should:					
Develop critical thinking skills	34	4.03	1.09	5.52	p<0.01
Introduce the wider social context of the subject	34	3.85	1.13	4.39	p<0.01
Compare the rules and principles-based approaches	34	3.77	0.86	5.22	p<0.01
Introduce the historical context of the subject	34	3.68	1.09	3.61	p<0.01
Include business ethics	34	3.56	1.13	2.88	p<0.01

An analysis of the findings in Table 6.5 highlights that the lecturers who completed this on-line survey agreed with the statement that a financial accounting course should develop students' critical thinking skills (mean = 4.30). They also agreed that an introductory financial accounting course should discuss the wider social context of the subject (mean = 4.12) as well as compare the rules-based and principles-based approaches to the subject (mean = 4.12). The statement which attracted the lowest average score was the one which suggested that a financial accounting course should discuss the historical context of the subject: even here, however, the mean score of 3.77 was higher than the neutral

score of 3.00. This impression is confirmed by the t-test statistics which are all above their critical values of 2.00; this allows in each case the rejection of the null hypothesis that the respondents neither agreed nor disagreed with the statements included in the question.

According to Panel B of Table 6.5, respondents were less certain about whether broader issues should be covered during the early stages of a course on financial accounting. A comparison of the mean responses in Panel B with their counterparts in Panel A indicates that in each instance, the average score is lower. The rankings produced by these average scores are similar, with the development of critical thinking skills coming top in each instance although the inclusion of business ethics drops from a ranking of fourth in Panel A to fifth in Panel B. Respondents agreed less strongly with the statement that the topic of business ethics should be covered during the early stages of a financial accounting course (mean of 3.56 in Panel B v mean of 3.97 in Panel A). The other feature of Panel B in Table 6.5 is that the standard deviation values are higher than their counterparts in Panel A – especially for the statement about the development of critical thinking skills (1.09 v 0.77). Thus, the mean scores in Panel B mask a wider spread of opinion among the respondents about whether the less-technical aspects of financial accounting should be covered towards the beginning of a financial accounting course. Not surprisingly, these higher standard deviation values result in lower t-test statistics; nevertheless, the p-values for the t-tests are still less than the critical value of 0.05 allowing in each case the rejection of the null hypothesis that the respondents were neutral about the statements included in the question.

## **Interviews with lecturers and professional tutors**

Eleven semi-structured interviews with university lecturers and two with tutors for professional accountancy bodies were conducted between November 2005 and August 2006. Interviews with lecturers were arranged from a list of those responding to the online survey described in the previous section who indicated that they would be willing to



be interviewed. Interviews with professional tutors were arranged by contacting the individuals directly. To explore the use of accounting textbooks, it was considered that the views of lecturers and professional tutors were important in a number of respects. First, by virtue of the adoption system, lecturers play an important gatekeeper role in terms of deciding which textbook to recommend to students. Second, lecturers and, to an extent, professional tutors, have the capacity to ignore or emphasise certain content within the textbook or study manual during their teaching sessions. Third, lecturers and professional tutors may choose to supplement the text to provide alternative perspectives.

A summary of each lecturer and professional tutor's profile can be viewed in Table 6.6. An inspection of this table shows that six of the lecturers interviewed were female while five were male. Three lecturers were aged between 31-40, six between 41-50 and three were over 50 years of age. All of the lecturers interviewed were relatively well experienced, two having taught between 6-10 years, five between 11-15 years while four had taught for over 15 years. All but two of the interviewees held a professional accounting qualification. Of the professional tutors, both were female in their forties and had taught for over ten years; as with their lecturer counterparts, they had a great deal of experience in running courses for professional trainees.

Each interview lasted between 30 minutes and one hour, and all interviews were recorded and transcribed. Before the start of each interview a statement of the objectives of the project and a list of possible discussion points and questions was given to each interviewee; however, there was a conscious effort not to influence the respondents' views with the perspective of the interviewer(s). Interviewees were not restricted to these topics and were encouraged to expand on other issues that they felt to be important. Interviews were conducted on a strictly non-attributable basis. The views of the lecturers and professional tutors are summarized and discussed under the following six headings: the choice of text; how the text is used on the course; stakeholders; ideology; supplementing the text; and accreditation.

Table 6.6 Summary of interviewees' profiles

Lecturer	Gender	Age	Years Teaching	Old/New University	Location	Professional Qualification	Recommended Text Author(s)
<b>Panel A – University Lecturers</b>							
A	F	41-50	11-15	New	South England	Yes	In-house manual
B	F	41-50	11-15	New	West Scotland	Yes	Black
C	F	41-50	11-15	New	South England	Yes	Britton & Waterston
D	F	31-40	6-10	Old	East Scotland	Yes	Wood & Sangster
E	M	51+	15+	Old	East Scotland	Yes	Weetman
F	F	41-50	15+	Old	North England	Yes	Britton & Waterston
G	M	41-50	11-15	New	East Scotland	Yes	Wood & Sangster
H	M	51+	15+	New	East Scotland	No	Wood & Sangster
I	M	31-40	11-15	Old	West Scotland	Yes	Atrill & McLaney
J	M	41-50	15+	Old	Republic of Ireland	No	Horngren <i>et al.</i>
K	F	31-40	6-10	Old	Northern Ireland	Yes	Thomas
<b>Panel B – Professional Tutors</b>							
A	F	41-50	11-15	n/a	East Scotland	Yes	Professional study manual
B	F	41-50	11-15	n/a	South England	Yes	Professional study manual

**Note:** This table shows details of the interviewed lecturers. New university refers to a university formed after 1992. Institutions called 'university' pre-1992 are referred to as 'old' or 'traditional' universities. See Dyson (1995) for a fuller discussion of this. There is a widely held perception that the two types of institution differ in aims and culture.

## The choice of text

The reasons for selecting the recommended textbook varied considerably among the lecturers. Four of the interviewees commented on how they were influenced by the structure of the text and how it presented material to students. For example, Lecturer D stated that she liked the way the material was presented in 'bite-size chunks' and that the chapters were quite small 'with quite a lot of examples at the end of each chapter'. Similarly, Lecturer G noted that 'the good thing' about his recommended text was that 'the chapters are small and self-contained and you can rearrange them as you like'.

Course coverage also emerged as an important factor in the selection of a recommended financial accounting text. For example, Lecturer E pointed out that there was a close alignment between the structure and content of his course with that of the recommended textbook. Similarly, Lecturer A noted that her text was developed specifically for her course, which encompassed a strong element of open learning - therefore a close alignment between course and recommended text was paramount.

A number of interviewees suggested that they were influenced by the perspective that their recommended textbook took. For example, Lecturer I noted that his recommended textbook took a user perspective, as opposed to a preparer perspective, which was more closely aligned with his approach to teaching and the content of his course. Lecturer J explained that his recommended textbook was 'plainly written...[and] much clearer in terms of double-entry'. He added that, 'it gives students a context and explains that the purpose of accounting is to aid decision making'. For Lecturer C, the textbook did not play such an important role in her students' learning since EQL training software products underpinned much of what was taught on the course. Therefore, Lecturer C wanted a recommended text which:

*...complemented what we do with EQL [and] provide[d] some grounding in the conceptual framework - which most texts don't do.*

Finally, the inclusion of online materials associated with the textbook was a determining factor for both Lecturers B and F. In particular, Lecturer B stated:

*I basically chose that because it had the computer packages with it, that had all the different examples to go with the answers... [students] can just access the website, and can generate profit and loss and balance sheets, with different numbers.*

While Lecturer F indicated that the most important factor for her was course coverage, she also noted that her decision was influenced by the fact that the text was packaged with 'internet access [and] online material, for which you don't have to have a special password'.

For the professional tutors, the choice of study manual was determined by the professional syllabus they were involved in teaching. So for example, Tutor A used the training manual written specifically for her Institute's training programme. Tutor B, who taught on training courses for a number of different accounting bodies, stated that the training materials produced by BBP were 'favoured by most of the lecturers' in her institution, although she noted that a number of tutors use the CIMA training manuals on the CIMA course because of the perception that they were 'written by the examiners'.

### **How the text is used on the course**

Lecturers differed in terms of how they used the textbook on their course; in particular, while some lecturers fully integrated their text with the course, whereby students would use the text in both lectures and tutorials, others used their own notes and lecture material, and the recommended text served as an additional source of reference for

students. For example, given the open learning approach at Lecturer A's institution, it was important that the text and course material were closely aligned. Similarly, Lecturer I noted that 'we basically underpin the course with the textbook... it's a hundred per cent textbook driven'. A number of interviewees indicated that while they used their own material in lectures, students were required to undertake questions from the textbook as part of tutorial exercises. For example, Lecturer D explained:

*The way I use it, is we ask them to look at the some of the answered examples [in the textbook], and then practice some of the examples for which there are no answers at the back of the text. During the tutorial situation, we can then give them feedback on these examples that they haven't got an answer for and they can raise any issues there, and then we give them an unseen question during the tutorial ...one of our own. So we use it to prepare for tutorials, although we don't use it directly in tutorials.*

Similarly, Lecturer F noted that she encouraged her students to attempt questions in the textbook for which the answer is already provided. She stated:

*I set my own tutorial questions. I always have... as I've accumulated [a bank of such questions] over the years. So, no they're not [taken directly from the textbook]. I advise... what I tend to do is that I give them sets of questions to do. They only have fortnightly tutorials, not weekly tutorials. So I set them questions to do for the fortnightly session and I usually put as one extra question... a question that they can do from the textbook but where the answer is in the back. You know, just for more practice. So I'm sort of showing them that their book is another resource for test questions really. And that of course is also the beauty of online*

*material now. Because you can say, well, okay, you can do these for tutorials, you can ask your tutor about them. But, you know, most students say that what they really want is more and more practice questions. And so that's why... I make sure that they make use of the ones where the answers are in the back*

For Lecturer B, the textbook was simply 'just supplementary reading', implying that the textbook was not used in the teaching of the course, but could be used by students as a source of reference. Similarly, Lecturer J noted that his recommended textbook was used as a 'back-up' for the student who 'doesn't attend class'. Lecturer J explained that, given that the approach he took to teaching financial accounting was similar to that of the textbook, if a student failed to attend the class, they at least had some support material.

As with university lecturers, training manuals were used by professional tutors in conjunction with classroom teaching. However, the professional tutors interviewed suggested that there was much greater emphasis placed on the study manual in the professional training process. For example, Tutor A simply noted that the training manual was a 'stand-alone' document, while Tutor B stated that, 'most professional students are only interested in what they need to pass the exams' adding, 'the manuals cover all that material, so there is no need for them to go elsewhere'.

## **Stakeholders**

Building upon Ferguson *et al.* (2005; 2007), interviewees were asked to contemplate the extent to which different stakeholders were reflected in their recommended textbook or training manual. Again, this issue was deemed to be of relevance to the present investigation given that one of the predominant criticisms of accounting education in the

literature is that it tends to emphasise the interests of shareholders over all other stakeholder groups.

Both Lecturers B and D felt that there was a fairly limited discussion of any stakeholders in their recommended textbook. Their comments, in many ways, suggest that their recommended textbooks accord with Thompson's (1990) definition of 'dissimulation' as a characteristic of ideology. In particular, one might infer from their comments that their recommended textbooks represent the user needs served by accounting information in a manner 'which deflects attention from, or glosses over existing relations or processes' (Thompson, 1990, p.62). For example, Lecturer D stated:

*There is no discussion as to who this information's needed for, why they need it, what they do with it. [My recommended textbook] is set up mainly from the context of, this is business information, it needs to be prepared and here's how you do it.*

Although Lecturer B acknowledged that her recommended textbook contained a discussion of the different users of accounting information, this discussion was very limited. Moreover, she felt that the textbook was not 'biased' to any stakeholder group in particular. According to Lecturer F, there was one user group which tended to be emphasised. She stated:

*I would suggest that... the shareholders are paramount in most textbooks. Owners or shareholders, however you express it... I don't think [recommended textbook] really pushes things like employee reporting for example. It doesn't really push society if you were to express that in terms of say social responsibility. There are other books that do that better... but there's still many where it is in the first chapter but it's not really referred to much after that.*

Similarly, Lecturer E explained that his recommended textbook 'clearly has a shareholder perspective', although he also acknowledged that managers and creditors were well represented in the text.

A number of lecturers explained that, while their textbook took a predominantly shareholder approach, this did not necessarily reflect the course as a whole. For example, Lecturer C stated that, in her teaching of the subject, she tried to give students a 'broader view of who the users are'. Lecturer I also noted that he attempted to 'counterbalance' the shareholder orientation of his recommended textbook by 'bringing in the importance of customers, employees and the environment'.

Both of the professional tutors interviewed acknowledged a shareholder emphasis in their training manuals and overall course material. For example, Tutor A explained that although she gets students to 'generate different user groups and to think about why these different groups of people would be interested in accounting' in the first week of training, she acknowledged that 'beyond that point, we don't talk specifically about customers, trade creditors or loan creditors, etc'. Moreover, Tutor A stated that in both her training manual and course as a whole it was 'probably shareholders I would identify as the [user group] that we would put most focus on' adding:

*...when we are talking about partnerships and sole traders, it is the sort of owner managed business, so they assume more importance. But with the other [user groups] I think it's probably very little, to be honest.*

Tutor B explained that different stakeholders are discussed to a small extent in her recommended training manual, in so far as the text acknowledged that accounting information is produced for users of financial statements. However, she noted that the text overly focused on 'the preparation of accounts, not really about how they are used'. Furthermore, Tutor B pointed out that on higher levels of the course



the focus on preparation of accounts, as opposed to user needs, was maintained, where the emphasis was clearly on 'just picking the right ratios rather than considering the needs of users'.

## **Ideology**

Following Cameron *et al.* (2003a, p.712) each lecturer and professional tutor was asked whether they 'see [their recommended] textbook as propaganda or ideology?' The question was asked to ascertain the extent to which lecturers believed that their textbook reflected the interests of a particular constituency. In this sense, the question is closely linked to the issue of stakeholder representation in accounting textbooks. As with previous responses regarding their perceptions about the discussion of different stakeholders in their recommended textbooks, neither Lecturers B nor D considered that their text promoted the interests of any particular user group. For example, Lecturer D explained that she did not see her recommended textbook as 'selling a message' but rather that it was a 'technical textbook, which it does very well'. Similarly, Lecturer K noted that introductory accounting textbooks were mostly technical, implying that issues of an ideological nature were not apparent. Again, referring to Thompson's (1990) criteria for the typical modes of operation of ideology, one could argue that by emphasising technique acquisition, the assumptions and values that underpin the techniques presented in the textbook are somewhat obscured. Indeed, when both Lecturers D and K were asked whether they considered the techniques presented in their recommended text could be conceived as serving particular interests, Lecturer D replied, 'I think that could be [said of] accounting as a convention as opposed to being specific to [the text]'. Lecturer K acknowledged that the interests of shareholders underpinned many of the accounting techniques taught on her course. She stated:

*Well, I suppose in financial accounting textbooks, investors are often the overriding user. [For example] the Statement of Principles states that if you can meet the needs of the investor then you can meet the needs of all the other users. I think most textbooks would state that somewhere [in the text] but then they just apply the mechanics as you go through them.*

Lecturer E acknowledged that his recommended textbook was ideological in the sense that it was ‘clearly written from a particular standpoint, centred in a capitalist economy and it assumes that profits are a reasonable allocator of resources’. Similarly, Lecturer J explained that his recommended textbook was both ideology and propaganda, stating that accounting textbooks tended to present a ‘sanitised view of the world’; in particular, that accounting information was produced for shareholders to assist in decision making. In keeping with her previous response, Lecturer F noted that the interests of shareholders were often paramount in accounting textbooks. However, she also alluded to the difficulty in raising such issues with students. She stated:

*If you'd asked me this when I'd first started I'd probably have said no, of course not. I mean I wouldn't have really understood what it meant. I think it's only by...seeing some of the critical perspectives on accounting material that I can understand that there is an element of that. But I don't feel that... I really wouldn't know how to do it in a different way. I mean, that sounds really unimaginative... I used to be of the opinion that you could immediately teach students what was wrong with accounting. That you can tell them [that] it's upholding the capitalist system, it's designed to enhance shareholder wealth, ignore exploitation, etcetera. It is great to do that and to get on your kind of political soap box... but you are telling it to students who have no idea what you're talking about. They don't know... that you can*

*actually present a balance sheet in different ways. They don't really understand it even when you say, 'Not everything is actually in there'. I think that... propaganda is too strong a word. I think in terms of ideology, then yes, I would say it was supporting and upholding a certain ideology. And maybe what is deficient is that it doesn't allow much questioning of that ideology.*

Despite the fact that she viewed her textbook as upholding an ideology consistent with the values of Anglo-American capitalism, Lecturer F noted that exposing students to the existing criticisms of this economic structure, and the role of accounting in upholding it, would not necessarily engender more enlightened students. In particular, she explained that students 'buy into the individualistic values which underpin this particular form of capitalism', adding:

*We get a lot of management students who clearly want to go and work for large multi-nationals. I think that they have got a view that they want to be a part of this... We have got a new personal development plan initiative. When students first arrive they have got to say what they think they are bringing with them, what skills they would like to develop... and what they aspire to do. And some of them will just say they want to make a lot of money.*

In addition to the issue of students' own worldviews, Lecturer J explained that first year accounting students might not yet have developed intellectually to the extent that they could fully appreciate the contestable values implicit in accounting. He stated that a number of accounting textbooks were 'very pious' by attempting to introduce wider contextual issues. While he acknowledged that many of these authors were 'well intentioned', he felt that 'a lot of it simply won't make sense to a 17 year old'.

The professional tutors interviewed acknowledged that the training manuals they used tended to be underpinned by an 'Anglo-American'

worldview. For example, Tutor B noted that in the training manual she recommended there was, 'no information about international accounting', in particular, 'different models from different countries and the cultures that underpin them'. She acknowledged that training manuals may change in this regard with the emergence of international standards, however, she noted that, in her view, 'international standards are very much based on the Anglo-Saxon model anyway'.

### Supplementing the text

Each lecturer and professional tutor was asked if they supplemented their recommended textbook. It was considered that this issue would, in part, address the extent to which lecturers felt that students should be exposed to alternative perspectives or other accounting issues which were not presented in the recommended textbook. Despite Lecturer D's view that her recommended textbook did not adopt any particular ideological position, she believed it was important to introduce students to wider contextual accounting issues which she perceived were generally absent in her recommended textbook. She stated:

*We supplement the 'why' to give them context and the wider accountability issues within society, and then allow [our recommended text] to take over in the 'how', because [it is] very technical... The 'how' is obviously very important too, but it's getting them to understand that accounting does fit into society somewhere. It matters because it affects the... way we pay for goods, or how the economy's run - we go through all that. And all these decisions are based on numbers and hopefully, by the end of the course, [students can see] that not everything you see is black and white or completely objective. It's all based on different assumptions, and therefore you've got all these important decisions that have been made based on different assumptions, and you*

*might have made different decisions... had these assumptions been different. So it's getting them to understand the 'how' alongside the 'why' and the importance of it.*

Lecturer D explained that wider contextual issues were predominantly brought in through the lecture notes and alternative readings. However, despite the introduction of wider contextual issues on the course, Lecturer D expressed reservations in doing so. She stated:

*I don't think Frank Wood's answer gives enough of the big picture. But I'm not sure if they're ready for that at first year. Sometimes they just want black and white answers and they want something that's right or wrong, and maybe challenging too much of that at an early stage isn't always a good thing.*

Similarly, Lecturer B was doubtful about whether introductory accounting students could cope adequately with wider contextual issues, stating that she did not supplement the textbook 'at that level'. However, while Lecturer B noted that the contextual material in her recommended textbook was 'very limited', reflecting the course as a whole, she did note that there was 'a new conceptual module...in first year, which looks at all the conceptual issues'.

Lecturer E explained that he supplemented his chosen text with newspaper articles and professional journal articles in order to expose students to wider issues. In particular, he stated that:

*Business articles in regional newspapers very often have an ethical perspective... in terms of asking whether the morality of a particular issue is appropriate, or getting students to think about morality to some extent.*

Lecturer C supplemented her text with the abstracts of some accounting academic journal articles. In particular, she noted that Mouck (2004), was useful in terms of highlighting to students that some financial accounting representations:

*...only come into existence in accordance with a set of rules... and have no objective basis in either physical or institutional reality.*

In this respect, Mouck (2004, p.525) highlights how, for example, the financial accounting rules for aggregating the monetary amount of total assets 'are more akin to the rules for a game such as football'. Lecturer C indicated that she would like to see this point made at the beginning of her introductory accounting textbooks, so that students learn to appreciate, early on in their studies, that accounting knowledge has not 'just been cast down in a tablet of stone'. Lecturer K also noted that she recommended journal articles because she felt it was important that students begin to 'think outside of the mechanics' of accounting.

In addition to using EQL's book-keeping tutorial computer package, Lecturer F recommended that students read broadsheet newspapers as well as professional accounting periodicals. She encouraged students to pick out accounting-related articles of interest to them, which may then be discussed in tutorials. In this way, Lecturer F attempted to encourage students to think more broadly about issues relating to accounting. However, she also noted the limitations of introducing supplementary material to level one students. She stated:

*I don't really recommend any particular academic journals. Because of the nature of the first module, which is very practical. I don't think that much of it would seem relevant. That is maybe a sad thing to say.*

As alluded to above, both professional tutors explained that their training manuals played a large part on their course, to the extent that they could be viewed as 'stand alone' handbooks (Tutor A). In particular, it was noted that the training manuals were restricted to material that was examinable by the professional accountancy body. In this respect, it was implied that there would be no reason to recommend additional material since everything students needed to know was 'in the text'. Tutor B explained that the only supplementary material that tended to be distributed on her course was 'test exam questions'.

### Accreditation

One aspect of the contextual aspects of accounting education discussed in chapter four, namely, the accreditation of accounting degrees, was alluded to by a number of the lecturers interviewed. For example, Lecturer F stated:

*I mean, accreditation's a very good marketing tool if you're trying to attract students to do your degree. And clearly a lot of students are looking for an accredited degree.*

When asked whether accreditation influenced her choice of textbook or the content of her course, Lecturer F responded:

*Slightly, yes... I mean, it's not that accreditation drives everything we do by any means. But there is like a minimum requirement for accreditation. And some of them are met by what they study in the first year. So I mean, for example, control accounts. A lot of people would say, why on earth are you doing control accounts? Particularly when a lot of the students are non-accountants. Well, that's to meet accreditation. You've got to tick a box that says that we do actually teach control accounts. They never do them again.*

*They don't do them in the second year as far as I'm aware, still don't do them in the third year. So, I would say that the recommended text actually does meet what you would expect a first year to do. I mean, our accreditation... we were meeting accreditation not just with what we did at first year level. I mean, there are obviously other things at levels two and even three. We made sure that... without completely pandering to accreditation requirements, there were elements of accreditation items or techniques in these core modules.*

Despite noting the role of accreditation on her degree programme, Lecture F argued that the influence of the accounting profession on university accounting courses should be resisted to some extent. She explained:

*I think that if you go along the lines of everything should be geared towards accreditation then you're letting the profession decide what a degree should be. And I think the whole point of our students studying a degree is they should be doing something different to professional training. So I don't think we should be a preliminary sort of professional training for get[ting] a professional qualification. I think it should be that they do a degree. And they study [the subject] in an academic way.*

Lecturer C pointed out that it was sometimes difficult to bring wider contextual issues into her teaching because she had 'the accreditation issue to deal with'. In particular, she noted that:

*We have a lot of students doing ACCA and therefore we've got to make sure we cover enough technical stuff for ACCA accreditation... it is a real tension because then we expect them to do a sort of scholarly dissertation in the third year.*



Similarly, Lecturer K explained that she had to cover certain financial accounting material to satisfy 'Institute exemption requirements', which meant that there was 'a core content that you're trying to cover all the time'.

## Summary

The questionnaire survey of lecturers has highlighted that, amongst respondents, Wood and Sangster's *Business Accounting I* was the most frequently recommended text for introductory financial accounting courses in UK universities. However, a significant number of lecturers also recommended professional and academic journal articles as well as at least one other text in order to provide alternative perspectives and to increase awareness of current issues in accounting and finance. In addition, responding lecturers appeared to believe that the information needs of all stakeholder groups identified in the *Corporate Report* were addressed to at least some extent in their primary recommended text. Survey respondents generally supported a range of objectives for a university financial accounting course, including the development of students' critical thinking skills and of an awareness of the wider social context of accounting; however there was less support for the suggestion that development of these skills and awareness of wider issues were suitable objectives for the early stages of an introductory financial accounting course.

When these survey issues were probed in more depth via interview, lecturers' and professional tutors' comments regarding their recommended introductory financial accounting course text highlighted a number of important issues relevant to this report. In terms of stakeholder representation in their recommended texts, the majority of lecturers and professional tutors acknowledged that discussion of different stakeholders was extremely limited. In this respect, lecturers' perceptions of their textbooks accord with the analysis of these textbooks

in chapter five; in particular, it was noted that the 'selective tradition', that is, what is selected and omitted from texts, was important in terms of constructing meaning in the service of power. Again, it would appear from interviewees' remarks that by neglecting to acknowledge broader stakeholder groups, financial accounting textbooks could be construed as obscuring relations of power. While some lecturers attempted to address this perceived shortfall in their course textbook by recommending supplementary material, it was acknowledged by these lecturers that such material was limited, as it was felt that students may find it difficult to cope with. Professional tutors tended not to supplement their training manual at all since the manual covered all of the 'examinable material'. In other words, tutors considered there was no need to use supplementary material since all of the material that students needed to pass their professional examinations were covered in the training manual.

Each of the interviewees were asked whether they thought their textbook was ideological. On this issue, five of the interviewees indicated that they believed their recommended text could be considered ideological in so far as it prioritised the interests of shareholders above the interests of all other stakeholder groups. However, the difficulty in making students aware of, or challenging, this perceived worldview in accounting textbooks was also noted because: they do not fully understand the significance of alternative perspectives; and many students naturally empathise with this world view. The latter point is similar to Power's (1991) observations, in that students may be 'volunteers' in the accounting education process because they identify with the dominant view of the world. A number of lecturers felt that their recommended texts were not ideological, and did not promote the interests of any particular group, because they perceived their texts to be merely 'technical'. In this sense, arguably, the assumptions and values underpinning the texts were somewhat obscured by their technical focus.

The majority of the lecturers interviewed stated that they recommended other supplementary reading to students in an attempt to expose students to wider contextual issues. However, some limitations about introducing such ideas to students in the first year of their study were noted—since they are believed to have insufficiently developed their critical faculties to cope with alternative perspectives. The professional tutors interviewed did not recommend supplementary material, since the training manuals they used contained everything students needed to know to pass their examinations.

Finally, three of the lecturers highlighted that what they taught on their course was influenced by professional accreditation. Again, it was noted that this contextual condition of accounting education was something which students generally wanted – and was something which could be used as a marketing tool. However, it was also suggested that there was a real concern about university accounting education becoming preliminary professional training.

# 7 USERS OF ACCOUNTING TEXTBOOKS AND TRAINING MANUALS: STUDENTS AND TRAINEES

## **Introduction**

In addressing the last stage of Thompson's (1990) analytical framework, this chapter is concerned with the use of accounting textbooks by students. Specifically, this chapter examines the knowledge that students have when they come to accounting education, whether their views regarding the purpose of accounting information and the objectives of business change as a result of studying a course in financial accounting, and what role the textbook plays in their learning. This chapter complements the views of lecturers contained within chapter six.

The remainder of this chapter is structured as follows: the following section discusses the results of a two-stage questionnaire distributed to first year students of three separate university institutions and to students commencing professional training. Students' perceptions about the purpose of accounting, the objectives of business, and their recommended course textbook or training manual were ascertained. The third section builds upon the views of university and professional accounting students, by reporting on the results of four focus group investigations; these were undertaken at the three academic institutions as well as in the office of an accountancy firm. The issues discussed within the focus groups were similar to those considered within the questionnaire: namely, the purpose of accounting, the objectives of business, and perceptions about the core recommended textbook. However, the focus groups allowed the issues to be explored in more depth and follow up questions to be posed. The final section concludes.

## Questionnaire

A two-stage questionnaire was distributed to first year undergraduate accounting students at three separate institutions - University A, University B and University C - as well as to students registered with a professional body. In order to capture the preconceptions and worldviews of students prior to their study of accounting, questionnaires were distributed during the students' first class or meeting on introductory financial accounting. To assess whether these perceptions of accounting had changed during the course of their studies, a second questionnaire was administered at the end of the course, during the revision lecture. The separate research sites were chosen to see if responses might be influenced by a specific University accounting course. A professional body was also included to assess whether the impact of professional training differed from the undergraduate experience with regard to changes in perceptions. The four research sites were selected primarily on the basis of access. Hard copies of the questionnaire were physically distributed and collected from students at University A, University B and the professional body. For University C, an on-line version of the questionnaire was developed. Students at University C were e-mailed by their course leader with details of the questionnaire and a web-link to the survey.

The student questionnaire was divided into 5 sections. Section A asked for respondents' background information relevant to the study; in particular, details were sought on gender, age, title of course, and prior study of accounting. Section B contained 13 questions about the purpose of accounting information and the needs of different users. Each question in this section used a five point Likert scale varying from 1 (strongly disagree) to 5 (strongly agree) with a neutral value of 3 (neither agree nor disagree). Each question also had an option for 'don't know'. Questions in this section were presented using a matrix structure, which is frequently used in surveys with a large number of

rating questions that require responses on a variety of different topics (David and Sutton, 2004). Section C included 12 questions about the objectives of business, using the same Likert scale and structure as section B. Section D asked respondents 21 questions about recommended course materials; this section employed a mix of Likert scale questions, using the same scale and structure as sections B and C, open-ended questions, dichotomous (yes/no) questions, and exclusive closed questions. The final section, section E, contained 8 questions regarding respondents' views on what they thought the objectives of business should be. In this sense, students were asked to comment upon the same business objectives presented in section C, but for this section they were asked to comment upon what they believed the objectives of business should be, as opposed to what they thought the objectives of business were in practice. Differentiating between the two was thought to be important when gaining an understanding about the actual worldviews held by the different students and, in particular, about how they had been influenced during their introductory accounting course or initial accounting training session. The same rating scale and structure was used for this section as for section B.

A total of 218 responses were received from undergraduates and 65 from professional trainees for the first stage of the questionnaire. Some 139 were received for the second stage from undergraduates and 67 from trainees (see Table 7.1). The lower response rate among undergraduates for the second stage was attributed to poorer class attendance at the end of the course, although steps were taken to avoid this difference by issuing the questionnaires during a revision lecture, which, it was hoped, that students would be reasonably likely to attend. The lower number of returned questionnaires from University C was possibly due to the use of the online version survey as opposed to distributing hard copies of the questionnaire during a lecture. Students preparing for their professional exams showed no signs of study fatigue.

An inspection of Table 7.1 shows that students at Universities A and B were predominantly accounting undergraduates, while students at University C were an even mix of accounting and non-accounting undergraduates. There was a fairly even mix of gender across each institution, and the majority of students at each institution were aged between 16 and 18. Not surprisingly, the trainees with professional accountancy firms were older than their undergraduate counterparts but in most other aspects the two groups were similar; however, the number filling in the second questionnaire among the professional trainees was higher than that completing the first.

Table 7.1 Respondent demographics

Demographics	Panel A - Start of course					Panel B - End of course				
	A	B	C	Total	Prof	A	B	C	Total	Prof
<b>Gender</b>	N=136	N=54	N=28	N=218	N=65	N=94	N=36	N=9	N=139	N=67
Male	77	24	13	114	34	50	15	4	69	33
Female	59	30	15	104	31	43	21	5	69	34
<b>Age</b>	86	37	14	137	0	54	22	5	81	0
16-18	30	5	13	48	0	23	6	4	33	0
19-20	15	7	1	23	58	14	5	0	19	59
21-25	3	2	0	5	7	2	0	0	2	8
26-30	2	3	0	5	0	1	3	0	4	0
Over 30	107	48	15	170	N/A	78	34	5	117	N/A
<b>Degree</b>	24	3	12	39	N/A	15	23	4	42	N/A
Accounting	75	32	14	121	24	45	19	4	68	19
Non-Accounting	60	21	14	95	41	49	17	5	71	48
<b>Studied accounting before</b>	52	18	0	70	6	35	13	0	48	6
Yes	2	4	0	6	2	0	2	0	2	1
No	7	0	11	18	1	4	0	4	8	1
<b>Level</b>	1	7	0	8	0	1	3	0	4	0
Higher	0	0	1	1	0	0	0	0	0	0
Standard	11	1	0	12	0	4	1	0	5	11
A-level	0	0	0	0	15	0	0	0	0	15
HND	0	0	0	0	0	0	0	0	0	0
GNVQ	0	0	0	0	0	0	0	0	0	0
Foundation	0	0	0	0	0	0	0	0	0	0
Degree	0	0	0	0	0	0	0	0	0	0

Note: This table shows the respondents' demographics for the three Universities (A, B and C) as well as for the Professional body (Prof). The results are shown for the questionnaire distributed at the start of each course (Panel A) and at the end (Panel B). N = number of respondents. Not all of the information was supplied by every respondent.



Returned questionnaires were analysed by comparing: mean responses for the beginning of the course and the end of the course at each institution; and mean responses based upon the background variable of prior knowledge of accounting. A paired sample t-test was used to calculate differences in mean responses. The undergraduate sample contained 115 matched pairs<sup>1</sup> while the trainee sample included 48 cases where the same individuals responded at the start and end of their course. The discussion that follows and the accompanying tables are derived from an analysis of the mean responses for both stages of the questionnaire. The individual mean scores for each stage and at each institution or professional body are reported in the tables in the Appendix. The findings will be discussed under the following headings: users of accounting information; objectives of business; recommended course materials; and normative perceptions about the objectives of business.

### **Users of accounting information**

Given the focus of the study, the analysis described in this chapter is largely concerned with changes, if any, in responses between the beginning and the end of the course. The difference in mean scores between the two questionnaires were therefore computed by taking the mean scores from the questionnaire at the end of the course minus the mean scores from the questionnaires at the beginning. A negative difference in the average scores therefore implies less agreement with the statement in the question while a positive difference in means implies stronger agreement. Within the narrative discussion of the results the following convention will be used: an increase in mean response from 3 towards 5 will be described as 'stronger agreement'; a decrease in mean from 5 towards 3 will be described as 'less agreement'; an increase in the mean from 1 towards 3 will be described as 'less disagreement'; a decrease in mean from 3 towards 1 will be described as 'stronger disagreement'.

A summary of the differences in responses to these statements is given in Table 7.2. The first column of this table supplies the statement to which students were asked to respond, while the following eight columns record the mean differences in student responses and their associated p-values. Panel A presents the mean differences in responses and p-values when views at the end of the course are compared with perceptions at the start of the course; these differences are shown for each institution separately as well as for the total cohort of university students. The final two columns report the statistics for students training with a professional accountancy body. Panel B records the mean differences in responses and p-values when the university and the professional students were grouped according to their prior knowledge of accounting.

*Table 7.2 Differences in respondents' perceptions of the purpose and users of accounting information at the end of the accounting course compared with the beginning*

Panel A - Institution	A		B		C		Total		Prof	
	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value
Accounting provides information for:										
shareholders	-0.14	0.11	0.10	0.33	N/A	N/A	-0.07	0.29	-0.10	0.30
loan creditors	-0.19	0.02	0.07	0.54	-0.50	0.39	-0.13	0.05	-0.27	0.01
employees	0.49	p<0.01	-0.07	0.72	0.50	0.18	0.34	p<0.01	-0.02	0.87
analysts/advisors	0.10	0.23	0.03	0.81	0.25	0.64	0.09	0.21	0.09	0.35
customers	0.07	0.63	0.33	0.12	1.00	0.09	0.17	0.14	-0.07	0.64
trade creditors	0.09	0.25	0.03	0.82	0.50	0.60	0.09	0.22	-0.04	0.62
government	0.03	0.75	0.10	0.57	-0.50	0.39	0.03	0.72	0.04	0.67
the general public	0.29	0.02	0.07	0.68	0.25	0.79	0.23	0.02	-0.04	0.77
Accounting provides information to stakeholders about:										
environmental impact	0.41	0.02	0.40	0.08	1.00	0.09	0.43	p<0.01	-0.17	0.33
society and environment	0.83	p<0.01	0.00	1.00	0.75	0.44	0.59	p<0.01	0.18	0.09
Accounting is a:										
business activity	0.09	0.26	0.10	0.37	N/A	N/A	0.09	0.16	-0.06	0.47
political activity	0.04	0.77	0.20	0.35	N/A	N/A	0.09	0.45	0.23	0.09
moral activity	0.61	p<0.01	-0.13	0.38	0.33	0.42	0.38	p<0.01	0.00	1.00

*Table 7.2 Differences in respondents' perceptions of the purpose and users of accounting information at the end of the accounting course compared with the beginning (Cont)*

Panel B - Background	University students			Prof students		
	Studied	Not studied		Studied	Not studied	
	Diff. in means	Diff. in means	p-value	Diff. in means	Diff. in means	p-value
<b>Accounting provides information for:</b>						
shareholders	-0.03	-0.13	0.72	-0.21	-0.06	0.64
loan creditors	-0.20	-0.04	0.02	-0.29	-0.26	0.01
employees	0.39	0.27	p<0.01	0.21	-0.12	0.35
analysts/advisors	0.09	0.08	0.33	0.14	0.06	0.60
customers	0.34	-0.04	0.04	0.07	-0.13	0.38
trade creditors	0.05	0.15	0.59	-0.21	0.03	0.77
government	-0.03	0.10	0.72	-0.07	0.09	0.48
the general public	0.30	0.12	0.01	0.14	-0.12	0.38
<b>Accounting provides information to stakeholders about:</b>						
environmental impact	0.31	0.61	0.08	-0.14	-0.18	0.35
society and environment	0.75	0.35	p<0.01	0.36	0.10	0.41
<b>Accounting is a:</b>						
business activity	0.06	0.13	0.38	-0.14	-0.03	0.80
political activity	0.06	0.13	0.67	0.00	0.33	0.05
moral activity	0.32	0.47	0.05	-0.29	0.12	0.46

An examination of the total university sample (see Table 7.2, Panel A) reveals that the mean responses for six statements differed significantly between the start and the end of the course; for each of these six statements the p-value was equal to or less than 0.05. At the end of the courses there was less agreement with the statement that accounting information was produced for loan creditors ( $p = 0.05$ ), while there was stronger agreement with the notion that accounting information was produced for employees ( $p < 0.01$ ), the general public ( $p = 0.02$ ) as well as society and the environment ( $p < 0.01$ ). Statements concerning provision of information about an organisation's impact upon the environment ( $p < 0.01$ ), and accounting being a moral activity ( $p < 0.01$ ) also elicited stronger agreement at the end of the course. While these significant differences emerge from an analysis of the total sample, a more disaggregated examination reveals that the results are mainly driven by responses from the students at University A. Replies from this group indicate that the differences in mean scores were statistically significant for the same six statements. A slightly different pattern was noticeable at University B where responses suggest that at the end of their course, students agreed more strongly with the view that accounting information was produced for shareholders; there is less agreement at the end of their course that accounting information was produced for employees. However, a test for difference in means did not show these changes to be significant.

Once the sample of University students was split according to whether or not the respondents had any prior knowledge of accounting, a number of significant variations between the start and end of the course became apparent ( $p < 0.05$ ). In particular, changes in perception were more apparent for those who had studied accounting before (see Table 7.2, Panel B). There was less agreement with the statement that accounting provides information for loan creditors ( $p = 0.02$ ) whilst there was stronger agreement with the notion that accounting provides information for employees ( $p < 0.01$ ), customers ( $p = 0.04$ )

and the general public ( $p = 0.01$ ). Statements about society and the environment ( $p < 0.01$ ) and accounting being a moral activity ( $p = 0.05$ ) also elicited stronger agreement at the end of the course. Such a finding is surprising since one might have expected that the students who had already studied accounting might not have altered their views about the subject after taking another course in the area. However, the topic studied at school might be very focused on the traditional economic rationale for accounting, and perhaps accounting at university covers a broader perspective.

In contrast to the findings for the university students, the results for the professional trainees indicate very little change in perceptions about the purpose and users of accounting information. Although eight of the 13 differences in mean responses from Panel A were negative, the values were typically small and the p-values were all greater than the critical value of 0.05. The one exception to this generalisation relates to the statement that accounting provides information for loan creditors. The responses of students at the end of their professional training course indicated significantly less agreement with this statement than at the start; the mean was -0.27 and the p-value was 0.01. An inspection of Panel B on Table 7.2 suggests that this finding of less agreement was strongest for those who had not studied accounting prior to commencing their professional training contract. The mean difference was sizeable (-0.26) and the p-value small (0.01). Only one other difference in means was significant in Panel B of Table 7.2. Those who had not studied accounting before beginning their professional training agreed more strongly with the view that accounting was a political activity after their training block was completed.

As shown in the Appendix, the highest mean scores among university students (indicating strongest agreement) at the start of the course were for the statements that accounting provided information for shareholders, loan creditors and government (means = 4.33, 4.40 and 4.40 respectively). The lowest means (indicating stronger disagreement)

were for the statements that accounting information was produced about the environment (mean = 2.85), that accounting is a moral activity (mean = 3.01) and that accounting provided non-financial information, for example, social and environmental information, to stakeholders (mean = 3.23). At the end of the course, the extent of agreement with statements about the production of accounting information for government and analysts had changed slightly (means = 4.45 and 4.38 respectively); these statements received the highest mean scores, whilst the statement that accounting is a moral activity received the lowest mean score (mean = 3.34) and the statement that accounting provided information on the environment received the second lowest mean score (mean = 3.40).

These findings would suggest that, after completing a course on introductory financial accounting, university students' perceptions regarding the purpose of accounting information and the needs of different users changed. In particular, the findings suggest that students are more likely to acknowledge the role of accounting information in serving non-financial stakeholders, such as employees and the general public, and in disclosing social and environmental information. In particular, these changes are most apparent for those who had studied accounting before. This may be explained by the technical focus of accounting study at secondary level education and the emphasis on technique acquisition rather than on a questioning of the role of accounting. However, despite the significant changes outlined above, students, at the end of their university course, still viewed accounting information as being predominantly prepared for government, analysts and shareholders and remained somewhat indifferent, although less negative, towards its use by the general public or with regard to social and environmental issues. Trainees studying for professional exams held similar views to their undergraduate counterparts but these altered less during the course of their first training block.

## Objective of business

Respondents were asked to indicate the extent to which they agreed or disagreed with: statements regarding the objectives of business; and statements on how business success was measured. An initial inspection of Panel A of Table 7.3, suggests that at the end of their first university course on accounting, students agreed less with the statements that the objective of business was to maximise shareholder wealth (mean = -0.04), increase market share (mean = -0.06), increase customer satisfaction (mean = -0.16), increase employee satisfaction (mean = -0.10) and create jobs (mean = -0.09). In fact, university students expressed stronger agreement with the view that the objective of business was to survive (mean = 0.10) and to make profits (mean = 0.03). At the end of their accounting course, university students also agreed more strongly with the statements that business success was measured in terms of an increase in shareholder wealth (mean = 0.04) and increased market share (mean = 0.01); however, a test for difference in means at the various university institutions did not show any of the changes in perception to be statistically significant. However, a number of the differences were significant at the 5 per cent level when the responses were analysed according to whether the respondents had prior knowledge of accounting (Table 7.3, Panel B). For those respondents who had not studied accountancy before the start of the course, two statements showed significant variation when the second questionnaire was returned; that is, the objective of business is to increase customer satisfaction,  $p = 0.03$ ; and success measured according to whether business has increased employee satisfaction,  $p = 0.03$ .



Table 7.3 *Difference in respondents' perceptions about the objective of business*

Panel A - Institution	A		B		C		Total		Prof	
	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value
<b>The objective of a business is to:</b>										
maximise shareholder wealth	0.05	0.64	-0.23	0.26	-0.50	0.18	-0.04	0.64	0.30	0.01
increase market share	-0.05	0.53	-0.06	0.71	-0.25	0.39	-0.06	0.40	0.19	0.11
increase customer satisfaction	-0.09	0.36	-0.24	0.28	-1.00	0.25	-0.16	0.08	-0.11	0.28
increase employee satisfaction	-0.09	0.40	-0.10	0.64	-0.25	0.79	-0.10	0.31	0.10	0.43
survive	0.06	0.52	0.19	0.14	0.00	1.00	0.10	0.21	0.09	0.53
make profits	0.00	1.00	0.06	0.64	0.50	0.18	0.03	0.51	-0.15	0.09
create jobs	-0.09	0.38	-0.03	0.83	-0.50	0.18	-0.09	0.28	0.09	0.51
<b>The success of a business is measured according to whether it has:</b>										
increased shareholder wealth	0.10	0.45	-0.12	0.48	0.00	1.00	0.04	0.70	0.36	0.02
increased market share	0.09	0.35	-0.31	0.10	0.50	0.50	0.01	0.91	0.15	0.18
increased customer satisfaction	-0.08	0.54	-0.26	0.16	-0.25	0.64	-0.13	0.18	-0.04	0.66
increased employee satisfaction	-0.14	0.23	-0.25	0.28	0.25	0.64	-0.15	0.13	0.06	0.65
survived or not	0.05	0.66	-0.20	0.31	0.25	0.72	-0.01	0.93	0.15	0.32

*Table 7.3 Difference in respondents' perceptions about the objective of business (Cont.)*

Panel B - Background	University students			Prof. students		
	Studied	Not studied		Studied	Not studied	
	Diff. in means	p-value	Diff. in means	Diff. in means	p-value	p-value
<b>The objective of a business is to:</b>						
maximise shareholder wealth	0.03	0.79	-0.15	0.36	0.21	0.03
increase market share	0.01	0.86	-0.17	0.20	0.09	0.60
increase customer satisfaction	-0.02	0.89	-0.35	0.03	0.67	0.14
increase employee satisfaction	0.02	0.90	-0.25	0.10	0.05	0.70
survive	0.13	0.24	0.04	0.66	0.78	0.36
make profits	-0.01	0.84	0.10	0.13	0.67	0.08
create jobs	-0.06	0.60	-0.13	0.28	0.34	0.85
<b>The success of a business is measured according to whether it has:</b>						
increased shareholder wealth	0.18	0.16	-0.17	0.29	0.09	0.11
increased market share	0.10	0.41	-0.11	0.39	0.16	0.50
increased customer satisfaction	-0.12	0.36	-0.15	0.34	1.00	0.60
increased employee satisfaction	-0.02	0.91	-0.34	0.03	0.84	0.66
survived or not	0.14	0.24	-0.22	0.20	0.29	0.71

Some of the most striking findings from these questionnaires relate to professional students' perceptions about the objectives of business. According to Panel A of Table 7.3, there was a significant increase in these students' views about the objective of business being to maximise shareholder wealth (mean = 0.30,  $p = 0.01$ ) and about the success of a business being measured by whether it has increased shareholder wealth (mean = 0.36,  $p = 0.02$ ). In both cases, professional students agreed more strongly with the statements at the end of their training block than they did at the beginning by a statistically significant amount. According to Panel B of Table 7.3, this significant increase in agreement about the objective of business was strongest amongst those who had not studied accounting before.

The highest mean score (indicating strongest agreement) among university students at the start of their course was for the statement that the objective of business was to make profits (mean = 4.55) (see Appendix). The lowest means (indicating least agreement) were for the statements that the success of a business was measured according to whether it had maximised the wealth of its shareholders (mean = 3.32) and whether it had increased employee satisfaction (mean = 3.24). At the end of the course, the extent of university students' agreement with the statement that the objective of business was to maximise profits retained the highest mean score (mean = 4.52), whilst the lowest mean score (indicating least agreement) was for the statement that business success was measured according to whether it had increased employee satisfaction (mean = 3.18).

Whilst the mean differences for changes in University students' perceptions regarding the objectives of business generally did not show any significant variation, the statistics for their counterparts studying for professional exams did indicate sizeable changes. Nevertheless, the notion that the main purpose of business is to make profits seems deeply embedded among both groups (see Appendix). Although university students' perceptions about the objective of business do not favour

maximising the utility of a particular stakeholder group, Anglo-American individualist norms still seem to predominate students' thinking at the start and the end of their course (Doyle, 1994). That university students tended not to identify the objectives of business with a specific stakeholder group will be explored further in this chapter, where the findings from the focus group interviews will be discussed.

### **Recommended course material**

Respondents were asked to indicate the extent to which they agreed or disagreed with statements regarding the course text and other recommended materials (Table 7.4). The aim of this strand of the enquiry was to assess whether students were aware that a particular worldview pervaded their recommended textbook and whether this worldview accorded with their own perspectives. This strand of the enquiry also sought information on whether students engaged with other reading material that might offer an alternative worldview to that supplied in the textbook. Again, students were questioned at the start of their course and once more at the end to assess whether views on recommended reading materials had changed over the period of their study on the course.

Table 7.4 *Difference in respondents' perceptions regarding recommended course material*

Panel A - Institution										
	A		B		C		Total		Prof	
	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value
<b>Financial accounting textbooks should/do discuss the information needs of:</b>										
shareholders	-0.09	0.45	0.07	0.75	0.67	0.18	-0.04	0.69	0.18	0.25
customers	-0.22	0.07	-0.13	0.65	N/A	N/A	-0.20	0.06	0.09	0.56
creditors	-0.14	0.17	-0.33	0.02	0.33	0.42	-0.15	0.07	0.03	0.82
employees	-0.18	0.19	-0.31	0.22	0.67	0.42	-0.17	0.16	0.24	0.09
environmental pressure groups	-0.07	0.60	-0.69	0.13	1.50	0.20	-0.13	0.33	-0.24	0.25
the general public.	-0.23	0.13	-0.69	0.06	N/A	N/A	-0.29	0.03	0.09	0.59
the government	-0.45	p<0.01	-0.40	0.25	0.33	0.74	-0.41	p<0.01	0.00	1.00
managers	-0.28	0.05	-0.38	0.32	N/A	N/A	-0.29	0.02	0.27	0.03
<b>The recommended textbook should cover:</b>										
everything on the course	-0.60	p<0.01	-0.64	0.11	N/A	N/A	-0.59	p<0.01	0.46	0.07
wider social context of accounting	-0.68	p<0.01	-0.69	0.11	-0.33	0.67	-0.67	p<0.01	-0.06	0.79
<b>Other aspects of textbook/recommended materials:</b>										
use web-site	-1.65	p<0.01	-1.92	p<0.01	-0.67	0.18	-1.72	p<0.01	-0.62	0.04
linked to course	-0.35	p<0.01	-1.50	p<0.01	-0.75	0.06	-0.55	p<0.01	-0.17	0.35
used as reference text	-0.32	p<0.01	-1.24	p<0.01	N/A	N/A	-0.50	p<0.01	-0.83	0.01

*Table 7.4 Difference in respondents' perceptions regarding recommended course material (Cont.)*

Panel B - Background	University students			Prof students		
	Studied	Not studied		Studied	Not studied	
	Diff. in means	Diff. in means	p-value	Diff. in means	Diff. in means	p-value
<b>Financial accounting textbooks should/do discuss the information needs of:</b>						
shareholders	-0.09	0.02	0.86	0.09	0.23	0.20
customers	-0.06	-0.39	0.02	0.00	0.14	0.42
creditors	-0.19	-0.10	0.46	0.00	0.05	0.77
employees	-0.26	-0.05	0.80	0.27	0.23	0.17
environmental pressure groups	0.02	-0.32	0.18	-0.36	-0.18	0.49
the general public	-0.28	-0.30	0.15	0.18	0.05	0.77
the government	-0.49	-0.32	0.12	0.00	0.00	1.00
managers	-0.33	-0.24	0.28	0.18	0.32	0.05
<b>The recommended textbook should cover:</b>						
cover everything on the course	-0.60	-0.56	p<0.01	1.09	0.14	0.61
wider social context of accounting	-0.52	-0.85	p<0.01	0.00	-0.09	0.70
<b>Other aspects of textbook/recommended materials:</b>						
use web-site	-1.88	-1.60	p<0.01	-1.53	-1.97	p<0.01
links to course	-0.57	-0.54	p<0.01	-0.59	-0.50	p<0.01
used as reference text	-0.47	-0.53	p<0.01	-0.53	-0.46	p<0.01

An examination of Table 7.4 shows that, at the end of their studies, undergraduate respondents' perceived that their recommended textbook devoted less discussion to different corporate stakeholders than they had expected at the start of their course. This perceived decrease in the level of discussion was apparent for every stakeholder group across each institution, with one exception, University B, which had a positive difference in mean for shareholders (mean = 0.07). This implies that at the end of their studies, the students at University B perceived that their recommended textbook contained a greater discussion of shareholders than they had expected at the start of their course. The recommended textbook at this institution was 'Introduction to Accounting' by Geoff Black (2005).

Several of the variations which are apparent in Panel A of Table 7.4 were significant at the 0.05 level; in particular, the view among university students that there was less discussion than expected regarding the information needs of the general public ( $p = 0.03$ ), the government ( $p < 0.01$ ) and managers ( $p = 0.02$ ) and the belief among professional students that financial accounting textbooks should/do discuss the information needs of managers. Although the results for undergraduate students emerge from an analysis of the total sample, it would appear that these are being driven by responses from University A. The highest mean responses (indicating stronger agreement) at the start of the course were for the statements that financial accounting textbooks should discuss the information needs of creditors (mean = 4.06), shareholders (mean = 3.99) and managers (mean = 3.98) (see Appendix). At the end of the course, it would appear that these expectations were not fully met, with lower mean scores (indicating less strong agreement) for the statements that students' recommended financial accounting textbooks discussed the user needs of creditors (mean = 3.93), shareholders (mean = 3.86) and managers (mean = 3.79). These results for university students support previous findings into the representation of different stakeholder groups

in accounting textbooks, which suggest that shareholders and managers receive greater emphasis in introductory texts.

An examination of Panels A and B of Table 7.4 suggests that the most significant variations in mean responses related to students' perceptions of: what their recommended textbook should cover versus what it did cover; and other aspects of textbooks and recommended materials, such as whether students used the associated website for the textbook as much as expected, or whether they benefited from reading other material as much as they thought they would. Many of the results were significant ( $p < 0.05$ ) across each student group as well as across background variables of gender and prior knowledge of accounting.

In terms of their perceptions about what the recommended textbook should cover, the results indicate that at the start of the course, university students were expecting their recommended textbook to cover everything on the course. However, at the end of the course, responses clearly suggest that the recommended textbook did not cover as much of the course topics as the students had expected ( $p < 0.01$ ). Similarly, at the start of their undergraduate course, university students anticipated some discussion of the wider social context of accounting, but at the end of the course, wider social context issues appear to have been discussed much less than they had been expecting ( $p < 0.01$ ). By contrast, professional students agreed more strongly with the view that their manual covered everything on their course; this result is not surprising as the training manuals were written with this aim in mind. At the end of their course, both professional and university students perceived there to be less benefit in reading other material than they had anticipated at the start of the course. This change of view may have resulted from constraints on students' time, and the difficulty of finding time to read beyond the recommended text. Alternatively, students may have considered it unnecessary to read beyond the recommended text due to their perception that sufficient knowledge to pass the course could be gleaned from reading the textbook or training manual alone.



More students indicated that they intended to buy the textbook at the start of their course than had actually bought the textbook by the end of the course ( $p < 0.01$ ). This difference may be attributable to numerous copies of the recommended text being held at each institution's library. Also, this finding may be due to the high cost of textbooks and students sharing one copy of a book among friends. This question was not answered by professional students who were supplied with a copy of their training manual as part of their studies.

### **Normative perceptions of the objectives of business**

Respondents were asked to indicate the extent to which they agreed or disagreed with statements concerning what the objectives of business should be (see Table 7.5). In this sense, students were asked to comment upon the same business objectives discussed in the section 'objectives of business' above, except that they were asked to indicate what they thought the objective business should be, as opposed to what they thought the objectives of business were in practice.

Table 7.5 Difference in respondents' perceptions about what the objectives of business should be

Panel A - Institution	A		B		C		Total		Prof	
	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value
The objective of a business should be to:										
maximise shareholder wealth	-0.09	0.29	-0.03	0.83	-0.25	0.39	-0.08	0.27	0.44	p<0.01
earn a reasonable return to shareholders	-0.09	0.25	-0.25	0.15	0.33	0.42	-0.12	0.10	0.17	0.15
increase market share	0.04	0.68	-0.31	0.03	0.00	1.00	-0.05	0.48	0.25	0.07
increase customer satisfaction	0.00	1.00	0.07	0.70	-1.00	0.18	-0.02	0.84	-0.06	0.58
increase employee satisfaction	-0.09	0.41	0.25	0.13	-1.00	0.18	-0.04	0.69	0.06	0.62
survive	0.03	0.80	0.17	0.13	-0.50	0.50	0.04	0.58	-0.02	0.91
make profits	-0.09	0.24	0.24	0.17	0.75	0.22	0.03	0.71	-0.10	0.28
create jobs	-0.15	0.18	-0.21	0.28	-0.25	0.39	-0.17	0.07	0.23	0.06

*Table 7.5 Difference in respondents' perceptions about what the objectives of business should be (Cont.)*

Panel B - Background	University students				Prof. students			
	Studied		Not studied		Studied		Not studied	
	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value	Diff. in means	p-value
The objective of a business should be to:								
maximise shareholder wealth	-0.11	0.27	-0.04	0.70	0.36	0.29	0.47	0.01
earn a reasonable returns to shareholders	-0.10	0.31	-0.15	0.18	0.14	0.43	0.18	0.23
increase market share	-0.14	0.21	0.06	0.52	0.07	0.84	0.32	0.02
increase customer satisfaction	0.09	0.37	-0.17	0.28	-0.29	0.26	0.03	0.81
increase employee satisfaction	-0.05	0.67	-0.02	0.89	0.07	0.81	0.06	0.66
survive	0.23	0.02	-0.21	0.09	-0.29	0.16	0.09	0.71
make profits	-0.03	0.73	0.11	0.39	-0.21	0.27	-0.06	0.60
create jobs	-0.16	0.22	-0.19	0.17	0.21	0.49	0.24	0.04

An examination of Panel A, Table 7.5 reveals very different findings for university and professional students. Specifically, the statistics suggest that at the end of their first undergraduate course on accounting, university students agreed less with the statements that the objective of business should be to maximise shareholder wealth (mean = -0.08), provide reasonable returns to shareholders (mean = -0.12), increase market share (mean = -0.05), increase customer satisfaction (mean = -0.02), increase employee satisfaction (mean = -0.04) and create jobs (mean = -0.17). Instead, they agreed more strongly that the objective of business should be to survive (mean = 0.04) and to generate profits (mean = 0.03). These variances match the differences in means for section C of the questionnaire and almost none of the differences are significant ( $p < 0.05$ ): an exception concerns the responses from University B, which showed less agreement with the statement that the objective of business should be to increase market share ( $p = 0.03$ ), and responses from those who had studied accounting before, who agreed much more strongly that the objective of business should be to survive ( $p = 0.02$ ). By contrast, professional students agreed more strongly with the view that the objective of business should be to maximise shareholder wealth (mean = 0.44,  $p < 0.01$ ). This increase in the strength of agreement with the statement was clearly driven by the responses of trainees who had not studied accounting before (see Panel B of Table 7.5). In addition, both of these groups of professional students believed more strongly that the objective of business should be to increase market share.

## Focus groups

Focus groups with students from each of the three universities, as well as with a group of professional trainees were conducted following the completion of their introductory course on accounting. The aim of the focus groups was to explore, in more depth than the questionnaire permitted, students' perceptions of the purpose of accounting

information, the role of business and their recommended course textbook. Each focus group varied in terms of the number of students present and the gender mix (see Table 7.6).

*Table 7.6 Gender mix of participants in each focus group*

	University A	University B	University C	Professional
Female	5	2	4	2
Male	1	3	2	2
Total	6	5	6	4

Each focus group lasted one hour, and all four focus groups were recorded and transcribed. The results of the focus group will be discussed under the following headings: users of accounting information; alternative perspectives/other users; in whose interests companies are run; objectives of business; textbook; and other reading material.

### **Users of accounting information**

Students were first of all asked to identify, for whom they thought financial statements were prepared from a list of possible users of accounting information. Responses were consistent across each group, with shareholders being identified as the principal users by the majority of participants. For example, a typical response from Student A1 indicated that:

*Shareholders... because technically they own the company and they will want to know how their investment is doing.*

Student B1 agreed when he noted that: ‘advisors and shareholders’ were the main users. Student C1 was even more emphatic when he stated that:

*I think the shareholders - that's why you need to make a profit, to pay the shareholders.*

Professional students' responses did not differ from their university student counterparts, with shareholders being identified as the principal target for accounting information. For example, Student P1 explained:

*I see accounts being prepared for shareholders or for whoever owns the business for whatever purposes they want... Shareholders generally don't have a hand in the running of the business, so the accounts let the shareholders see how [management] are doing.*

Similarly, Student P3 noted that 'managers have a responsibility to the owners of the business' implying that managers prepare financial accounts primarily for shareholders. Even when other possible users were identified by students, it was because they were deemed to share the owners' goals, normally by virtue of being shareholders themselves. Thus, Student A2 suggested that:

*Some employees might hold shares in the company... so they might want to know whether they should sell their shares in the company... or to encourage employees to buy shares.*

Similarly, Student C2 argued that:

*a lot of employees [will be] shareholders anyway... so I think it is quite important for them as well.*

Students were asked to differentiate between what they deemed to be current practice in the production of financial statements, and to comment on for whom they felt these should be prepared. In most

cases, the question elicited a similar response. For example, Student A5 stated that:

*I think primarily for shareholders, because they own the company and have put their money in the company. They have more of a financial interest, whereas the other interest groups don't have such a financial interest.*

Student C2 concurred with this view when he noted 'I think probably the shareholders are the most important ones'. Similarly, all of the professional students identified shareholders as the constituency for whom accounts should be prepared. For example, Student P3 noted that, 'it depends on the type of company and on their business agenda' adding,

*If it is a purely profit driven company, then the accounts will matter to [the shareholders] more than the general public or the government.*

When the participants were asked why they felt the shareholders were the most important group, they typically pointed to the financial interest shareholders have by virtue of their ownership of the company. Thus Student B3 argued that shareholders were the main user since 'they've got a financial interest', while Student B4 justified the choice because '[shareholders] own the company'. Student C2 made a similar decision in favour of shareholders 'because they're the ones that put the equity into the business'.

Students were asked to contemplate whether employees also had a financial interest in company. Respondents tended to draw a distinction between the employee and the shareholder on the basis of risk: since the employee enjoyed a steady flow of income in the form of a salary/wage, shareholders were deemed to be at a greater risk of losing their investment if the company failed. Therefore, Student A5 stated that:

*Most employees will not have much interest in the annual reports of a company. As long as they were getting a wage at the end of the month. Most of them won't be interested in the company report.*

Student B4 agreed when he noted that:

*At the end of the day, the shareholders are putting in the initial investment, whether it's buying initial shares or reinvesting in more shares. I am assuming their initial investment will be much more than an employee. [Employees] are investing their time and effort, and they are getting remunerated for that. Investors don't get anything back unless the company is successful.*

### **Alternative perspectives/other users**

Not all participants agreed that shareholders should be the main focus of company financial statements. In all three of the university groups, there was typically one group member who felt that a wider range of users should be considered, or that particular user groups should feature more prominently. For example, in the first group, Student A3 argued that:

*Although shareholders are important, creditors are probably more important, because at the end of the day, they are going to decide whether you [remain in business].*

In the second group, Student B1 also suggested that the needs of stakeholders other than shareholders should feature in accounting textbooks:

*You've got to count the rest of them... Loan creditors want to know what their business is about and if they can afford to pay them*



*back. I think it should be focused for the shareholders but it should include more information so that other groups will benefit from it as well.... like something that employees can benefit from, or other [groups]. So it's not solely aimed at just the shareholders.*

When asked to consider whether companies should produce information other than financial information in their accounts, participants were quick to point out that non-financial information would be of benefit to users other than shareholders, such as customers and the general public. For example, Student A5 stated that:

*Some customers may be interested in the social and environmental side [of the business], especially oil companies like Shell, whose company report has a lot of environmental stuff in it. They might be more interested in that rather than the financial side of the company.*

Student B4 agreed and noted that:

*If you were sort of an ethical consumer and you wanted to know the trading policies that a company had... whether they outsourced manufacturing to a foreign country ... My wife's like that. She didn't like buying Nike because the fact that they use the factories and the wee kids to produce their Nike branding. She wants to help the planet. She's a health visitor.*

This view was supported by student C4 who argued that:

*People are more interested in like the ethical side of business these days; like they are interested in the accounts and stuff but I think it's got more importance to people, you know environmental issues and things like that... I think the general public would understand*

*that more than financial documents because I think your average person on the street... I don't think first of all they'd know where to look to be able to get hold of financial documents and then second of all, I don't think they'd understand them if they didn't have any sort of accounting or a financial background... they'd be more likely to understand the ethical sort of side of things.*

However, whilst students were aware that customers and the wider public were interested in social, environmental and ethical information pertaining to companies, Student B5 asked, 'but is that really accounting information?'. Indeed, despite identifying the wide range of information that other stakeholders would benefit from, the majority of participants still maintained that company financial statements should be produced for shareholders.

Unlike the university focus groups, there was less evidence of any professional trainees holding an alternative perspective about for whom financial statements should be prepared. However, Student P4 noted that:

*For public companies, in my small person's view of things, you would like to see transparency through everything. That would be the ideal, but it is never going to happen. I think for small businesses which don't really have much affect over a big area, then it is not so necessary.*

### **In whose interests are companies run?**

Despite identifying shareholders as the principal users of accounting information, students from University A did not identify shareholders as the group for whom companies were run. For example, one student stated that companies should be run primarily in the interest of customers:

*If you take care of the customer the business will take care of itself.  
If you keep your customers happy, they will keep on coming, and  
that means you can keep on your employees.*

Students at Universities B and C made the link between the principal users of accounts, and the interests for which they perceived companies were run – identifying shareholders in each case. Thus, Student B3 commented that, ‘it all comes back to shareholders, doesn’t it? Getting their worth.’ In addition, Student C5 noted that:

*In a corporation there seems to be an emphasis that the shareholders  
are the people that you’re doing it for.*

Like the university students interviewed, professional trainees identified shareholders as the group for whom companies were run. In their remarks, professional students alluded to their training materials as the source for their views. For example, Student P1 stated,

*We are told in our... notes [on our first module] that directors run  
the business in the best interests of the shareholders.*

Perhaps by virtue of companies being constructed as separate legal entities, a number of students viewed the company as an abstract entity which pursued its own interest, and which was run essentially for itself. The comments of Student A5 typified this view, who stated ‘[Companies are run for] themselves. I think it is in the company’s own interest to make a profit’. This conceptualisation of the company is consistent with the warnings in the classic paper by Jensen and Meckling (1976) not to think about organisations as if they have interests and motivations:

*It is important to recognise that most organizations are simply legal fictions which serve as a nexus of contracting relationships among individuals. (p.310)*

Jensen and Meckling also note the conflicting objectives of the individuals who engage in this nexus of contracts.

On a few occasions, students had to be pushed to identify groups or individuals that would benefit from a company's pursuit of profit. A striking aspect of this perspective is that, by constructing the company as an abstract legal entity, the interests which are served as the result of corporate activity are somewhat obscured. In many respects, this accords with Thompson's (1990) mode of ideology, 'dissimulation'. A further example of this obscuring of interests was given by another student at University A. When asked, in whose interests do you think companies are run, Student A1 replied:

*I would suggest... the upper tier. Your directors, the upper managers. The directors will establish on high what performance targets should be reached and then that gets passed down the line.*

When asked what she thought drives the target setting process, she replied 'Money. You hit more targets, you get more money.' Again, target setting was not associated with the interest of any particular constituency, but attributed to a more abstract cause – money.

Students were asked to differentiate between the interests they thought companies were run for, and for whose interest they felt companies should be run. Again, responses were similar, with shareholders being identified as the main interest group served by corporate activity. For example, Student C3 stated that, 'the shareholders... because they're the ones that put the equity into the business'. Similarly, Student P3 explained:

*Maximising shareholder wealth... if you are putting money into a company to begin with, you are doing it for two reasons. One, to make money. The other is just to have part ownership.*

The neo-classical economic argument, that by pursuing the interest of shareholders, other stakeholders will benefit was invoked by Student B5 to justify their view:

*If the shareholders want to maximise wealth... they might try and expand the business. More job opportunities, more job security. So, pursuing the best interest of shareholders also helps employees.*

### **Objectives of business**

Students were asked to comment on what they thought the objectives of a business were in practice. Despite most students having identified shareholders as the main users of accounting information, and those in whose interests companies were run, the business objectives they identified varied considerably. A notable feature of many of the responses from university students was that business objectives tended to be viewed in an abstract sense and, in most cases, were not linked to any particular constituency. Views emerged which were similar to the responses outlined in relation to discussions about the group in whose interest companies were run; in this respect the identity of constituents who might shape the objectives of business, or who might benefit directly from a specific objective, was somewhat obscured. Respondent A2 suggested that the primary goal of a firm was:

*To maximise profit. I think that is the main objective of every business. Without profit, the company will not survive.*

This conflation of views is noteworthy, since this student appears to equate the view that the objective of business is to make profit in order to survive, with the idea that profit has to be maximised. Student A2 was not the only student to conflate these views; for example, Student P3 also stated:

*The norm is that most companies are set up to make a profit... the goal is to make as much money as possible for most businesses.*

Students A1 and B2 were more succinct when they stated that a firm's objective was, 'to make money' and 'survival' respectively. Student C3 agreed when she pointed out that 'business is set up to make a profit really or you wouldn't do it', while Student C1 made the same point slightly differently when he argued that 'probably the first objective is to break even so that you're not making a loss before you start'. Only one university student linked the objectives of business with a particular constituency: the customer. Specifically, Student C2 argued that:

*Mainly to provide a service to customers. I think that's what it is to provide a service to customers, I think that's the main objective of the business but sometimes also to maximise profit.*

Unlike the university students interviewed, the professional students tended to make the link between those whose interests companies were run and the objective of business. For example, Student P1 stated:

*To maximise shareholder wealth, which they may achieve by increasing their market share, or whatever method they pursue, but the overall objective will be to maximise shareholder wealth.*

Similarly, Student P3 explained that 'the main objective of business is to maximise shareholder wealth' although he pointed out that 'it

depends on what the company was set up for'. When asked if they felt the maximisation of shareholder wealth was an appropriate objective, the majority of professional students indicated that they agreed with this aim. However, Student P4 noted that:

*I understand you have to make money, but it is a very insular objective... I do think companies should have other objectives, but, realistically, the more profitable they are, the more they are going to succeed.*

## **Textbook**

Previous criticisms of accounting education have drawn attention to a shareholder emphasis in accounting curricula, which may lead to a failure to develop the ethical reasoning and critical awareness of accounting students (Gray *et al.*, 1994; McPhail, 2006). In this respect, it was deemed important to ascertain the extent to which students were aware of a discussion of a range of stakeholders in their recommended textbook. In addition, it was hoped to gain insights into the role that the textbook plays in students' learning.<sup>2</sup> In terms of the perceived discussion of user groups in their recommended textbook, students indicated that this was fairly limited or occurred mostly at the start of the text. For example, Student A2 indicated that:

*Frank Wood wasn't enough to cover the essay [on users of accounting information]- I had to go to the Internet and look for other references.*

Student C4 concurred. He pointed out that:

*Different users were discussed in maybe four or five pages... probably at the start of the book.*

In terms of textbook use, it would appear from university students' comments that they used their textbook in a number of different ways. For some, such as Student A4, the textbook played an important part in terms of self-directed study:

*When I came to university I didn't have the background in accounting that some of the other students who had come straight from school [and] who had studied accounting... so I found Frank Wood really helped me get to grips with the basics of accounting; just to work through the exercises. There were loads of examples and loads of stuff that you could do.*

For others, such as Student A3, the textbook was used primarily as a reference tool, which could be consulted if any problems were encountered:

*I must confess... I will go away and read the book, just because I don't have that extra understanding... sometimes [after a tutorial class] I go away scratching my head, so I really need to go away with the book just to get my head round things.*

Similarly, Student B3 stated that:

*I just like the fact you've got something there to have reference to. Because you might come across something... oh, I remember doing something like that. I'll get my book out, and it just refreshes you[r] memory.*

Some university students relied on the course notes provided in their lectures, and in some cases did not buy the textbook. For example, Student A3 'used the class notes [which] were really good. I didn't use the textbook' while Student A2 commented that 'you didn't really need



the textbook to pass the exam.’ For Student B3, the decision to purchase the textbook boiled down to cost:

*I was sort of not sure how much it would be used [since] there were only a few chapters [relevant for] our module. I sort of thought, well, it's better to spend five pounds on the photocopying than thirty five pounds on a book that you might not use again... We're probably never going to use them again.*

In terms of their perception of the relative importance of the textbook compared to other teaching approaches, such as lectures and tutorials, university students views differed somewhat. In particular, while some students preferred to rely mainly on their recommended textbook for their study, others indicated that they favoured attending lectures or reviewing their lecture notes. For example, Student C2 stated:

*I used the textbook and the tutorials most, I didn't really think that listening to someone telling us about how to construct the balance sheet or whatever was very helpful. I prefer to do it myself.*

Likewise, Student C4 indicated that he preferred to rely on his recommended textbook. He stated that he:

*...read the book first and then, like before the exam ... looked at the lecture notes... but [he] mostly used the textbook.*

On the other hand, Student B3 stated that she relied on her lecture notes for exam revision:

*One thing I did, I must admit, the tutorials [were good and I] generally used the notes that I made in the lectures. Because [the course lecturer's] notes were really good... they got to the point, they*

*didn't dance round it or give you too much information, they got you where you needed to be and I used that. I did [use the book] to revise for the essay question in our exam.*

Student C3 agreed with this sentiment. She stated:

*I mostly used the lecture notes because they broke it down and they did it step by step so each week you were building on what you had done the week before whereas I get lost in a textbook sometimes.*

Professional students tended to adopt a similar approach to the use of their training manual. For example, when asked how they used their manual, all of the professional students laughed and replied simultaneously, 'exams!'. Student P2 elaborated, stating:

*We have an intense three month block and then you sit exams. You sit them, pass them, and then don't look at it again until we go back in September.*

Indeed, a number of professional students expressed reservations about this approach to learning. For example, Student P2 explained, 'you are not being taught to learn it. You are just being taught to cram it all in and then pass that exam'. Similarly, Student P1 suggested that the professional education process was limited. Linking her criticisms to her training manual she stated:

*I don't think using the textbook teaches you for the long term. You are not going to learn it forever just by reading your notes. Short term fine – cram it in and pass the exam. Financial accounting doesn't stick in your head until you do it.<sup>3</sup>*

To an extent, some of the views outlined above highlight the importance of applying all three analytically separable components of

Thompson's (1990) framework. In particular, if one were to restrict the analysis to the textbook alone, this would require inferences to be made regarding the ideological effects of texts: referred to by Thompson as the fallacy of internalism (see also, Ferguson, 2007). As Apple and Christian-Smith (1991) point out, just because a textbook is recommended, does not necessarily mean it will be read.

Students at University B were asked, given that the majority of participants in this group identified shareholders as the most important user group, whether they thought their textbook emphasised shareholders, and if so, whether students agreed with such an emphasis. An analysis of the comments from the focus group with students from University B indicated that their text did focus on shareholders. For example, Student B2 stated, 'I'd say so', while student B3 agreed. When asked if they agreed with this emphasis, Student B3 replied, 'I certainly do'. Both students were then asked if they were recommended a textbook that didn't have a shareholder emphasis, would they be opposed to the content. Student B2 replied, 'it depends on how it was put', while Student B3 stated:

*...you just sort of read over it and see what the other perspectives are. And see if... the publisher can justify it.*

Whilst students indicated that they agreed with the shareholder emphasis in their recommended textbook, it was not clear whether they would necessarily object if an alternative perspective were presented in the text. As one student pointed out: 'it depends on what you are used to'; in other words, if what you have been taught has had a shareholder emphasis, then the introduction of an alternative perspective may engender resistance. This would suggest that exposing students to alternative perspectives or wider issues in the later years of their studies may have limited effect since it might be met with resistance, and thus is unlikely to engender a critical awareness of accounting issues. In this

respect, it could be argued that in order to foster a broader awareness amongst accounting students, they should be exposed to alternative perspectives and critical issues early on in their studies.

### Other reading materials

Students were asked about other materials they read as part of their studies. Participants at University A commented negatively on their other recommended textbook, Bebbington *et al.* (2001) but it was also acknowledged that it was of greater use for her coursework because 'there is more theory involved'. A number of students at Universities B and C stated that they read the Financial Times. One student pointed out that he read the Financial Times because it was recommended by their lecturer:

*Because they told us to do it. It makes you sound more intelligent. It's just [for] background. Like you can put things [such as] more up to date information into essays or questions... and you can relate what you've learned to something that's actually real and going on.*

Similarly, other students pointed out the benefits of reading the Financial Times in terms of maintaining an awareness of current economic and financial issues. For example, Student C3 stated, 'I just read it to be generally aware of the economic situation.' In most cases, students did not read any academic journals on accounting, or at most, had read one journal article. For example, Student B2 stated:

*They're not in the short term loan bit. I think I know where they are but I've never actually been and taken any out.*

Similarly, Student C3 noted that reading academic journal articles was not required in her first year of study:

*Not last year but we do this year. We were told to... But not last year, we've got to write essays on a couple of journals this year.*

Professional students noted that, due to the intensity of the training process it wasn't possible to 'fit anything else in' (P2). For example, Student P1 stated that her reading was 'just about getting through the exercises. Get through, get through, get through'. Furthermore, students did not feel it necessary to read material other than the training manual because they 'were only examined on things in [the training manual]' (P4). Students were asked if they would be interested to read further than the training manual, for example, to learn about the wider context of accounting. Again, Student P1 highlighted how constrained the training process could be. She stated:

*We only care about what we need to know to pass exams, although, if they taught [wider contextual issues] then fair enough.*

Student P3 stated that he did not feel his professional body were 'too interested in discussing the role of the accountant'. He explained that the training process involved the professional body saying:

*This is the way we want to do things, so just make sure you do it if you want to become a member of this institution.*

In this respect, Student P3 emphasised that the constraints in the professional training process meant there was little room for reflection.

## Summary

This chapter has outlined the results of a range of different enquiries into the reception of introductory financial accounting textbooks. Firstly, the results of a two-stage questionnaire survey of students' perceptions of the purpose of accounting, the objectives of business and their recommended course materials suggest that perceptions change over the course of studying accounting. While students were less negative towards the view that accounting information was prepared for the general public or included social and environmental information, their perceptions of the objectives of business remained relatively fixed, and in some cases considerably strengthened – for example, businesses exist to make profit and should maximise shareholder value. Furthermore, students perceived less discussion of different stakeholder groups in their recommended text than they expected. Moreover, the results suggest that students perceived more discussion accorded to creditors, shareholders and managers in their recommended textbooks than to any other stakeholder group.

Results from the focus group interviews with students support the questionnaire findings in terms of students' perceptions of a general absence of discussion accorded to different stakeholder groups. In this respect, by neglecting to consider the user needs of other stakeholders, accounting textbooks may help maintain the notion of shareholder primacy. In many respects, this worldview was apparent in the students' rationale about for whom accounts should be prepared; in particular, it is assumed by the majority of students that shareholders have the right to information by virtue of the fact that they are the owners. Furthermore, most students assume that shareholders have a greater financial interest in companies than employees. Such views, to an extent, can be linked back to the analysis of accounting textbooks in chapter five, where it was noted that, by virtue of the 'selective tradition', financial accounting textbooks tend to emphasise particular aspects of financial accounting, such as

recording information primarily for the owners, while remaining silent on other issues. Moreover, this too may be related back to findings from the interviews with authors and commissioning editors: social-historical constraints were noted in the publishing process which prevented wider contextual issues being discussed in introductory financial accounting textbooks.

This chapter has highlighted how introductory financial accounting textbooks may construct ‘meaning in the service of power’ – and thus accord with Thompson’s (1990) definition of ideology. In particular, by linking back to the perceptions of the producers of accounting texts, and the analysis of these texts, this chapter has suggested that the ‘omissions’ in textbook content are significant in terms of developing students’ worldviews. Furthermore, accounting textbooks may conceal relations of power by virtue of their technical posture; more specifically, not only does the technical focus of accounting textbooks obscure relations of power in the eyes of the student, but may also do so for the lecturer as well.

## ENDNOTES

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1. An ‘un-matched’ pairs test of the total sample at the start and end of the course was also undertaken; these results are not significantly different from the findings reported here. The Appendix shows aggregated responses of all the respondents, not just those who comprise the matched pairs. For this reason the differences in means between responses at the start and end of the course in the Appendices would not reconcile to those shown in Tables 7.2 – 7.5 since they are based on only the matched pairs.
2. Of course, professional trainees can draw on wider experiences beyond the textbook to inform their studies and understanding of accounting. For example, they may gain insights from their work experience, their working environment or day-to-day discussions with practitioners. However, such wider experiences were not analysed in the current investigation, which focused exclusively on the role of the textbook.
3. This reinforces the point made in chapter three: professional students’ education about financial accounting often occurs in the workplace rather than via a textbook.

# 8

## DISCUSSION AND RECOMMENDATIONS

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### **Introduction**

This report has explored the role played in 2005 by introductory financial accounting textbooks and training manuals in developing their users' understanding of accounting.<sup>1</sup> First, this study examines the production of introductory financial accounting textbooks and training manuals, and the factors that influence the content of these texts. Second, the study explores the content of introductory financial accounting textbooks and training manuals, including the values embedded within these texts regarding emphasis given to various stakeholders. The final two aims are considered together: how introductory financial accounting textbooks and training manuals are used by lecturers, students and professional trainees and how independent learning and critical awareness are encouraged.

In order to pursue these four aims, the research was guided by Thompson's (1990) analytical framework which stipulates that researchers should consider the social context in which texts and manuals are produced as well as the views of individuals involved in the production process. At the level of content, Thompson (1990) recommends that the content of texts and manuals should be analysed in a formal manner, for example, by employing a detailed narrative analysis. Finally, Thompson (1990) states that researchers should focus on how the texts are used by lecturers, tutors and students, as well as on how these texts influence the everyday understanding of the readers. The following section details the findings which emerged from these strands of work.



## **The production of introductory financial accounting texts**

Textbook publishing firms tend to be large media conglomerates with strong profit-seeking motives. In pursuing profits, publishers unsurprisingly engage in a range of marketing activities in order to secure as many textbook adoptions as possible – this is of particular importance at the introductory university level where a large number of students are enrolled. One particular aspect of the field of higher education publishing was significant in terms of the marketing activity that publishing firms engage in – the ‘adoption system’. In particular, publishing firms concentrate their marketing efforts, not on the main users of textbooks, the students, but on course lecturers who are responsible for the adoption of their textbooks. In other words, if a course lecturer adopts, or strongly recommends a particular textbook, then sales to students are likely to follow.

Linked to this aspect of the publishing field is another influence specific to accounting education; the accreditation of accounting degree programmes by professional accounting bodies. More specifically, where an accounting degree module closely resembles the content needed for a professional accountancy examination, the relevant professional body may accredit the university module; therefore, these degree holders will be exempt from having to take that examination as part of any professional accountancy qualification they subsequently undertake. In order to attract students to their courses, university accounting departments often highlight the fact that their degree gains students exemptions from professional examinations. This is important in terms of the development of accounting textbooks, since publishers often engage in market research activity to ascertain what is taught on university courses so as to align the content of their textbooks with their courses and thereby secure as many adoptions as possible. If the contents of accounting degree courses are influenced by accreditation requirements, then this will be reflected

in the information gathered by publishers, and will ultimately influence the textbook content development process.

Both authors and commissioning editors acknowledge the importance of professional accreditation and the profit-seeking motives of publishing firms. In particular, some authors indicated that they consulted with accreditation requirements when developing their textbooks, while the commissioning editors acknowledged that they indirectly addressed accreditation issues in the content development of introductory financial accounting textbooks through their marketing and information gathering activities. This issue was deemed to be of importance in terms of authors' perceptions of the ideological characteristics of the textbooks that they authored. In particular, while a minority of authors made explicit attempts to resist or contest the predominant Anglo-American view of accounting, a number of constraints were identified which prevented alternative perspectives being fully developed in their textbooks. In particular, since publishers' marketing and research activities indicated that developing accounting textbook content consistent with professional accreditation requirements would be likely to generate more sales, they were reluctant to drop any of this mainstream content in favour of wider contextual material. Furthermore, alternative perspectives could not be readily added to mainstream material since this would have cost implications for publishers. For example, since it costs the publisher money to add content, one commissioning editor stated that they would only add new material to a text if the extra content was guaranteed to generate more sales. Given that the reviewers of financial accounting textbooks were not asking for alternative perspectives or wider contextual material to be included in textbooks, then such material was not a priority for publishers. Publishers and authors of professional training manuals were even more explicit about the impact of examined syllabi for different accounting bodies on the content of these documents. Their sole aim was to prepare students for the examinations of the various professional accounting bodies so the syllabi of these bodies dictated

what was included in the manuals. A number of the authors of these manuals also indicated that they consulted with accounting firms, and the views obtained also impacted on what was included in the published manuals.

## **The content of introductory financial accounting texts**

The content of introductory financial accounting textbooks and training manuals has been explored by performing a qualitative content analysis of three introductory financial accounting textbooks and three training manuals. Despite the technical orientation of accounting textbooks and manuals, there is evidence that ideological values are implicit in these texts. In particular, evidence of ‘universalization’ is apparent, implying that a single set of financial statements aimed at shareholders satisfies the needs of all user groups. These texts obscure relations of power by presenting:

*...institutional arrangements which serve the interests of some individuals...as serving the interests of all* (Thompson, 1990, p.61).

In addition, evidence of ‘narrativization’ is evident in each of the three textbooks, but to a lesser extent in the manuals, where stories that ‘recount’ the past are elaborated by referring to the invention of double entry bookkeeping and the publication of Pacioli’s *Summa*. Whilst such a historical perspective is uncontentious, none of these texts refer to the immense changes in business activity since the introduction of double-entry bookkeeping. For example, there are vast differences, in terms of the scale of operations and financial structure, between a merchant trader in the sixteenth century and a contemporary multi-national company, not to mention the social contexts within which each operates.

Another prevalent ideological strand evident in each of the textbooks and training manuals is that of 'reification', whereby a socially constructed activity is presented as if it is real and natural. For example, each text tends to treat the primacy of shareholders'/owners' interests as a fact: no alternatives, such as the balancing of these interests with others as occurs in non-Anglo-American cultures, are considered. Furthermore, given the predominantly technical nature of introductory financial accounting texts, the modes of ideology identified in the texts are often quite subtle, frequently expressed as an implicit or taken-for-granted assumption.

The analysis of the texts also draws on William's (1989) concept of 'selective tradition' in order to consider what is missing from each of the texts. This analysis suggests that certain key issues are not addressed by any of the texts. In particular, the issue of ethics is absent from all three recommended financial accounting textbooks and two of the training manuals, as is any discussion of the social and political context of accounting. By neglecting to relate accounting practice to its wider social context, one could argue that accounting students are being prevented from critiquing the function of accounting, the role that it plays in society, or the effect of society on accounting itself. Moreover, by excluding such issues, each of the texts could be described as uncritically reinforcing a particular set of socio-economic values.

## **The use of introductory financial accounting texts and the encouragement of critical awareness amongst students**

In exploring this aspect of the research four separate approaches have been taken:

- an analysis of existing research and published statistics;
- seeking students' views through a two-stage questionnaire survey;

- detailed students' perceptions through focus group interviews; and
- lecturers' perceptions of recommended textbooks and trainers' views about manuals through semi-structured interviews.

The results of the two-stage questionnaire survey suggest that students' perceptions of the purpose of accounting changed over the period of their study. In particular, students were less negative towards the view that reported accounting information is prepared for the general public or includes social and environmental information, although this result is largely driven by students at one of the three institutions studied. Students' views that the objective of business is profit maximisation became even stronger when studying accounting. In this respect, it is notable that students do not identify business objectives with any particular constituency. When a similar two-stage questionnaire was distributed to students studying for professional accounting exams, sharper differences emerged, especially with regard to the goal of business being the maximisation of shareholder wealth; these students supported the notion that this should be the objective of business much more strongly after their introductory financial accounting course.

Results from the focus group interviews with university and professional students support the questionnaire findings in terms of a perceived absence of discussion accorded to different stakeholder groups. By failing to consider the user needs of other stakeholders, accounting textbooks and training manuals may help maintain the notion that financial statements should prioritise the interests of shareholders. Furthermore, the majority of students indicate that they believe shareholders have a greater financial interest in companies than employees: there was little apparent awareness amongst students of the undiversified financial risks of employees. In many respects, such views can be linked back to the findings of the analysis of accounting textbooks and training manuals in terms of 'universalisation' (ie. to argue that institutional relations that serve a few groups benefit everyone);

‘reification’ (ie. the presentation of a socially constructed activity as if it were real or natural); and the ‘selective tradition’ (ie. what has been included and omitted from the recommended accounting textbooks); more specifically, they tend to emphasise the interest of shareholders/owners while neglecting to discuss other stakeholder groups.

Finally, lecturers also perceive a lack of discussion about wider stakeholder groups or about contextual issues in their recommended textbooks and, to an extent, attempt to supplement the text with other materials in order to compensate for this perceived failing. Furthermore, one lecturer acknowledges that her textbook could be conceived of as ideological since it promotes the interests of shareholders above all other stakeholder groups. However, two of the lecturers do not view their recommended text as ideological since they are perceived as being ‘technical’ texts. The professional tutors tend not to supplement the training manual because they regard the manuals as covering everything that is required by the professional exam.

The results of this study suggest that introductory financial accounting textbooks and training manuals construct meaning in a sense which serves particular interests and, thus, accords with Thompson’s (1990) definition of ideology.

In a response to a criticism of aspects of accounting education, Allison (2007) addresses fundamental questions and constraints relating to the accounting education curriculum:

*In his inaugural address to the London School of Economics in 1947, the late Professor William T. Baxter analysed accounting education across three fundamental questions of philosophy: how?, why? and so what? (ICAS, 1996) The how question deals with the knowledge delivered in accounting education and it is true that the current syllabuses, and associated textbooks and study notes, have a very high concentration of material to deal with this question. The why question is dealt with by some graduate professional*

*accountants in a thorough and rigorous way but by others in a much less concentrated form. To move the accounting education agenda from the how? to the why? requires substantial evidence to be produced by regulators, academics, professional employers, and professional bodies. (p.26)*

This report has attempted to adduce some evidence in this regard, whose implications are considered below. The so what? question posed by Baxter was also emphasised :

*Perhaps an even greater and more relevant challenge to all involved in accountancy education is to address the so what? question. (Allison, 2007, p.26)*

It has been argued in this report that the Anglo-American business culture, based on shareholder primacy, is reflected in, and supported by, the values that are implicit in conventional accounting texts. This is a so what? question which merits the active consideration, rather than the automatic acquiescence, of accounting professionals whose judgements must include assessments of what constitutes the public interest.

## **Recommendations**

While it would be inappropriate for this study to recommend what values, and prioritisation of interests should be encapsulated in accounting principles and practice, the following are matters that should be considered in the production of introductory texts and more generally in the context of accounting education. Stakeholders in accounting education include students, lecturers, authors, publishers and professional bodies. We consider that awareness of each of these recommendations is important for each group, although the last one, in particular, highlights the fundamental influence of the professional bodies themselves.

- 1) Students should be made aware of the extent to which socially contestable values can be implicit in conventional accounting practice.
- 2) Embody the wider social and environmental impacts of accounting practice in introductory financial accounting texts, to give more emphasis to the ethical development of accounting students from the beginning of their studies.
- 3) Widen the contextual issues addressed in accounting education, such as the strong, but indirect, influence of professional bodies on textbook content due to the importance of accreditation.
- 4) Extend the teaching of ethical issues beyond issues of professional conduct and probity to include the ethical dimensions of, and the implicit values reflected in, different forms of socio-economic organisation.
- 5) Lecturers should recognise that they are key participants in the introductory textbook selection process; if the wider context of accounting should be introduced to students, lecturers need to request from publishers books which include this material.
- 6) Recognise the extremely narrow orientation of introductory financial accounting training manuals, given that they are, typically, the only form of study text used by non-relevant graduate entrants to the profession in learning about accounting. While this group may possess a very wide range of subject specialist knowledge (Allison, 2007) as well as relative maturity, at the start of their accounting studies, they may also lack an appreciation of the socially constructed nature of the discipline when learning to cope with its technical complexity.



- 7) The size of the professional syllabus can inhibit wider discussion of important issues by constraining the inclusion of such incremental material in introductory financial accounting texts. Consistent with a widely held preference for principles rather than rules, there is a case for reviewing the balance between technical material and contextual socio-economic aspects of accounting in introductory financial accounting training manuals for professional syllabi.

## Summary

This report has considered the role of the textbook and training material in the construction of accounting knowledge. It has therefore addressed an important issue for professional accounting bodies and others involved in the education of accounting students. The study is grounded in empirical analysis and draws on the views of a wide range of stakeholders in the accounting education and training process. Its findings are challenging for professional bodies and accounting educators since they emphasise the important role that both play within the content and adoption of financial accounting texts. Further, the results highlight how these texts influence students' and trainees' perceptions of what accounting is, and for whom accounting information should be produced. In particular, the analysis suggests that the ideological character of accounting texts need to be recognised and its subtle impact on students' and trainees' perceptions challenged.

## ENDNOTE

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1. The authors recognise that the qualifications of the professional bodies may have changed since this research was conducted in 2005.

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# A

## PPENDIX ANALYSIS OF STUDENT AND TRAINEE QUESTIONNAIRE RESPONSES

*Table A.1 Student perceptions of the purpose of accounting and the users of accounting information*

Panel A - Start of course											
Institution	A		B		C		Total		Prof		
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
	N= 136		N= 54		N= 28		N= 218		N=65		
Accounting provides information for:											
shareholders	4.50	0.54	3.98	0.42	4.18	0.67	4.33	0.58	4.38	0.52	
loan creditors	4.51	0.56	4.17	0.51	4.29	0.60	4.40	0.57	4.52	0.53	
employees	3.79	0.86	3.67	0.81	3.78	0.75	3.76	0.83	3.95	0.76	
analysts/advisors	4.40	0.64	4.08	0.76	4.14	0.65	4.29	0.68	4.33	0.54	
customers	3.59	0.98	3.29	0.90	3.14	1.24	3.46	1.01	3.90	0.78	
trade creditors	4.25	0.67	3.85	0.76	3.85	1.06	4.10	0.77	4.22	0.48	
government	4.54	0.64	4.15	0.60	4.19	0.83	4.40	0.68	4.38	0.60	
the general public	3.60	0.87	3.24	0.86	3.41	1.01	3.48	0.90	3.49	0.89	
Accounting provides information to stakeholders about:											
environmental impact	3.11	1.20	2.66	1.00	2.11	1.07	2.85	1.18	3.34	0.92	
society and environment	3.35	0.98	2.94	0.93	3.28	1.10	3.23	1.00	3.89	0.81	
Accounting is a:											
business activity	4.38	0.72	4.24	0.58	3.92	1.02	4.29	0.74	4.49	0.50	
political activity	3.67	0.96	3.02	0.77	2.77	1.11	3.39	1.00	3.20	1.04	
moral activity	3.08	1.04	2.96	0.98	2.77	1.03	3.01	1.02	3.55	1.00	

*Table A.1 Student perceptions' of the purpose of accounting and the users of accounting information (Cont.)*

Panel B - End of course											
Institution	A		B		C		Total		Prof		
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
	N= 94		N= 36		N= 9		N=139		N=67		
<b>Accounting provides information for:</b>											
shareholders	4.33	0.69	4.08	0.60	4.00	0.00	4.24	0.66	4.22	0.71	
loan creditors	4.32	0.57	4.25	0.50	4.33	0.50	4.30	0.55	4.31	0.56	
employees	4.14	0.74	3.77	0.91	3.89	0.93	4.03	0.81	3.90	0.58	
analysts/advisors	4.44	0.58	4.19	0.71	4.56	0.53	4.38	0.62	4.42	0.50	
customers	3.66	0.87	3.68	0.91	3.67	0.71	3.66	0.87	3.89	0.53	
trade creditors	4.32	0.53	4.06	0.58	4.33	0.50	4.25	0.55	4.15	0.59	
government	4.53	0.58	4.31	0.62	4.22	0.83	4.45	0.62	4.48	0.59	
the general public	3.91	0.76	3.39	0.77	3.33	1.00	3.74	0.81	3.52	0.77	
<b>Accounting provides information to stakeholders about:</b>											
environmental impact	3.66	1.02	2.91	1.08	2.56	1.01	3.40	1.10	3.19	0.97	
society and environment	3.96	0.74	2.91	0.90	3.22	0.83	3.64	0.91	4.08	0.69	
<b>Accounting is a:</b>											
business activity	4.45	0.65	4.25	0.60	4.22	0.44	4.38	0.63	4.45	0.56	
political activity	3.72	1.10	3.14	1.05	2.67	1.00	3.50	1.13	3.42	0.97	
moral activity	3.54	1.10	2.94	0.87	2.78	0.83	3.34	1.07	3.52	1.04	

Table A.2 Student perceptions of the objective of business

Institution	A		B		C		Total		Prof	
	N= 136		N= 54		N= 28		N= 218		N=65	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
<b>The objective of a business is to:</b>										
maximise shareholder wealth	3.97	0.97	3.78	0.82	2.96	1.04	3.79	1.00	4.34	0.70
increase market share	4.26	0.74	3.78	0.82	3.57	0.79	4.10	0.78	3.77	0.81
increase customer satisfaction	4.03	0.80	3.96	0.78	4.07	0.66	4.02	0.78	3.77	0.81
increase employee satisfaction	3.72	0.91	3.83	0.95	3.36	0.78	3.70	0.91	3.48	0.94
survive	4.40	0.82	4.07	0.82	4.19	0.83	4.29	0.83	4.11	0.88
make profits	4.72	0.51	4.41	0.60	4.04	0.88	4.55	0.64	4.46	0.64
create jobs	3.68	0.95	3.64	0.79	2.86	0.85	3.56	0.93	3.20	0.91
<b>The success of a business is measured according to whether it has:</b>										
maximised shareholder wealth	3.43	1.02	3.40	0.97	2.67	1.07	3.32	1.04	3.83	0.97
increased market share	3.87	0.75	3.67	0.84	3.07	1.14	3.72	0.87	3.59	0.82
increased customer satisfaction	3.54	0.99	3.56	1.06	3.50	0.79	3.54	0.98	3.50	0.80
increased employee satisfaction	3.26	0.99	3.31	0.97	3.00	0.94	3.24	0.98	3.22	0.83
survived or not	3.87	0.96	3.85	0.84	3.67	1.04	3.84	0.94	3.91	0.89

Table A.2 Student perceptions of the objective of business (Cont.)

Panel B - End of course											
Institution	A		B		C		Total		Prof		
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
	N= 94		N=36		N= 9		N= 139		N=67		
<b>The objective of a business is to:</b>											
maximise shareholder wealth	4.00	0.82	3.69	0.89	3.22	1.09	3.87	0.88	4.69	0.50	
increase market share	4.10	0.67	3.97	0.81	3.67	0.71	4.04	1.96	4.12	0.64	
increase customer satisfaction	3.94	0.67	3.94	0.92	3.67	0.87	3.92	0.75	3.82	0.74	
increase employee satisfaction	3.65	0.76	3.86	1.00	3.11	1.17	3.67	0.87	3.67	0.88	
survive	4.35	0.75	4.14	0.76	4.00	1.00	4.27	0.77	4.26	0.79	
make profits	4.57	0.66	4.42	0.55	4.33	0.71	4.52	0.64	4.48	0.53	
create jobs	3.59	0.78	3.53	0.81	2.44	0.53	3.50	0.82	3.27	0.85	
<b>The success of a business is measured according to whether it has:</b>											
increased shareholder wealth	3.51	0.82	3.35	0.88	2.44	1.01	3.40	0.88	4.10	0.80	
increased market share	3.88	0.68	3.48	0.67	3.33	1.12	3.75	0.73	3.81	0.72	
increased customer satisfaction	3.41	0.84	3.50	0.85	2.89	1.17	3.40	0.87	3.57	0.80	
increased employee satisfaction	3.16	0.85	3.37	0.94	2.67	1.00	3.18	0.89	3.36	0.81	
survived or not	3.85	0.93	3.75	0.91	3.33	0.87	3.79	0.92	3.91	0.87	

Table A.3 Student perceptions on the recommended financial accounting textbook

Panel A - Start of course										
Institution	A		B		C		Total		Prof	
	N= 136	Mean	SD	N= 54	Mean	SD	N= 218	Mean	N=65 Mean	
<b>Financial accounting textbooks should/do discuss the information needs of:</b>										
shareholders	4.08	0.59	3.92	0.58	3.70	0.67	3.99	0.61	4.02	0.63
customers	3.94	0.68	3.52	0.75	3.36	0.91	3.76	0.76	3.74	0.71
creditors	4.11	0.52	4.11	0.58	3.74	0.66	4.06	0.56	3.95	0.63
employees	3.74	0.86	3.45	0.93	3.37	0.88	3.62	0.89	3.64	0.83
environmental pressure groups	3.30	0.99	3.00	0.92	3.00	1.00	3.19	0.98	3.24	0.93
the general public	3.81	0.89	3.52	0.84	3.37	0.79	3.68	0.88	3.62	0.83
the government	4.03	0.73	3.70	0.80	3.69	0.68	3.90	0.75	3.90	0.76
managers	4.06	0.77	3.81	0.86	3.93	0.78	3.98	0.79	4.07	0.72
<b>The recommended textbook should cover:</b>										
cover everything on the course	4.43	0.79	4.25	0.85	4.11	1.03	4.34	0.84	3.75	1.11
wider social context of accounting	4.29	0.70	3.73	0.87	3.67	0.78	4.07	0.80	3.54	0.99
<b>Other aspects of textbook/recommended materials:</b>										
use web-site	3.95	0.78	4.28	0.70	3.65	0.78	4.00	0.78	3.45	0.99
linked to course	4.40	0.67	4.42	0.82	4.21	0.79	4.38	0.73	4.49	0.68
used as reference text	4.47	0.62	4.49	0.58	4.25	0.70	4.45	0.62	3.64	1.22

*Table A.4 Student perceptions on the recommended financial accounting textbook (Cont.)*

Panel B - End of course										
Institution	A		B		C		Total		Prof	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
	N= 94		N= 36		N= 9		N= 139		N=67	
Financial accounting textbooks should/do discuss the information needs of:										
shareholders	3.85	0.81	4.00	0.34	3.63	0.92	3.86	0.77	4.16	0.62
customers	3.69	0.81	3.72	0.83	3.38	0.74	3.68	0.81	3.80	0.70
creditors	3.92	0.70	3.94	0.42	4.00	0.53	3.93	0.65	3.96	0.57
employees	3.55	0.85	3.82	0.39	2.88	1.13	3.54	0.84	3.78	0.65
environmental pressure groups	3.20	1.00	3.18	1.01	3.00	1.15	3.18	1.01	2.96	1.03
the general public	3.51	0.94	3.31	1.01	2.88	0.83	3.43	0.95	3.67	0.69
the government	3.55	0.99	3.67	0.59	3.50	0.76	3.57	0.92	3.94	0.71
managers	3.79	0.93	3.74	0.93	4.00	0.93	3.79	0.92	4.28	0.50
The recommended textbook should cover:										
cover everything on the course	3.74	1.08	3.65	1.11	4.25	0.71	3.77	1.06	3.98	1.01
wider social context of accounting	3.59	0.95	3.63	0.96	3.50	0.93	3.59	0.94	3.42	0.99
Other aspects of textbook/recommended materials:										
use web-site	2.13	0.96	2.69	1.01	1.71	0.49	2.19	0.97	2.65	0.95
linked to course	4.03	0.73	3.16	0.96	3.13	1.13	3.83	0.88	4.26	0.90
used as reference text	4.14	0.66	3.45	0.94	3.78	0.83	4.00	0.77	2.90	1.34

Table A.5 Student perceptions of what the objective of business should be

Panel A - Start of course										
Institution	A		B		C		Total		Prof	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
	N= 136		N= 54		N= 28		N= 218		N=65	
The objective of a business should be to:										
maximise shareholder wealth	4.08	0.77	3.92	0.63	3.30	0.87	3.94	0.79	4.02	0.88
reasonable returns to shareholders	4.22	0.54	3.96	0.67	3.79	0.50	4.10	0.59	4.09	0.71
increase market share	4.20	0.64	4.16	0.77	3.71	0.76	4.13	0.70	3.61	0.83
increase customer satisfaction	4.20	0.73	4.00	0.76	3.96	0.58	4.12	0.72	4.06	0.66
increase employee satisfaction	4.08	0.83	3.92	0.79	3.50	0.84	3.96	0.84	3.92	0.76
survive	4.33	0.69	4.14	0.73	4.11	0.74	4.26	0.71	4.22	0.81
make profits	4.58	0.54	4.30	0.76	4.04	0.82	4.44	0.66	4.41	0.61
create jobs	4.02	0.89	3.86	0.83	2.93	0.90	3.84	0.94	3.39	0.85

Table A.5 - Student perceptions' of what the objective of business should be

Institution	A		B		C		Total		Prof	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
	N= 94		N= 36		N=9		N= 139		N=67	
The objective of a business should be to:										
maximise shareholder wealth	4.00	0.79	3.97	0.66	3.22	1.09	3.94	0.80	4.36	0.83
reasonable returns to shareholders	4.12	0.58	3.85	0.66	3.75	0.46	4.03	0.61	4.36	0.54
increase market share	4.18	0.64	3.94	0.64	4.00	0.87	4.11	0.66	3.86	0.78
increase customer satisfaction	4.13	0.71	4.09	0.70	3.78	0.97	4.09	0.72	4.05	0.71
increase employee satisfaction	3.97	0.81	4.06	0.73	3.56	1.13	3.96	0.81	4.02	0.81
survive	4.30	0.73	4.20	0.58	4.00	1.00	4.25	0.72	4.20	1.14
make profits	4.44	0.56	4.46	0.56	4.33	0.71	4.43	0.57	4.33	0.64
create jobs	3.83	0.80	3.77	0.84	3.11	1.05	3.77	0.84	3.59	0.94



# A

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# An Analysis of the Role of the Textbook in the Construction of Accounting Knowledge

The education of future generations of accountants is critical to ensure the quality and reputation of the accounting profession. This report examines to what extent introductory financial accounting textbooks and introductory financial accounting training manuals used in university and professional education encourage independent learning and ethical awareness among students and enable future accounting professionals to engage in critical thinking.

The study assesses how authors and publishers decide upon the content of textbooks and training manuals, whether such texts refer to a broad range of corporate stakeholders or to a narrower view of reporting to shareholders, and how such texts are used by both educators and students. The research was undertaken by carrying out a variety of interviews and questionnaires with authors, publishers, lecturers and students, at both university and professional level, together with an analysis of introductory financial accounting textbooks and professional training manuals.

The report identifies that the two main influences on the content of textbooks are: the ability to increase sales; and the syllabi of professional accountancy bodies. Cost and time constraints appear to limit the inclusion of wider material and thus texts and training manuals have a shareholder/investor emphasis, with an assumed primary goal of profit maximisation. The discussion of wider interests and goals are limited and there is evidence that such texts impact on students' future views of business and accountancy. The authors conclude with a number of important recommendations for the stakeholders within accounting education to consider.

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